THE SOUTH WAIKATO SOLUTION









Investment Prospectus

SWIFT
SOUTH WAIKATO INVESTMENT FUND TRUST

South Waikato District Council



Nau mai, haere mai

WELCOME

From the Mayor

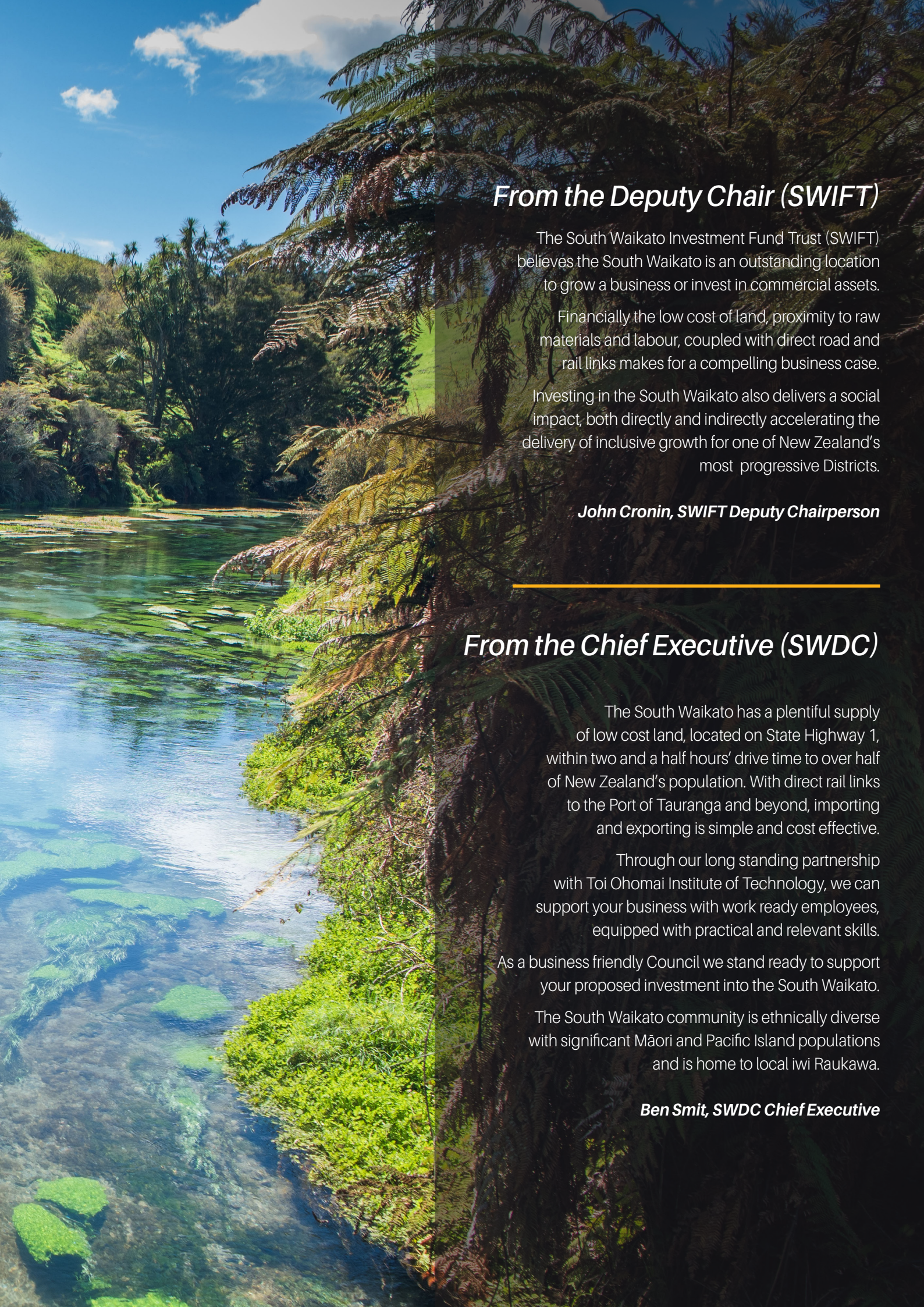
Dear Investor, we are proud to present our District to you as you consider where in New Zealand would offer you attractive long-term commercial returns.

