

AGMARDT

FUTURE SHAPERS

AGMARDT Accelerator Loan Guidelines

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PURPOSE

These guidelines are intended to provide assistance to applicants wishing to apply for an AGMARDT Development Loan.

Objective of AGMARDT Accelerator Loans

The objective of providing Accelerator loans is to support New Zealand Agribusinesses that may require additional short-term capital to further enhance projects that are commercial in nature or close to commercialisation and which would not otherwise attract commercial funding. Such applications would also not normally meet the criteria to be eligible for consideration of an appropriate AGMARDT grant.

AGMARDT Accelerator Loans provide an opportunity to initiate further business growth by assisting Applicants to:

- Fund expansion requirements to improve capacity and efficiencies within their business and immediate supply chain;
- Adopt new technologies, production and processing capabilities to add value within the New Zealand agribusiness sector;
- Initiate distribution and/or marketing programmes to enhance early adoption and speed to market within the agribusiness sector;
- Develop proven prototypes to commercialisation;
- Fund acceptable website and software development;
- Partially fund start-up projects in conjunction with approved commercial Bank lending where additional capital is required to ensure a valued/approved project receives the necessary Bank support:

Application Deadline

Applications MAY be made throughout the year and all applications are to be referred to the **General Manager, AGMARDT**.

Selection process

All applications will be considered by the AGMARDT Board of Trustees and their advisors.

AGMARDT Accelerator Loan Terms and Conditions

Trustees reserve the right to vary these terms at their discretion.

Loan Size

AGMARDT is offering short term accelerator loans ranging from \$100,000 to \$300,000, denominated in New Zealand dollars. Loans outside of this range will be considered at the discretion of the Trustees.

Loan Term

Standard loan terms are 1 to 3 years duration with a maximum term of 5 years at the sole discretion of the Trustees.

Loan Interest Rates

Applicable interest rates may range from 'Interest Free' up to commercially acceptable rates at the sole discretion of the Trustees and will be dependent on the individual application and circumstances.

- Standard monthly or quarterly interest and principle repayments are considered desirable however Trustees have discretion to approve non-standard terms.

- Non-standard repayment terms can apply at the discretion of the Trustees, such as balloon payments or capitalised interest charges.

PRINCIPLES

Eligible Applicants

To be eligible for funding, applicants must:

- Be involved in agribusiness and/or be a research/technology provider and involved in the New Zealand agricultural, horticultural and forestry sectors;
- Be a NZ citizen, a NZ incorporated society or a NZ registered Company or Trust and be domiciled in New Zealand with a New Zealand bank account;
- Clearly identify the impact the development loan will have towards the project innovation/idea and how this loan can assist transforming your business or industry;
- Identify what difference AGMARDT loan funding will make to the project;
- Be committed to, where possible, retaining the value and benefits arising from the project within New Zealand;
- Meet the required loan application criteria to the satisfaction of AGMARDT;
- Clearly demonstrate where the loan funds are to be applied;
- Clearly demonstrate the ability to repay the loan principle as required;

Eligibility Considerations

In assessing the eligibility of suitable applicants and the granting of a loan facility, AGMARDT will take into consideration (but will not be bound by):

- Potential growth derived from the funding;
- Personal factor of the applicant and related parties;
- Statement of Position of the individual and/or business entity;
- Appropriate financial information as requested by AGMARDT, to include Financial Statements and a solvency test if required;
- Credit and/or Police check (if considered necessary);
- Referee comments;
- Full disclosure of other funding sources and/or capital being introduced;
- Available collateral to secure the loan;
- Ability to repay loan principle.

Ineligible Activities

The following list is a guide to the types of related activities or expenditure that are ineligible for AGMARDT Loan consideration. The Trustees have the right to exclude other activities and costs if they believe appropriate.

Loan funding will not be approved for:

- 'Business as usual' expenses, including:
 - Overheads incurred in the course of your normal business;
 - Activities that are already happening in your business;
 - Expenses your business would incur anyway if you did not get funding under this loan:
- Costs that are not in cash, including:
 - Contra, transfer, and internal invoices and payments; and
 - Barter or in-kind payments or contributions.

