



# About the opportunity

## Inghams Enterprises, Australia's leading poultry company, is currently seeking Expressions of Interest from producers and investors wishing to join them in capitalising on sustained growth in the chicken meat industry.

This represents a genuine opportunity to share in the benefits of being part of a profitable and integrated supply chain and enjoy the rewards of primary production while being free from the risks associated with drought, currency movement and export market pricing influences.

### The opportunity

Inghams is seeking to contract new producers to provide breeder facilities or to grow broiler chickens in Queensland, Victoria and South Australia. This opportunity to operate as an Inghams-contracted producer may appeal to several types of investors including:

- Existing farmers engaged in other primary enterprises wishing to diversify their business and secure a more regular income source. Such producers would either:
  - ~ Develop the required infrastructure on their existing land holding; or
  - ~ Construct sheds on new land purchased for that purpose.
- Individuals or consortia of investors who would purchase land to develop so as to take advantage of this investment opportunity in a growth industry.

#### Suits:

**Existing primary producers wishing to diversify operations.**  
**Individuals or consortia of investors.**

The provision of breeder facilities and production of broiler chickens under contract to Inghams offers producers a consistent and regular income, not common to other primary production enterprises, which

comes through the security of a contractual arrangement and with the added benefit of a highly capable Inghams production support team.

### Production options

#### Breeder production

Breeder production involves the production of fertile eggs from breeding male and female chickens, supplied by Inghams, for about a 40 week period. Fertile eggs are collected by Inghams contractors and stored in a controlled environment for uniform hatching to supply broiler production farms.

#### Role of the producer or investor:

1. Provide the land
2. Build the infrastructure
3. Lease the land and facilities back to Inghams

The land and infrastructure are leased back to Inghams who takes responsibility for the operation of the enterprise. Lease terms can be for 10 to 20 years for breeder facilities.

### Opportunities in breeder production or broiler growing

This is the current model of operation; however, if producers/investors are interested in being involved in the management of breeder facilities, this and associated contractual arrangements can be discussed with Ingham.

#### Role of Inghams:

1. Take responsibility for the operation of the enterprise – breeding broiler chickens.

#### Broiler growing

Broiler growing involves taking delivery of day old chicks and managing these for an average of 55 days until they reach a marketable size. About 5.3 to 5.6 batches are cycled each year.

Most broiler chickens are produced on a commercial basis in purpose-built sheds; however, the market for free range chickens is also expanding. Free range broiler chickens differ from normal broiler chickens in that they are free to roam well grassed and shaded paddocks. Inghams invites Expressions of Interest from producers and investors interested in both commercial and free range broiler production.

Contract broiler grower producers are required to supply the land and the appropriate infrastructure for the enterprise, including standard shedding, bedding, potable water, ventilation, power, sealed road access and equipment.

### Role of the producer or investor:

#### 1. Provide the land

The land generally needs to be at least 45ha in size and located so as to comply with local council bylaws and regulations for broiler chicken production (which may, among other requirements, increase the size of land necessary). The location of the land also needs to be within 200km of the closest Inghams processing plant to allow for the reliable delivery of chickens and supplies.

#### 2. Build and/or provide the infrastructure

The initial capital investment required to establish a two-shed unit capable of housing 82,000 chickens at any one time is approximately \$2.5 million and this should be considered the minimum investment. Greater economies may be realised through the installation of up to 10 sheds at an estimated cost of \$7 million or \$700,000 per shed.

New broiler farms with 10 sheds measuring 152m x 15.2m, each to equal a total shed area of about 23,230 m<sup>2</sup> and a capacity for 410,000 birds per production cycle, could expect annual return of up to \$1 million depending upon variables such as the cost of land, facilities (sheds, plant and equipment), connection to utilities (power and water) and the level of farming skill/performance.

These figures are indicative only and Inghams is able to provide further details and financial modelling upon request.

#### 3. Manage the farm

The producer is responsible for the ongoing management of the property including the day-to-day operation as well as cyclical arrangements such as the disposal of chicken shed waste after each batch. Bedding is typically disposed under arrangement with commercial composters and broad acre farmers.

## Consistent and regular income

### Role of Ingham:

1. Provide day old chicks
2. Provide all feed
3. Provide veterinary advice and support
4. Transport chicks and fully grown chickens to and from the farm
5. Provide management and operational standards.

### Contractual arrangements

Broiler producers are contracted against specific performance targets and are given technical support in growing the broilers. Contract terms are generally five years with the option to extend for another five years. Inghams requires a reasonable level of equity ownership of each farm.

For both production enterprises, contracted producers are required to meet particular standards set by Inghams and local councils or government for important infrastructure aspects such as shed size, temperature and humidity control, waste and mortality management, perimeter security, feed storage and distribution facilities.

### Diversification

Astute producers and investors are aware of the risks associated with having all of their interests tied up in one area or commodity.

Broiler and breeder chicken production under contract to Inghams represents a rare opportunity to diversify and become involved in a growing primary production industry that offers a consistent return on a regular basis.

For existing producers involved with other sectors, such as cropping, beef production or horticulture, working with Inghams reduces exposure to volatile markets and weather events and comes with the security of a minimum of five to 10 years of reliable income.

### Risks

Chicken meat production is considered to be a lower risk investment than many other primary production enterprises. Producers and investors should, however, be aware that investing in a poultry farm, as with all investments, does involve various risks. Specific information regarding these risks is available upon request and Inghams encourages producers to seek their own independent advice regarding this opportunity.



### Registering an Expression of Interest

Producers or investors interested in joining Inghams as a contract breeder or broiler enterprise need to register an Expression of Interest. To do this, complete the accompanying Expression of Interest template and return to:

#### Queensland:

Brett Richter  
Inghams Enterprises  
e: brichter@inghams.com.au  
p: (07) 3380 4400

If by mail to:  
3798 Mt Lindesay Highway  
Park Ridge QLD 4125

#### South Australia:

Paul Cox  
Inghams Enterprises  
e: pcox@inghams.com.au  
p: (08) 8280 6666

If by mail to:  
Burton Road  
Burton SA 5110

#### Victoria:

John Robinson  
Inghams Enterprises  
e: jrobinson@inghams.com.au  
p: (03) 5971 1105

If by mail to:  
Grant Road,  
Somerville VIC 3912

### Questions:

Please contact the person nominated above in your state if you have any questions about the Expression of Interest or process.