

Miro-Meihana Koata Berry Farm

Projects overview

Name of the project	Miro-Meihana Koata Berry Farm
Region	Bay of Plenty
Tier and type	Tier 2: Sectors
Applicant	Meihana Koata Trust
Estimated total project cost	\$ <small>Commercial Information</small>
Amount of funding sought from the PGF	Up to \$2.125 million (<small>Commercial Information</small> % of the project total)
Financial instrument requested	Whenua Māori <small>Commercial Information</small> Loan
PDU recommendation	Approve

Background

1. The Meihana Koata Ahu Whenua Trust seeks an equity stake in the development of blueberry orchards on its land via a joint venture arranged by Miro LP. This project is part of the wider Miro Berries proposal package.
2. Miro LP has a Commercial Information lease (**Commercial Information**) over the Meihana Koata Trust's Commercial Information ha of land in Te Teko from Commercial Information. Miro proposes to develop an initial Commercial Information ha.
3. **Commercial Information**
Commercial Information. The applicant considers PGF funding will be a good development of scale for Miro.
4. Miro has started clearing the land and purchased plant stock for the first Commercial Information ha.
5. The application aims to improve the value of underutilised Māori land. The land has a water supply suited to high value horticulture. All consents for development and water are in place.
6. The orchard expansion project (Commercial Information ha) will provide an estimated Commercial Information Full Time Equivalent roles (FTE). Initially, Commercial Information of these FTE will be seasonal. This will increase to Commercial Information when the full Commercial Information ha are developed.
7. Miro offers employment to local people with a preference to help local Māori secure employment. Miro often hires people that are unemployed and work closely with the Ministry of Social Development. This is expected to deliver significant improvements to the

region's productivity potential in a historically disadvantaged area. Miro's hiring practices will have a more direct community benefit than typical agricultural ventures.

8. Commercial Information

[Redacted]

9. Commercial Information

[Redacted]

PDU recommendation

10. The PDU recommends approval of the Meihana Koata Trust's application of up to \$2.125 million from the PGF fund as a Whenua Māori Commercial Information Loan (up to Commercial Information % of the total project cost of \$ Commercial Information), subject to the following conditions:

- a. Confirmation of at least Commercial Information co-contribution from the Commercial Information towards the farm development.
- b. The Trust is successful is receiving a Commercial Information % holding on the same terms as other investors.
- c. The PDU reviews and accepts the 'new' Miro Meihana Information Memorandum.

11. The funding will allow the Ahu Whenua Trust to gain a stake in a berry farm development (arranged by Miro LP) on its land. It will improve and accelerate the likelihood of the project occurring.

12. The PDU notes the high level of co-contribution from Commercial Information and external capital providers (via the Commercial Information). Commercial Information

[Redacted]

Costs and funding

13. Meihana Koata Trust has applied for PGF funding for up to \$2.125 million (up to Commercial Information % of the \$ Commercial Information total project cost).

14. Commercial Information

[Redacted]

15. An original Information Memorandum prepared for investors expected farm establishment costs to be \$ Commercial Information per planted hectare, plus an additional allowance of \$ Commercial Information per planted hectare to cover operating costs for the first Commercial Information.

16. The orchards are expected to generate a dividend by Commercial Information of operation. The capital payback period is Commercial Information.

17. Meihana Koata Trust has indicated that they may be in a position to make an investment of approximately \$ Commercial Information in their own right. However, given the already significant level of co-contribution (Commercial Information %), the PDU does not recommend making the PGF investment conditional on Meihana Koata Trust contributing this additional \$ Commercial Information.

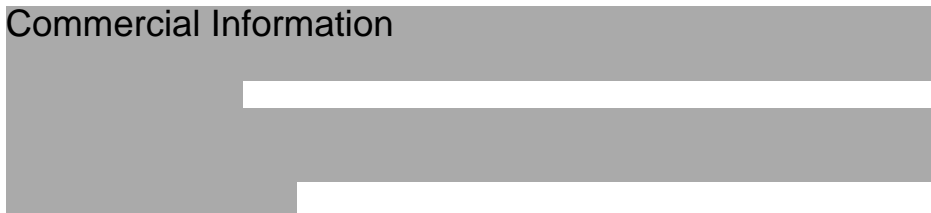
18. PDU recommends that Meihana Koata Trust provides an updated Information Memorandum (expected in mid-October). If the PDU is comfortable with its viability, a simple loan agreement to allow the Trust to receive a ^{Comme} % holding (currently expected to equate to approximately \$ ^{Commercial Information}), would be agreed.

