



**Origin Capital Partners**

[www.origincapitalpartners.co.nz](http://www.origincapitalpartners.co.nz)



Pictured: Plateau Orchard, Origin Capital Fund 1

## **Introduction to Origin Capital Partners**

**May 2022**

## Overview

Origin Capital Fund 1 was raised in 2021 by the OCP team. Fund 2 is now open for investment

- ❖ In 2021, **Origin Capital Partners (“OCP”)** raised its first fund, focussed exclusively on investment in the New Zealand kiwifruit sector. **Origin Capital Fund 1 – The Kiwifruit Fund (“Fund 1”)** consists of 153 investors, with \$85m (NZD) of committed capital. Fund 1 has a mandate to invest exclusively in the SunGold variety.
- ❖ Origin Capital Fund 1 was raised with a simple value proposition – to provide an entry point for investment into a **strong, stable and sustainable sector** managed by an **experienced and connected team** with a **track record of operational excellence**, enabling consistent returns from land assets at **above industry average levels**.
- ❖ That value proposition promised has been delivered in the Fund’s first year:
  - As at May 2022, the Fund has acquired or developed **nine high quality kiwifruit orchards** throughout Bay of Plenty, Gisborne and Kerikeri, comprising **102 canopy hectares** in total. The Fund is now **95% deployed**;
  - The Fund is now Zespri’s **11<sup>th</sup> largest shareholder**;
  - The Fund paid a **\$3.0m distribution** to investors **six months after closing**, representing a **7.2% cashflow yield** on an annualized basis<sup>(1)</sup>; and
  - Returns to investors<sup>(2)</sup> **totaled more than 25% in the Fund’s first year**.
- ❖ In March 2022, **Origin Capital Partners successfully raised \$37m of investor capital** and completed its first close of **Origin Capital Fund 2 – The Red, Gold & Green Fund (“Fund 2”)**. Fund 2 will also be focused exclusively on the New Zealand kiwifruit sector, where we continue to see attractive growth prospects for the industry. **Fund 2 will invest in all three Zespri varieties – RubyRed, SunGold and Green – and will also invest in Zespri shares**.
- ❖ Fund 2 has had a busy start. Since first close in April, it has its first orchard under contract, it has secured all RubyRed and SunGold licence necessary for its upcoming development plans, and it has invested in Zespri shares.
- ❖ Fund 2 has now reopened for investment and is expected to close at \$50m, with applications for the Fund’s final close **due no later than June 30<sup>th</sup>**. We encourage investors who wish to learn more about opportunities to invest with Origin Capital Partners to touch base with the team at any time.

The Origin Capital Partners Board consists of six members

### DOMINIC JONES: MANAGING DIRECTOR



- Dom is managing director and leads the investment team in sourcing and managing the Fund's assets.
- Previously a career in finance, specializing in the structuring and execution of complex debt transactions.
- A board member of DMS Pro growers and member of NZKGI, the kiwifruit grower representative body.

### SIMON BOTHERWAY: INDEPENDENT CHAIRMAN



- Founded Brook Asset Management, which grew to have over \$1bn funds under management.
- Previously a member of New Zealand Securities Commission, chairman of the FMA Establishment Board and chairman of NZX listed Serko.
- Currently chair at food service provider DeliveryEasy.

### LAIN JAGER: DIRECTOR



- Zespri CEO from 2008 to 2017.
- Lain's tenure saw the introduction of SunGold, grower returns double, and Zespri market capitalisation grow to over \$1bn.
- Today holds a number of advisory and governance roles in the Tourism and Agribusiness sectors.

### PAUL JONES: DIRECTOR



- Founder and managing director of DMS Pro growers with Craig.
- Board member of Zespri since 2014 and deputy chairman since 2019.
- Paul has direct interests in 42 orchards throughout Te Puke, Opotiki, Te Kaha, Gisborne and Kerikeri.

