

Taranaki Kiwifruit Event

12th October 2020

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Who we are

APATA GROUP LIMITED

Orchard manager and post-harvest provider

- Kiwifruit, Avocados and Blueberries
- Largest packer of organic kiwifruit
- Largest packer of avocados
- 270 hectares under management and 230 under development, both growing rapidly
- Not a Co-op but predominantly grower owned (250 shareholders)
- Operating sites either side of Tauranga but manage orchards as far afield as Whanganui and Gisborne

Services We Offer

On orchard

- Technical advice
- Land development
- Vine management
- Full management
- Lease
- Harvest

Post Harvest

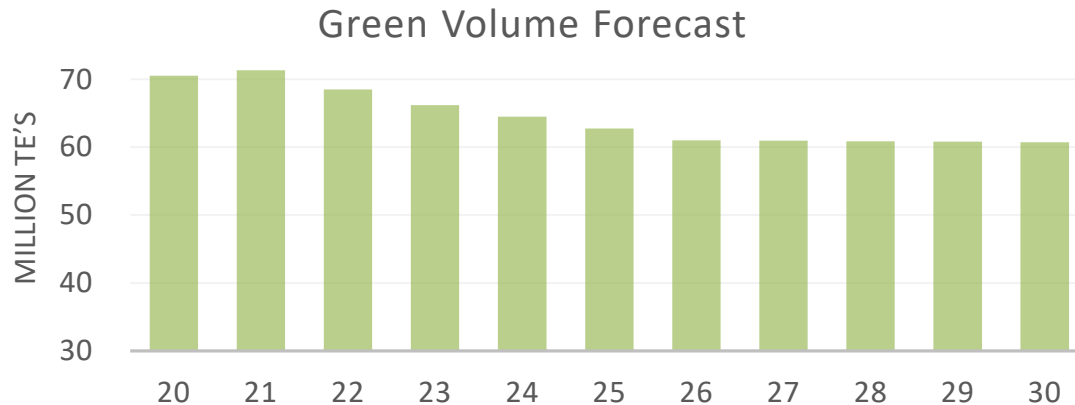
- Transport to site
- Pack & Cool
- Inventory management & Loadout

Regional Servicing Challenge

- Transport
- Labour
- Critical Mass

Green Kiwifruit

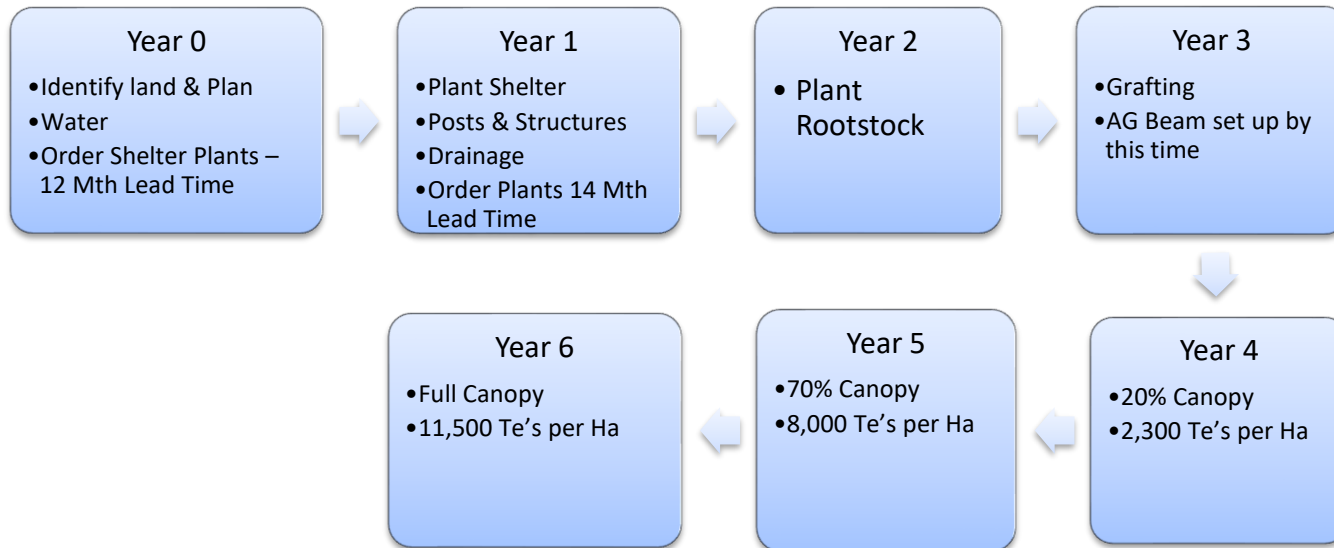
- Why Green kiwifruit?
 - Whanganui a successful Green growing area
 - Taranaki has grown Green kiwifruit before
 - No license cost
 - Zespri are likely to be short of their ideal Green supply of 70m tray equivalents



- Other varieties
 - SunGold - a runaway success but Green is better suited to Taranaki/Whanganui regions
 - Red - the current Red variety has transport issues (heat, damage), short storage life
 - Any new Green cultivar could offer a step-up opportunity in the future