Since the early 1890s with native timber processing in Putāruru, the building of the Kinleith Timber, Paper and Pulp Mill in 1954, the South Waikato has been at the forefront of manufacturing innovations.

Our local economy is built on a strong foundation of forestry, dairy and engineering and is home to many world class businesses such as Fonterra, Oji Fibre Solutions and Coca Cola Amatil.

Innovation is in the DNA of our people and communities, who are both ready and able to support your investment.

Mayor Jenny Shattock, South Waikato District



From the Deputy Chair (SWIFT)

The South Waikato Investment Fund Trust (SWIFT) believes the South Waikato is an outstanding location to grow a business or invest in commercial assets.

Financially the low cost of land, proximity to raw materials and labour, coupled with direct road and rail links makes for a compelling business case.

Investing in the South Waikato also delivers a social impact, both directly and indirectly accelerating the delivery of inclusive growth for one of New Zealand's most progressive Districts.

John Cronin, SWIFT Deputy Chairperson

From the Chief Executive (SWDC)

The South Waikato has a plentiful supply of low cost land, located on State Highway 1, within two and a half hours' drive time to over half of New Zealand's population. With direct rail links to the Port of Tauranga and beyond, importing and exporting is simple and cost effective.

Through our long standing partnership with Toi Ohomai Institute of Technology, we can support your business with work ready employees, equipped with practical and relevant skills.

As a business friendly Council we stand ready to support your proposed investment into the South Waikato.

The South Waikato community is ethnically diverse with significant Māori and Pacific Island populations and is home to local iwi Raukawa.

Ben Smit, SWDC Chief Executive

LABOUR SUPPLY

The South Waikato is home to over 24,000 people. We are proud of our ethnically diverse community which includes 6,700 Māori and 2,500 Pacific Island peoples.

Family, community ties and values underpin our shared heritage, providing an excellent source of potential employees keen to both live and work locally. Within 65km of South Waikato the potential labour pool widens to include Tauranga, Matamata, Rotorua, Hamilton and Cambridge with a population of over 420,000 people.

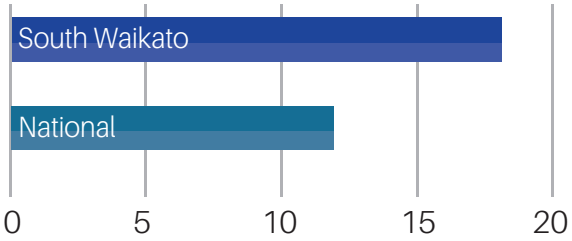
Within 25km of South Waikato there are over 500 people (18-65) receiving a Job Seekers Allowance, with a further 2,400 within 65km of South Waikato.

South Waikato District Council has strong links with the local Ministry of Social Development's Work and Income division that offers financial support to enable this large pool of untapped labour to become 'work ready'.

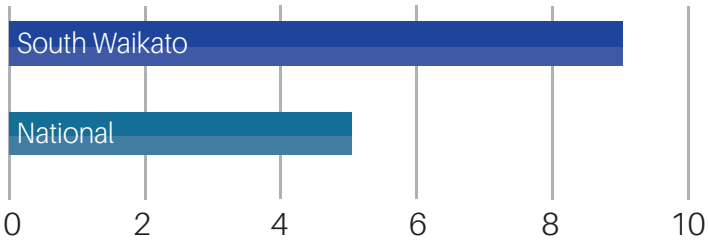
The Skills for Industry Programme contracts training providers to facilitate pre-employment training. The time for this training can vary, to a maximum of three months. With pre-employment selection and support through a local Work Broker, based in Tokoroa, this package can provide ready skilled employees with work.