PDU assessment of the project

19. This section provides an overview of PDU's assessment against the PGF eligibility and assessment criteria.

Assessment against PGF criteria

Criteria	Rating (1✓ to 5✓)	Comment
<i>Link with fund and government outcomes</i>		
Creates permanent jobs	✓✓✓✓	The expansion of the orchard is estimated to create ^{Comme} FTEs. ^{Commercial In} of these jobs will be seasonal in Te Teko but there will be an element of seasonality for many of these opportunities (approximately ^{Comme} permanent opportunities). Longer term plans also exist for a pack house in Te Teko that would lead to more dependable employment.
Delivers benefit to the community	✓✓✓✓	Miro targets locals (who are often reliant on MSD support) for employment. The approach taken provides for a multi-skilled employment with training and opportunities for further study.
Increased utilisation and returns of Māori asset base	✓✓✓✓	The project will develop underutilised Māori land. In addition, Miro's employment strategies specifically target Māori.
Enhanced sustainability of natural assets	✓✓✓	The expansion of the orchard will result in better use of land with water specifically suited to high value horticulture.
Mitigation of climate change		N/A.
<i>Additionality</i>		
Adding value by building	✓✓✓✓	The project leads to the better use of land to cultivate a crop that delivers significant returns to investors.

Criteria	Rating (1✓ to 5✓)	Comment
on what is already there		
Acts as a catalyst for productivity potential in the region	✓✓	The combination of hiring and training practices and development of the underutilised land will improve productivity potential in the region (together with Miro's adjacent Fort Block).
<i>Connected to regional stakeholders and framework</i>		
Alignment with regional priorities	✓✓✓✓	High value horticulture on Māori land is one of the key aspirations of the Toi Moana Bay of Plenty Action Plan.
Support from local governance groups	✓✓	The project has strong regional council and iwi support.
<i>Governance, risk management and project execution</i>		
Robust project management and governance systems	✓✓✓	The planned project management and governance is considered good. There will be external oversight from other LP investors and the Miro Board.
Risk management approach	✓✓✓	This is a key development for Miro and is increasing based on their learnings in the Fort Block across the road. Reducing the amount advanced to the Trust also limits its risk to economic risk initially.
Future ownership / operational management	✓✓✓	<p>Commercial Information</p> 

Agency comments

Ministry for Primary Industries

20. MPI notes that there is a growing international market for blueberries.

21. Commercial Information

22. In addition, MPI notes that there are likely to be issues with the seasonal labour force required to harvest blueberries. However, the timing of blueberry picking (October/November through to February) does not overlap with apple or kiwifruit harvesting seasons.

23. MPI recommends that financial due diligence should be carried out on all applications where Miro or a third party investor is the co-contributor

24. Commercial Information

25. The PDU is aware of and has spoken to the applicant regarding the above and this will be addressed should funding be approved.

Te Puni Kōkiri

26. TPK is supportive of this project and agrees with the PDU recommendation to provide a Whenua Māori Commercial Information Loan with interest deferral during the build stage.

27. The Meihana Koata Trust is Te Teko-based. TPK has been involved with MPI and PDU at a regional level since the application was submitted and has helped with re-scoping.

28. TPK notes that the project will enable the Trust to lift the productivity of their whenua and provide employment opportunities in an area that has limited employment.

29. The Trust are in an advantageous position (compared to other Māori land blocks in the area) of having access to good quality consented water to enable high-quality horticulture. Similarly, other land Trusts in the area have been unable to enter into high value horticulture due to over-allocation of water consents and/or no access to good quality water.

30. Commercial Information

31. TPK notes that contract management has not yet been discussed. TPK is happy to manage this contract as it is a Whenua Māori project.