### CRAIG GREENLEES: DIRECTOR



- Founder and managing director of DMS Pro growers, one of New Zealand's leading post-harvest companies.
- 15 years as a board member at Zespri, including 6 years as chairman.
- Craig has direct interests in 38 orchards all over New Zealand.

### KIM WALLACE: INDEPENDENT DIRECTOR (CHAIR AUDIT & RISK)



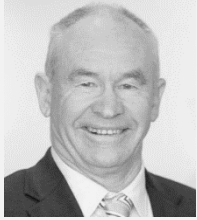
- Currently Finance & Risk committee chair at Port Nelson Limited, deputy chair & Audit & Risk committee chair at AgResearch Limited and independent chair of Christchurch City Council Audit & Risk Management committee.
- Previously CFO at Westland Milk Products 2010 – 2016.

## Our People (2/2)

The Investment Committee includes three independent members (listed below) as well as Craig Greenlees and Paul Jones from the Board

### Independent Investment Committee Members

#### TONY HAWKEN: INVESTMENT COMMITTEE



- Founder and CEO of EastPack (New Zealand's largest post-harvest operator) from 1983 – 2014.
- Current board member of Zespri.
- Officer of the New Zealand Order of Merit for services to kiwifruit.

#### ROBBIE MAYSTON: INVESTMENT COMMITTEE



- Well known to the kiwifruit industry as one of New Zealand's best kiwifruit growers, owning and managing a number of kiwifruit orchards.
- Robbie has been heavily involved in the early RubyRed trials and has leading knowledge of the variety which will be invaluable to Fund 2.

#### DYLAN BARRETT: INVESTMENT COMMITTEE



- Board member of EastPack.
- Registered valuer at Preston Rowe, specialising in horticultural valuations with a substantial kiwifruit focus.
- Direct interest in five kiwifruit orchards.

### Management Team

#### SAM WOOD: SENIOR MANAGER, FUND OPERATIONS



- Senior Manager of Fund Operations at Origin Capital Partners.
- Leads all aspects related to the operation of Fund 1 and Fund 2 including finance, reporting, banking and compliance.
- Prior to joining OCP, Sam worked for ANZ Bank.

#### ANDREW LIVINGSTON: GENERAL MANAGER, KIWIFRUIT



- General Manager of Kiwifruit for Origin Capital Partners.
- Oversees and manages all on-orchard operations for Fund 1 and Fund 2.
- Previously Regional Manager for EastPack, a large Bay of Plenty post-harvest business.

## The New Zealand Kiwifruit Sector

Kiwifruit is New Zealand's largest horticulture export, generating in excess of \$3.6bn of sales in 2021

### New Zealand Kiwifruit: Competitive Advantages

1

#### New Zealand Geographic Advantage

New Zealand is the **leading Southern Hemisphere kiwifruit producer**, and benefits from a favourable supply window that has **low overlap with Northern Hemisphere competition**.

2

#### Zespri, the Global Category Leader

Zespri is the world's **largest exporter and marketer of kiwifruit**. The Zespri brand is **associated with quality**, and Zespri consistently achieves a **pricing premium of 50% - 75%**.

3

#### Plant Variety Rights

Zespri has **globally exclusive rights** to grow and sell the SunGold and RubyRed varieties, and is able to balance global supply with demand to ensure **consistently high pricing** for its varieties.

4

#### A Health Powerhouse

Kiwifruit has the **greatest nutritional density** of all commonly eaten fruits – **3x the Vitamin C of an orange**, **more potassium than a banana** and has **exceptional gut health benefits**.