% NEET* (under 25 years old)

** not in employment education training*



% Unemployment



MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA



EDUCATION & TRAINING

The South Waikato community is served by four secondary schools and a total of 200-250 young people leave these schools each year to go into further education, training or employment.

Approximately 45 young people leave these schools and do not enter employment, education or training (NEET).

For the past 10 years, South Waikato District Council has partnered with Toi Ohomai Institute of Technology and employer groups to develop work ready recruits with practical, specialist skills across a range of disciplines that are tailored to meet the needs of local businesses.

Engineering
Transport & Logistics
Auto Mechanical





An average of 60 young people enrol in these Toi Ohomai courses each year and, upon completion, readily embrace new opportunities with local employers.

Toi Ohomai Institute of Technology is keen to explore further opportunities to support the skill development required for your operations. Training and support could take the form of full-time campus training, supported by work experience placements, or work-based training through an apprenticeship model. Courses could range from entry level to diploma and degree level. Training can be delivered locally from the Tokoroa campus in areas such as manufacturing, engineering, construction, road transport/logistics, and computing/IT.

Existing courses can be offered in their entirety, or tailor-made courses can be developed to specifically meet employers' operational needs.

Our young people can also access teritary education with Hamilton based Waikato Institute of Technology (WINTEC) and the University of Waikato, with the latter accessible through a daily free bus service to and from the District.

TOI-OHOMAI
Institute of Technology

LOCATION

The South Waikato District sits just south of the 'Golden Triangle' linking Auckland, the Waikato and the Bay of Plenty - the powerhouse of the New Zealand economy and home to half the population of New Zealand.

The District is relatively flat, with State Highway 1 running north to south, making the movement of goods safe and cost efficient. The rail line links Putāruru and Tokoroa to Ports of Tauranga and Auckland, ideal for importing goods from overseas as well exporting finished product.



35 minutes
reduction in travel time between Tīrau and Auckland by 2020
(on completion of the Waikato Expressway)

RAW MATERIALS

The South Waikato is a source of many key raw materials which is reflected in a strong primary sector, accounting for 32% of the GDP for the District, more than four times the national average (7%).

The South Waikato District has a location advantage for three key primary industries: forestry, dairy and water.

Forestry

South Waikato is at the forefront of New Zealand's commercial forestry plantations, with over a third of the *Pinus radiata* forests located in the central North Island.

The forestry sector contributed $155 million to the local economy last year with respected forestry companies based in the District including Hancock Forest Management (NZ) Limited and Waratah.

Dairy

Our strong dairy sector brought in over $260 million in GDP last year which was reflected in the record milk solid outputs achieved in the District (60 million kgs).