- Services supplied by anyone with a personal or financial interest (whether direct or indirect) in the project, such as any immediate family of the Applicant or shareholders of an Applicant company, unless otherwise agreed by the AGMARDT Board of Trustees.
- Duplication of funding assistance, or potential support by other agencies (e.g. NZTE, Callaghan), unless expressly agreed to by the AGMARDT Board of Trustees. The Applicant acknowledges that it must disclose to AGMARDT all such third party funding (both when applied for and, if appropriate, when such funding is granted).
- Entertainment or personal costs that are not directly related to, and solely concern, the project.
- Costs your business incurred before the project begins or after the project has ended.

Loan Criteria

The following loan criteria will apply:

- Recommended minimum loan amount NZD100,000 to a maximum of NZD300,000;
- Accelerator Loans are deemed 'on call' and repayable on demand;
- Standard loan term of up to 3 years with a maximum term of 5 years at the sole discretion of the Trustees;
- Applicant is responsible for the **all** legal costs associated with the production, completion and drawdown of the approved loan facility. Such costs may be capitalised to the loan;
- Loan documentation and drawdown will be completed by a legal firm appointed by AGMARDT;
- Loan terms, available security, repayment options and interest rates will be determined by the Trustees in consultation with the applicant;
- Loan drawdowns to be paid into a recognised New Zealand bank account, in the name of the approved applicant with duly authorised signatories;
- A loan application fee of up to 1% of loan value may apply;
- Loan covenants will include:
 - Loan repayment schedule;
 - Progress and financial reporting reviewed against agreed milestones;
- Applicant will provide details of specific milestones/activities that loan proceeds will fund and report progress against these milestones during the term of the loan as agreed with AGMARDT.
- A final report will be presented to AGMARDT at the termination of the loan;
- Signed obligation that the applicant will apply the monies for the intended purpose;
- The Applicant must provide contact details of two independent referees that can verify the suitability of the Applicant(s) and that the entity receiving the loan proceeds is fit for purpose.

REPORTING REQUIREMENTS

Successful Applicants must comply with all of the reporting requirements, which are set out in the Loan Agreement. The AGMARDT Board of Trustees view all reports provided by successful Applicants.

Progress/milestone reporting will normally occur at 6 month intervals during the term of the loan but will be at the discretion of the Trustees.

The Final Report must:

- Include an executive summary;
- Link the objectives and goals of the project to outcomes achieved;
- Detail results achieved against the Milestones set out in the original application;

- Report on how the project enabled the successful Applicant to accelerate the development of their company / project. Identify all additional achievements and/or provide additional comment;
- Include a summary of the project which is to be provided for media release (1 page); and
- A short article (can be the media release) suitable for inclusion in the AGMARDT website and Annual report.

Dissemination

As a not-for-profit charitable trust, AGMARDT usually makes the information arising from its grants publicly available, and reserves the right to do so in the instance of all projects in respect of which Accelerator Loans are provided.

Unless otherwise agreed to by AGMARDT and the successful Applicant, AGMARDT will provide a summary of the aims of the project on its website, followed by a summary of the project when completed.

Should the project be, in AGMARDT's view, commercially sensitive, AGMARDT and the successful Applicant will discuss and agree on the information to be made publicly available having regard to AGMARDT's policy obligations.

Successful Applicants must not make any public statement or issue any press release or other publicity relating to this Loan Agreement, without the prior written approval of AGMARDT as to the form and content of such statement.

General

Change of Key Personnel: The successful Applicant must inform AGMARDT of any change in key personnel working on the project.

Confidentiality: Advisors' and referees' comments are confidential to AGMARDT.

Declined Applications: It is AGMARDT's policy not to provide reasons why applications are declined.

Accelerator Loan Agreement: A successful Applicant will be required to sign/complete a Loan Agreement which sets out the terms and conditions of the loan. The applicant is responsible for the payment of all the costs associated with the production, completion and drawdown of the approved loan facility.

Loan Review: Accelerator Loans are 'on call' facilities and in certain circumstances such as non-performance under the loan agreement, full repayment can be requested at the sole discretion of the Trustees.

Independent Audit: For financial performance and management of the loan, the Trustees reserve the right to ask for an independent audit by an auditor of AGMARDT's choosing. The Trustees may, through AGMARDT's advisors, or if required AGMARDT appointed specialists, undertake a review of the work in progress and eventual outcomes.

Intellectual Property: AGMARDT does not normally take ownership and/or management of intellectual property. However, AGMARDT may seek to agree specific arrangements concerning intellectual property on a case-by-case basis and, if it does this, they will be dealt with in the Loan Agreement to be entered into between the parties.