Kiwifruit Investment

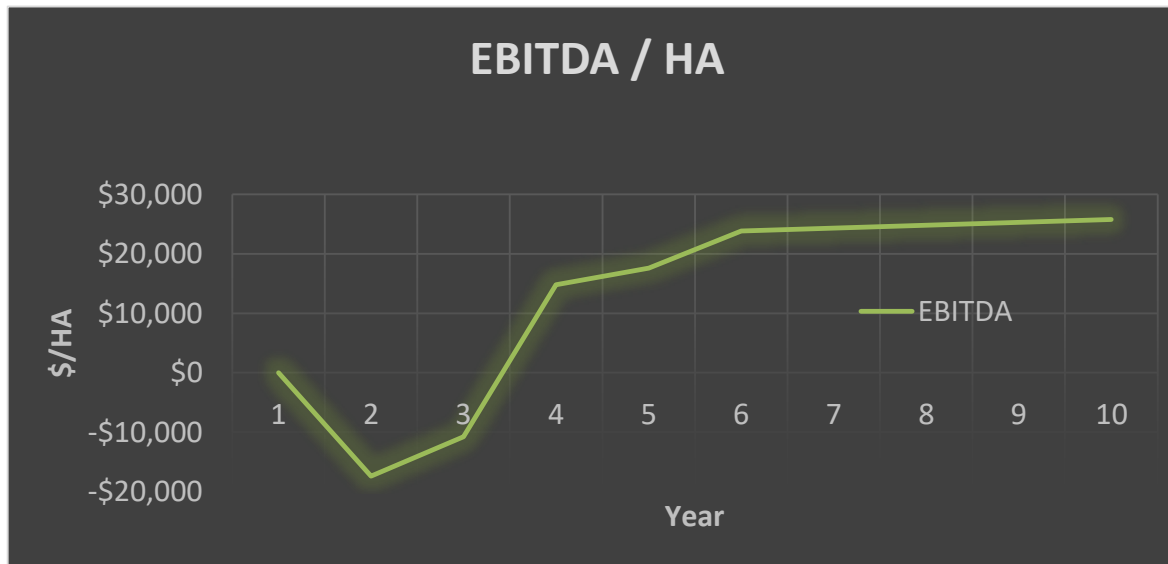
- Land suitability and assessment
 - Not all land or climates are suited to kiwifruit
 - Free draining soils (volcanic ash) preferred but not at too high an altitude
 - Land will require shelter to be planted
 - Water supply is critical
 - Service providers need critical mass in an area otherwise the cost to serve becomes uneconomic for both the service provider and the orchard owner



Kiwifruit Investment

Financial inputs and outcomes

- Land development costs \$130k-\$150k per hectare (excl. cost of land)
- Working capital post development of ~\$70K per hectare
- EBITDA \$24k per hectare return once in full production or 12% on total investment including the land
- With bank debt included investor return p.a. of ~16% to equity
- ~13% IRR on current Orchard Gate Returns (incl Capital Gain)



Ownership Models

- Landowner develops land themselves
- Landowner vends land in to a partnership
- Limited Partnership established by syndicator (MyFarm) or other provider (Apata)

Apata's current focus and future plans

South Taranaki (Waitotara)

- 21 canopy hectare development syndicated and underway (will be planted by Christmas 2020)
- Apata developing and managing (currently employing an orchard manager for the region)
- Currently assessing land for next stage development
- Investment available in future stages

Whanganui

- 20 hectares picked and packed presently
- 36 canopy hectares under development (planting complete winter 2021)

Future plans

- Further opportunity in both above regions
- Waitotara area will be focus for next 2-3 years
- Taranaki an option but not immediately and not without critical mass
- Prepared now to assess land and discuss investment opportunities

Questions

How much (or how little) do I need to be involved with the actual day-to-day growing to be successful in kiwifruit?

- As much or as little as you want!
- Flexible management options, but...
- Service options are cost prohibitive unless at scale

What happens once my fruit leaves my orchard?

- Picked, Transported to Packhouse
- Packed into boxes, Coolstored. Regularly Condition Checked, may be re-worked
- Zespri orders, loaded to wharf, delivered to market
- Grower pooling system protects individual growers from long storage fruit loss cost

Concerns

Expertise

- Lack of in-region expertise
- Lack of support services
- No access to labour (for picking and pruning)

If at scale, Apata can provide these services

Growing Conditions

- | | |
|--|--------------------------------------|
| •Climate | Ok for Green |
| •Cyclone Bola | Improved infrastructure and shelters |
| •Frosts | Frost protection in-built |
| •Hail damage | Hail cover / hail insurance |
| •High wind | Improved infrastructure and shelters |
| •Location | Site by site feasibility analysis |
| •No shelter | Grow shelter |
| •Pollination difficulty | Artificial pollination options |
| •Sea salt air | Improved infrastructure and shelters |
| •Soil unsuitable | Site by site feasibility analysis |
| •Temperature unsuitable, too cold, too wet | Climate is ok for Green |

Concerns

Infrastructure

- Geographic isolation
- Lack of cool stores
- Lacking of infrastructure
- No local packhouse
- Port not shipping containers
- Supply Chain not ready
- Too far from infrastructure

Orchard management infrastructure requires scale

Transport to BOP for Post-harvest processing is economic

Landowner related

- Cost of Infrastructure
- Grower risk appetite
- History

- Capital Available

Orchard Management options
Site by Site feasibility
Improved infrastructure, shelter, growing methods
Capital options available

Sales/Marketing related

- Multi exporters of 1980's/early 90's

Replaced in 1990's with regulated single desk marketing system (Zespri)

We thank Venture
Taranaki for inviting us
and welcome any
questions

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