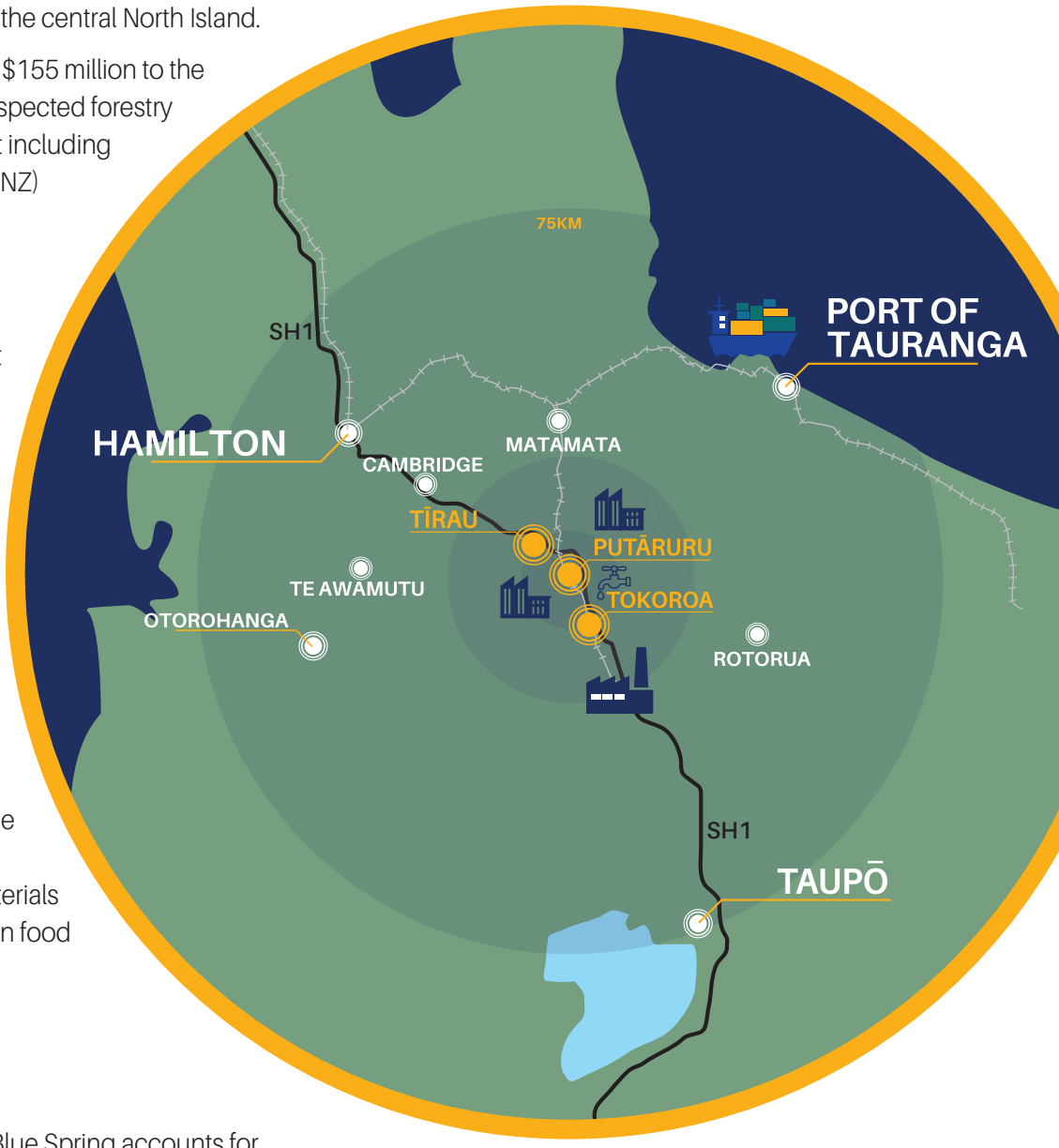
This industry has created both large and small scale business development in the South Waikato. This is reflected in the large dairy processing facilities including Fonterra's Lichfield cheese factory (the largest in the Southern Hemisphere) and the ready access to quality raw materials is helping develop strong artisan food opportunities such as Over the Moon cheese.

Water

The water from the renowned Blue Spring accounts for 70% of New Zealand's bottled drinking water production. There is further value added opportunities for companies to develop products utilising this pure resource in a sustainable way.

Connectivity

The Port of Tauranga is connected by road (one hour) and by direct rail link to Putāruru (80km) and Kinleith (110km). A container landing at midnight can be onsite by 6am the next morning, through the nearby Tokoroa Road Rail Terminal (a Private-Public Partnership between South Waikato District Council and RJ Lincoln Logistics) enabling the smooth import and exporting of goods overseas, minimising road freight volumes and associated environmental impacts.



AFFORDABLE HOUSING

The South Waikato offers an incredible range of housing options for your employees to suit every lifestyle, family and budget; from architecturaly designed riverside lifestyle blocks in Arapuni, to solid and affordable homes in Tokoroa.

With an average house value of $251,236*, the kiwi dream of home ownership is still a reality in the South Waikato. Increasing numbers of people are realising this, from young couples wanting to get onto the housing ladder, to older people looking to downsize and capitalise. Everyone enjoys the abundant recreational activities from mountain biking and golf to fly fishing and water sports, swimming pools, leisure centres, theatres and sporting facilities. The South Waikato's central location offers a range of lifestyle choices, whilst still within easy reach of ski fields and beaches.