### New Zealand Kiwifruit: A Snapshot



**178m Trays**  
of New Zealand grown kiwifruit supplied to the world in 2021<sup>(1)</sup>

**Three Varieties**  
Green, RubyRed and SunGold are all exported

**\$3.6bn of Sales<sup>(1)</sup>**  
New Zealand's largest horticulture export

**World's Best**  
conditions for growing kiwifruit with superior yield and quality

**~2,800 Growers**  
in New Zealand, across c.3,300 orchards<sup>(2)</sup>

**Single Desk Model**  
almost all NZ kiwifruit is exported by Zespri



# ORIGIN CAPITAL FUND 1 HIGHLIGHTS

## Origin Capital Fund 1 Highlights



*Origin Capital Fund 1 was raised in 2021 with a final close in June 2021. In its first year the Fund has made significant progress and is now 95% deployed.*

**\$84.8m** of investor capital raised in Fund 1

**153** investors participating in Origin Capital Fund 1

**~\$159m** current portfolio value of Fund 1

**\$3.0m** distribution paid in the first year of Fund 1

**~25%** ROE achieved in the Fund's first year<sup>(1)</sup>

**9** orchards currently in the Fund 1 portfolio

**11<sup>th</sup>** largest Zespri shareholder

**102** canopy hectares owned by Fund 1

Fund 1 holds a portfolio of scale and diversity, with nine orchards throughout the Bay of Plenty, Gisborne and Kerikeri

**Plateau Orchard**



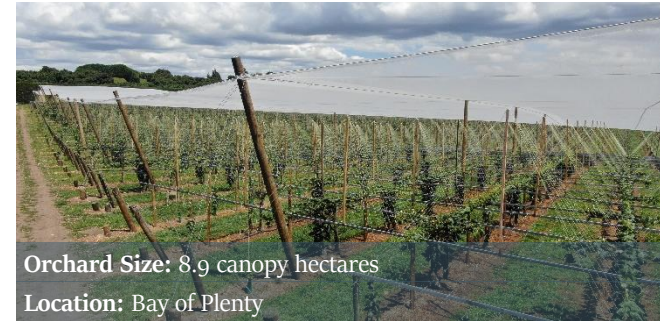
**Orchard Size:** 17.4 canopy hectares  
**Location:** Bay of Plenty

**Heartland Orchard**



**Orchard Size:** 9.5 canopy hectares  
**Location:** Bay of Plenty

**Whakamarama Orchard**



**Orchard Size:** 8.9 canopy hectares  
**Location:** Bay of Plenty

**Bushmere Orchard**



**Orchard Size:** 7.7 canopy hectares  
**Location:** Gisborne

**Eade Orchard**



**Orchard Size:** 11.5 canopy hectares  
**Location:** Gisborne

**Papatu Orchard**



**Orchard Size:** 7.2 canopy hectares  
**Location:** Gisborne

**O'Grady Orchard**



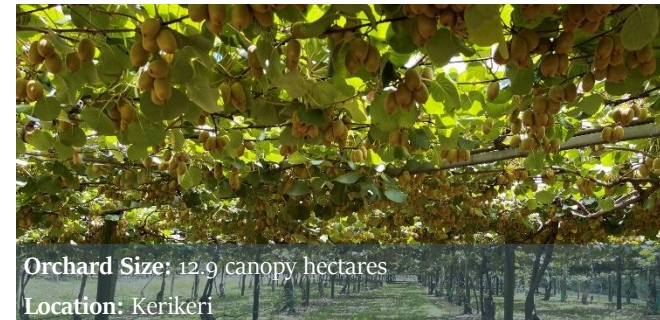
**Orchard Size:** 10.2 canopy hectares  
**Location:** Gisborne

**Finale Orchard**



**Orchard Size:** 16.3 canopy hectares  
**Location:** Gisborne

**Charlie's Rock Orchard**



**Orchard Size:** 12.9 canopy hectares  
**Location:** Kerikeri





# ORIGIN CAPITAL FUND 2 – THE RED, GOLD & GREEN FUND

## Origin Capital Fund 2 – The Red, Gold & Green Fund

Fund 2 will have exposure to all varieties and Zespri shares, giving a portfolio with both cashflow yield and equity uplift