Ministry of Foreign Affairs and Trade

32. Commercial Information

Commercial Information

[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

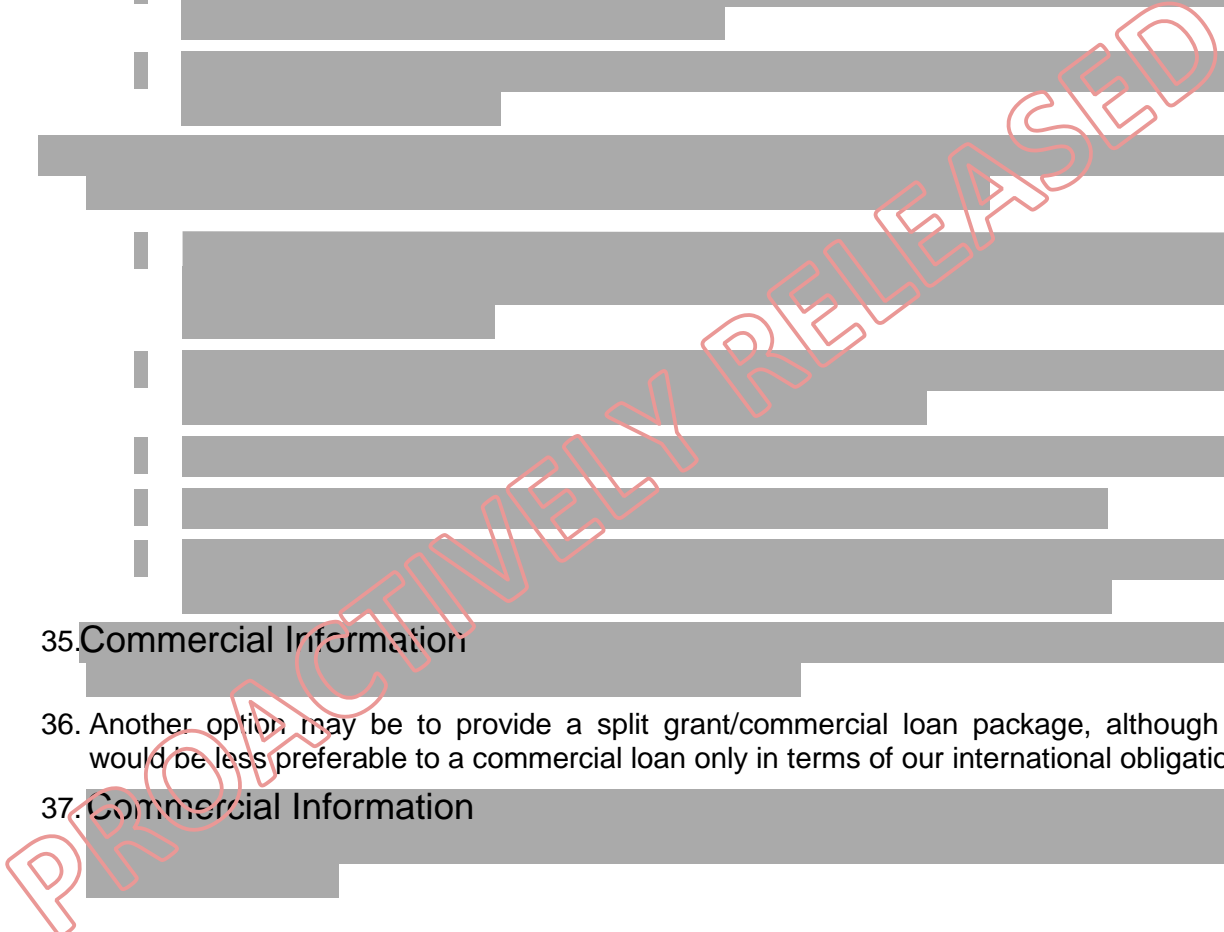
[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

35. Commercial Information [Redacted]

36. Another option may be to provide a split grant/commercial loan package, although this would be less preferable to a commercial loan only in terms of our international obligations.



37. Commercial Information [Redacted]



Risk assessment

38. Due diligence has been undertaken. The PDU has identified the following key risks and mitigations:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
Cost overrun risk in the LP	The risk that LP's expenditure in developing the ^{Commercial} [Redacted] ha of land costs more than budgeted for by Miro.	Other shareholders and Miro are likely to support an overrun.	Low
Failure of Miro LP	Miro goes into receivership resulting in a stalled development or another party taking over the potential lease and development with Meihana Koata.	Given the slower than anticipated growth and lack of PGF support, Miro has scaled back its operations to support a more gradual growth trajectory.	Low
Commercial Information	Commercial Information [Redacted]	Commercial Information [Redacted]	Medium

Commercial Information 	Commercial Information	Commercial Information 	
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PROACTIVELY RELEASED