The South Waikato District Council is currently engaged in a review of all its major towns to re-zone new residential land for further housing development, starting in Putāruru. Council recognises the benefit growth brings to our communities and is committed to working with developers and investors to encourage new housing developments.

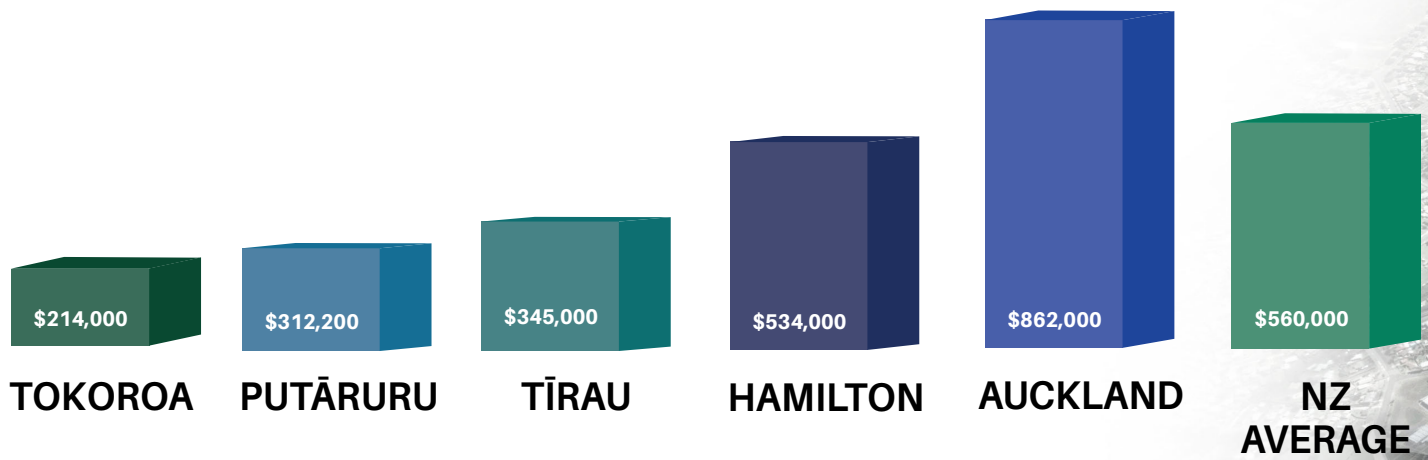
* average cost as of January 2019





3 bedroom, 864m^2, Sale cost $270,000 (January 2019)

Median Residential House Prices



EXAMPLE DEVELOPMENT

The Buttermilk development will be a near 40Ha Business Park* offering sufficient land to meet the requirements of large scale production facilities and for the development of co-located businesses. We understand that the developers have an indicative land cost of $85m² with flexible design and build options to suit.

Aside from the access to services (power, gas, ultrafast broadband, three waters) the site is geologically stable and has no issues with soil acidity or potential exposure to sulphur dioxide and resultant potential damage to machinery and buildings. There are no known culturally significant areas on this site which might impede development. Soil formation is flat or flat to rolling, not peaty or susceptible to flooding. The site has direct access to State Highway 1 and Buttermilk B will contain a planned new rail siding which will be available to the site.

Buttermilk A is currently zoned Putāruru Business. Buttermilk B has been endorsed by the South Waikato District Council for a future zone change to Business.

Local iwi Raukawa and Te Arawa River Iwi Trust have provided support to Council to progress the zoning plan change. Council is in discussion with NZTA and other stakeholders to extend the area available for business zoning in the vicinity of the Buttermilk sites, which may add another 10Ha of Industrial Zoned land to this development (for the purpose of this document named Buttermilk C).