### Fund 2 Portfolio: Development Assets

### Fund 2 Portfolio: Cashflow Assets

#### RubyRed Investment: New Orchard Build

Achievable Returns: 17%<sup>(1)</sup>

Target Exposure: 25% - 33%

Complexity: High

#### SunGold Investment: Orchard Purchase

Achievable Returns: 10%

Target Exposure: 25% - 40%

Complexity: Low

#### Green Investment: New Orchard Build

Achievable Returns: 10%

Target Exposure: 10% - 20%

Complexity: Medium

#### Zespri Shares

Achievable Returns: 16%

Target Exposure: 25% - 33%

Complexity: Low

- ❖ RubyRed is a new variety with exciting potential. It has a great appearance, taste and health benefits and is by some distance the best ‘Red’ kiwifruit available globally. However, it is early in its product development and this brings greater potential of both risk and reward. For this reason, although the base case return projected is 17%, we have presented a low-to-high range of 10% - 25%.
- ❖ SunGold remains an attractive option for investment. Orchard prices have increased markedly in recent years, however cashflow yields of 10% or greater remain achievable for high quality orchards.
- ❖ The opportunity with Green is strategic. Fund 2 is expected to develop Green orchards from bare land. This enables a higher return than the acquisition of developed Green orchards, with approximately 10% achievable. It also provides the portfolio with a platform of orchards that can be progressively converted to RubyRed or SunGold if desired.
- ❖ Zespri shares are high yielding with pre-tax returns to shareholders exceeding 16% for a number of years. Fund 2 will seek material exposure to Zespri shares.

*A committed fund, with capital readily available to deploy across a number of investments is the optimum vehicle for investment in the primary sector.*

### **Scale**

*A large fund, with a large portfolio gives investors ownership of a range of assets to better enable consistent returns*

**Fund 1** owns one of New Zealand's largest SunGold kiwifruit portfolios, with a total of 101 canopy hectares held by the Fund currently

### **Diversity**

*A portfolio with geographic spread and numerous income streams mitigates some of the risks of single asset ownership*

**Fund 1** owns nine orchards spread across New Zealand's established kiwifruit locations, Bay of Plenty, Gisborne and Kerikeri

### **Economies of Scale**

*A large portfolio allows specialist staff recruitment, equipment and procurement advantages to drive returns*

With 101 hectares of kiwifruit orchards under management, **Fund 1** has been able to better mitigate risk and attract suitable on-orchard labour

## Benefits of a Committed Fund

### **Access to Debt**

*Bank lenders typically offer better terms to large funds vs single asset borrowers due to scale and diversity benefits*

**Fund 1** has an existing relationship with three main trading banks. The debt terms negotiated are considered best in class within Kiwifruit

### **Speed**

*Committed fund capital gives the ability to move quickly and seize opportunities as they become available*

Since February 2021, **Fund 1** has deployed 95% of investor capital, with the Fund's structure helping to drive efficient deployment

### **Deal Flow**

*A known fund with substantial capital to deploy will always be shown deals from sellers within the sector*

Six of the orchards purchased by **Fund 1** were secured through private processes, with the Fund approached by sellers due to the connectedness of the OCP team

**Under Contract**

Fund 2 has a 6.15 canopy hectare orchard development under contract in Edgecumbe, Bay of Plenty

### Background

- ❖ Kowhai Orchard is located on the Rangitaiki Plains, Edgecumbe. The property has fertile, free draining soil (Awakeri Sandy Loam) and is surrounded by other large SunGold and Green orchards. Kowhai Orchard will be a SunGold orchard.
- ❖ The Rangitaiki Plains is regarded as a favourable kiwifruit growing location. Strong yields and early harvest premiums are achievable and there is a number of high quality orchards located nearby.
- ❖ The orchard is young, with planting having occurred in August 2021. The construction is to a good standard, with overhead shelter, drainage, irrigation and frost protection all in place.
- ❖ What is unique about this transaction is that the purchase is conditional on the Vendor securing the necessary SunGold licence in this year's licence tender, which the Vendor has now achieved. This de-risked the deal for the Fund, with the ability to secure licence uncertain given the closed tender process. If the Vendor had not obtained licence, the acquisition would not have occurred
- ❖ The property is also in the process of being sub-divided, and again the transaction will only occur once title is issued. We would expect this to occur in September this year. In the event that title takes longer to be issued, the Vendor is contractually obliged to manage the orchard at OCP instruction through to title being issued and settlement occurring. As we go into Spring there are a number of on-orchard tasks that are important to get right so the insertion of this clause is to as best as possible maximise the performance of the orchard ahead of takeover.
- ❖ The orchard's first crop will be in March 2024.





