

Wairau Valley Vineyard Limited Partnership

Q1-FY23

Report Ending	September 2022
Financial Year End	30 June
Syndicate Commencement Date	30/06/2022
Number of Units Held	7,020,000
Nominal Unit Value	\$1
FY Forecast Distribution Rate	5.76% p.a.
Distribution Rate YTD	1.44%
Location	Wairau Valley, Marlborough
Underlying Asset	Vineyard
Directors	Grant Rowan
Partner/Lessee	Misty Cove Wines
Independent Valuation	\$10,430,000
Date of Last Independent Valuation	11/04/2022
Last Syndex Unit Trade Price	\$1
Last Syndex Unit Trade Volume	50,000
Last Syndex Unit Trade Date	01/09/2022

From Business Manager Beau Neill (beau@myfarm.co.nz)

Business Update

Up until October, investors have received distributions at a rate equivalent to 6.7% p.a. In response to increasing interest rates, distributions have now been reduced to 5.9% p.a, based on \$7,020,000 of partner capital.

Monthly distributions for Wairau Valley Vineyard Limited Partnership are particularly sensitive to interest rates. Your board and MyFarm management will continue to assess the impact of moving interest rates and will advise investors if there are any further changes to distributions.

Development Update

To the credit and resilience of all those involved, Misty Cove managed to complete both developments to a high standard, with only the reservoirs and some minor projects to be completed. This has been achieved in challenging conditions, including flooding across the Marlborough region, road closures, wet ground conditions and the ongoing impacts from Covid with subcontractor and RSE labour shortages.

The Kowhai block reservoir is approximately 80% completed, and is expected to be operational by late November, in time for the upcoming irrigation season. The Walkers reservoir is expected to be completed and operational by January 2023, although will not be required until late in the irrigation season as this block has sufficient water over the short term.

The development blocks will not produce any fruit this season, allowing for consistent and stronger vine growth.

Industry Commentary

Please refer to Con Williams' "*Wine Market Insight*" report, uploaded separately to Syndex.

Wairau Valley Vineyards Limited Partnership

Financial Information & Commentary

Wairau Valley Vineyards Limited Partnership leases two vineyards, Walker, and Kowhai, to Misty Cove Limited. To date, lease payments have been received in full and on time.

Due to Inland Revenue requirements the establishment fee of \$179k for the Kowhai orchard has been expensed and not capitalised as per the Information Memorandum (IM). Depreciation has also been forecast for the FY23 year, increasing the variance in non-operating expenses. This will not impact on cash distributions.

Distribution Policy

Investor distributions are set to be paid monthly which are variable due to the sensitivity to interest rate movements. In the last quarter, interest rates increased approximately 100 basis points resulting in distributions being forecast at 5.9% on contributed capital (5.76% on annualised investor capital). We will continue to assess the impact of any further movements in interest rates, and will keep investors updated regarding any future changes to distributions.

Distributions are made on a pre-tax basis and will be taxable in the hands of the individual investor or investment entity unit holder.

	Year To Date (YTD)			Full Year (FY) Revised Forecast to Budget		
	Actual	Budget	Variance	FY Revised Forecast	Budget	Variance
Income	155,039	155,037	2	734,324	734,322	2
Less: Direct Costs	0	0	0	0	0	0
Net Income	155,039	155,037	2	734,324	734,322	2
Less Expenses						
Operating Expenses	21,808	14,199	-7,609	74,307	66,698	-7,609
Non Operating Expenses	302,906	40,731	-262,175	784,061	216,726	-567,335
	324,714	54,930	-269,784	858,368	283,424	-574,944
Net Profit	-169,675	100,107	-269,782	-124,044	450,898	-574,942
Cash Distributions	77,246	77,246	0	387,879	424,853	-36,974

Key Metrics	
As At 30 September 2022 - Actual	
Equity to Total Assets	58%
Debt to Equity	73%
Distributions per Unit	\$0.01

Bank Loan Information				
Loan Provider	Type	Amount	Interest Rate	Expiry
BNZ	Floating	\$2,725,000	5.59%	19/10/2022
BNZ	Floating	\$1,985,000	5.59%	19/10/2022

Statement of Financial Position	
As At 30 September 2022 - Actual	
Current Assets	50,753
Fixed Assets	11,160,413
Development in Progress	0
Non Current Assets	0
Total Assets	11,211,166
Current Liabilities	24,313
Non-Current Liabilities	4,710,000
Total Liabilities	4,734,313
Net Assets	6,476,853
Partners Capital	7,020,000
Partners Current Accounts	-543,147
Investor Funds	6,476,853