*Subject to final development consents for Buttermilk C

Indicative Development Timeline





BUSINESS SUPPORT

Investing for job growth

At the South Waikato Investment Trust (SWIFT), we aim to drive business growth in the region. We work to integrate the needs of all people in the South Waikato as we apply a strategic approach to attracting and expanding commercial interests. The Trust currently has $25m of assets under its management and actively considers investment opportunities that offer:

- Scalability that provides career prospects for employees
- Complexity in terms of adding value to commodity products
- Uniqueness to drive competitor advantage.

We welcome the opportunity to evaluate how we could support your business.

The SWIF Trust management will work closely with you to locate sites to meet your investment needs.

Council business support

The South Waikato District Council works closely with investors evaluating the District's potential to support their plans for the future. Council has experience in managing the delicate balance between economic growth and environmental impact and ensuring that the price of growth is not paid for by future generations.

In order to provide for effective co-ordination of the delivery of all Council regulatory services the Business Case Manager (BCM) initiative was established. The BCM initiative means businesses requiring interaction with more than one area of Council will enjoy the convenience of having ***one*** point of contact and ***one*** individual who will manage the process for them.

The BCM initiative is vital in ensuring your business enjoys a smooth passage through Council's various functions so you can invest more of your time and energy into the running of your business.



TĪRAU SNAPSHOT

Strategically positioned on State Highway 1 Tīrau is the gateway town to the central North Island.

A vibrant tourist hub with an eclectic mix of eateries, designer outlet stores, artisanal craft workshops, Tīrau has its own sophisticated identity.

Tīrau is world famous for the creative use of corrugated steel art works, including Instagram favourites the iconic sheep and dog buildings.

An ideal spot to escape the congestion and bustling noise of the city, Tīrau is within close proximity of Hamilton, Rotorua and Tauranga, all less than 45 minutes away.

The strong small town community provides the perfect, relaxing lifestyle where fishing, swimming, hiking and cycling are all accessible activities right on your doorstep.





Key Insights:

- Industrial land: **$90m²***
- Retail lease: **$150m²***
- Median residential sell price: **$345,000**
- Travel time between Tīrau and Auckland will be two hours (on completion of the Waikato Expressway upgrades in early 2020)
- Over 12,000 vehicles travel through Tīrau daily
- Number of businesses relative to population is 7:1 (compared to 11:1 nationally)

* average cost as of January 2019

OPPORTUNITIES

Luxury brand outlet stores
(high levels of international and domestic visitors)

Tourism
(Increasing international visitor activity throughout the Waikato region)

Accommodation
(Surrounded by outdoor leisure activities and centrally located)

Food and Beverage
(Prime location to stop for visitors travelling through)

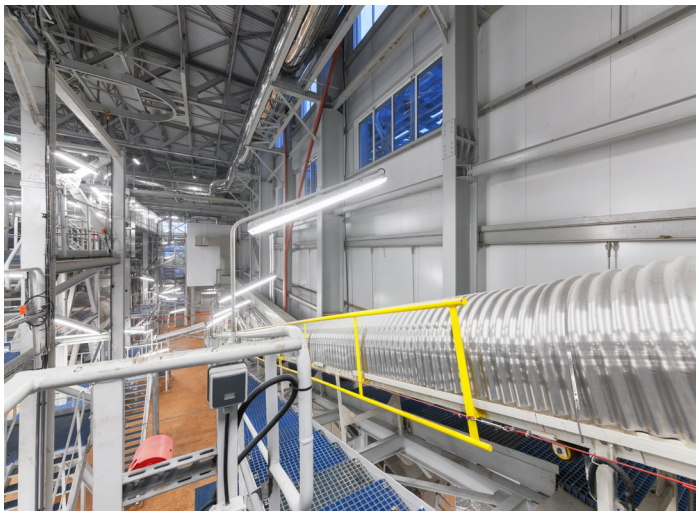
PUTĀRURU SNAPSHOT

Putāruru, one of New Zealand's best kept secrets, is home to the culturally significant natural wonder, the Blue Spring, which is located on Te Waihou Walkway.

Nestled in rural New Zealand between Tīrau and Tokoroa, Putāruru is the source of the majority of the country's bottled water from the Blue Spring. Nearby dairy and timber processing industries continue to thrive here.