# SUMMARY TERMS AND NEXT STEPS

Investment Strategy	Exclusively focussed on investment in the New Zealand kiwifruit sector through acquiring or developing RubyRed, SunGold or Green orchards, or the purchase of Zespri shares.
Investment Vehicle	Origin Capital Fund 2 Limited Partnership – a committed fund structured in line with private equity principles.
Fund Size	First close of \$37m, accepting oversubscriptions up to \$50m. The Manager reserves the right to adjust limits prior to the Final Close at its discretion.
Minimum Investor Commitment	A minimum investor commitment of \$200k (NZD) is required to invest in the Fund.
Targeted Investments	A minimum of five in the portfolio. Zespri shares in aggregate treated as one investment.
Transaction Size	Likely \$3m to \$15m of equity for any single investment subject to a cap of 33% of committed capital.
The Manager	Origin Capital Partners Management Limited – the directors being Paul Jones, Craig Greenlees, Lain Jager and Dominic Jones. Simon Botherway (Chairman) and Kim Wallace are independent directors.
Investment Period	Origin Capital Fund 2 will invest in kiwifruit assets over a 3.5 year period from the date of the Fund’s final close (unless ended sooner in accordance with the Limited Partnership Agreement).
Fee Structure	<p>Annual management fee of 2.0% - 2.25%<sup>(1)</sup> of Committed Capital, payable for the Investment Period, thereafter payable on Invested Capital. Distributions from the Fund will be made as follows:</p> <ul style="list-style-type: none"> <li>• Firstly, to the Investors until they have received an amount equal to their capital contribution;</li> <li>• Secondly, to the Investors until they have received an amount equal to a pre-tax, compound return of 8.0% per annum of their Capital Contributions;</li> <li>• Thirdly, to the Founding Limited Partner until it has received an amount equal to its capital contribution;</li> <li>• Fourthly, to the Founding Limited Partner (an associated person of Origin Capital Partners) until it has received an amount equal to a pre-tax compound return of 2.0% per annum of the Fund’s total Capital Contributions; and</li> <li>• Thereafter 80% to the Investors and 20% to the Founding Limited Partner.</li> </ul>
Equalisation Payment	Investors subscribing after the first close will be required to pay an Equalisation Payment, that being the proportional amount needed to match those who have already invested and have had part of their committed capital called. In addition, a payment of “Catch-Up Interest”, calculated at 8% p.a. compounding monthly will be required, charged against the amount that existing investors have been overdrawn. The exact size of this charge will depend on the final size of the Fund, and what level it has been drawn before final close but is expected to result in a 0.15% - 0.20% premium required from those investors who commit subsequent to the first close.
Management Investment	The Manager has invested \$2.1m in the Fund, and reserves the right to invest up to \$5.0m in the Fund.
Secondary Market & Liquidity	Units in the Fund are able to be traded during the life of the Fund. To the extent an Investor wishes to sell units held, the Manager will endeavour to match buyers and sellers on an informal basis, and the seller will also be able to list the units for sale on Syndex, a peer to peer trading platform.

## Long Term Vision

Origin Capital Partners will raise further funds in both kiwifruit and other high value sectors

- ❖ Fund 1 and Fund 2 are kiwifruit specific funds, however there is clear opportunity for future funds investing all throughout the primary sector.
- ❖ As we consider investment in sectors outside of kiwifruit, the core proposition will remain unchanged – we will connect investors to strong sectors and strong management and in doing so capture returns at levels above industry average.
- ❖ By 2030 Origin Capital will be New Zealand’s leading provider of premium primary sector investments, with a reputation for excellence and integrity in management, delivering above industry returns in sustainable sectors.