Surrounded by natural bush reserves; lakes and New Zealand's longest riverside cycling trail, Putāruru is rich in untapped potential for the astute investor. The recently completed Community Concept Plan, envisages significant future growth with the planned development of over 600 new homes; a large Greenfield Business Park and population expected to rise by 40%.





Key Insights:

- Industrial Land: **$85m²***
- Retail lease: **$80m²***
- 70% of all bottled water in New Zealand comes from the Blue Spring
- Median residential sell price: **$312,200**
- 54% year on year increase in visitor activity at Te Waihou Walkway
- Nearby Lichfield Fonterra has the largest milk drier and cheese factory in Australasia

* average cost as of January 2019

OPPORTUNITIES

Food Manufacturing
(Available sites, ample dairy and water resources)

Retirement Villages
(Growing demand and potential sites)

Agriculture
(Strong services sector)

Tourism
(Opportunities linked to lakes; rivers; walking; cycling between Waitomo Caves and Rotorua)

TOKOROA SNAPSHOT

Tokoroa is a centrally located, well connected, historical town with plentiful high quality public amenities and significant growth potential.

Home to over 13,500 residents, this culturally diverse close-knit community has its own special identity and welcomes both visitors and new residents alike with genuine warmth and hospitality.

A stone's throw away from neighbouring cities and tourist hot spots, Tokoroa remains a productive dynamic hub for Waikato's large forestry and dairy industries.





Key Insights:

- Industrial land: **$55m²***
- Retail lease: **$60m²***
- Office lease: **$125m²***
- Median residential sell price: **$214,000**
- Road/Rail, Freight and Logistics terminal
- Trade training facilities (Toi-Ohomai) – Industry led hands on skills development

* average cost as of January 2019

OPPORTUNITIES

IT/Digital
(Ultra Fast Fibre Tokoroa wide and affordable office space – ideal for Business 'Start Ups')

Aviation
(Complementary development opportunities at the Tokoroa Airfield)

Freight/Logistics
(Road/Rail Terminal & Warehousing – connect to Ports of Tauranga and Auckland)

Engineering
(Sizeable engineering sector with skilled workforce)

SOCIAL IMPACT

South Waikato District Council and the SWIF Trust recognise that your investment needs to make sense financially, given the costs involved in land, buildings, plant and equipment.

We hope that this prospectus illustrates why choosing this District makes good business sense and why you should join companies such as Fonterra, OJI Fibre Solutions, Blue Pacific Minerals, Coca Cola Amatil and Carter Holt Harvey Wood Products in making significant investments in the South Waikato District.

We would also like to illustrate the social impact your decision could have on the lives of our people and communities.

When you consider both direct and indirect employment through supply businesses, your investment could be transformational for the people of the South Waikato.

If half your workforce was comprised of individuals you had supported into employment, on an annual salary of $60,000, the average net gain to New Zealand is $25,605 per employee per year through savings in Job Seeker Support, Accommodation Supplement and Income Tax.

The effects on education, health and housing that stem from meaningful, gainful employment are well known and significant.

Your investment has the power to change lives forever.

> *"Innovation is in the DNA of our people and communities, who are both ready and able to support your development."*
>
> *South Waikato District Mayor Jenny Shattock*



LET'S TALK...

We have shown you the South Waikato solution:

- ☑ GREAT LOCATION – SH1 & direct rail
- ☑ LABOUR SUPPLY – 420,000 people within 65kms
- ☑ RAW MATERIALS – Forestry, water and dairy
- ☑ AFFORDABLE HOUSING – From riverside executive lifestyle to starter homes
- ☑ EDUCATION & TRAINING – Delivering skilled work ready employees
- ☑ DEVELOPMENT SITES – Numerous greenfield and brownfield sites available
- ☑ BUSINESS SUPPORT – SWIFT and Council ready to support you
- ☑ SOCIAL IMPACT – Your investment has the power to change lives

"Let's talk and let us show you everything we have to offer..."

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