



Spiral Horn LLC

**Update as of
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Proprietary and Confidential

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I hope this update finds everyone well and looking forward to Spring.

This is our first written update on the Spiral Horn partnership. As most of you already know, the market right now for all exotics is very strong and Kudu are among the leaders in the “appreciation game”. When we first started WildLife Partners in 2016, we sold our initial breeding group of Kudu females into EBP #1 for \$13,500 each. Today, those same Kudu are selling for anywhere from \$40,000 to \$60,000, depending on genetics. We don’t see these prices decreasing. Also worth noting, the projections we made for this partnership had us hoping to sell male offspring for \$20,000 and female offspring for \$40,000, or roughly a 50% increase over “standard” Kudu. Considering “average, every day” females are already selling for \$40,000 or more; we are very excited to see what the first calves out of our magnificent bulls bring. In total, this partnership has purchased possibly the 2 best Kudu bulls in the United States, along with 48 Kudu cows. The 48 cows were purchased by the partnership for \$22,000 each, or a total of \$1,056,000, which means at the bottom end of current prices. Those same cows, despite some death losses, are now worth \$1,980,000, or 87.5% increase in value. I would say that’s a damn good start to this partnership!

This same appreciation has also caused some challenges for us on margins and the insurance policy we have on the animals. When we put it together, we committed to purchasing the 2 bulls at their respective prices and 50 cows at \$22,000 each. The insurance was set up the same way and carried a 20% deductible. Buying 50 Kudu cows in any environment is no small feat, especially with a locked in price. In this environment, it was dynamically more challenging but, in the end, we were successful. We bought every cow with reasonable pricing we came across, but it took us a little longer than expected. Despite our best efforts to find cows at better prices, since July, WildLife Partners has paid \$598,000 for cows that it sold to the partnership for \$540,000, or a \$48,000 loss on those sales, not including capture and transport costs.

A quick summary of some death losses and how the insurance policy has and is covering them. In total, we’ve lost 4 cows over last 10 months, with 3 of the 4 being capture myopathy related. The insurance policy has paid on 2 of those claims and we expect the payment on the other 2 within the next 2 weeks. The initial two claims were paid at a net of deductible amount of \$17,000 each or a total of \$34,000. Thankfully, we were able to adjust the policy mid-stream to increase the insured value of the cows to \$30,000 each. WLP paid this policy increase in August meaning those 2 pending claims, will net to \$24,000 each or \$48,000 total.

While we are not asking for WLP to be reimbursed for these losses, we are proposing that the partnership move forward with the current breeders on the ground, plus those we are going to buy with the remaining cash, which includes cash from the past and current insurance claims. The total should be around \$133,000, or 3-4 additional cows in total. As you will see in the inventories following this page, we currently have 2.44 Kudu in place and expect to be able to add 3-4 more cows taking the herd to 2.48, or 0.2 less than the original planned herd of 2.50.



Insurance Update

We are working on the insurance renewal and plan to increase the insured value of the cows to \$45,000 each. Given the losses we had on the current policy, we are expecting a higher premium but do expect we can continue coverage moving forward. Once we have the details back from the carriers, we will update everyone on how the policy finalized and if a decision needs to be made on the cost vs value of continuing coverage, specifically on the cows.

Inventory Details

When providing inventory details, the word estimate is always used. One reason is the ever-changing pricing market. The other is that when it comes to finding and counting offspring, especially with Kudu, we are always lower than reality since we will only show offspring on the reports that have been visually verified at least twice. A great example of how tough it can be to find the “Grey Ghost” is a picture of Double Wide from last week on the following page.

For this valuation, we are using the following values:

Double Wide	\$ 50,000
Cyclone	\$150,000
Breeder Cows	\$ 45,000
Male Offspring	\$ 15,000
Female Offspring	\$ 40,000
Unsexed Offspring	\$ 27,500



Below are the detailed valuations for both the breeders and offspring in the partnership. Keep in mind the calves on the ground today are not out of our bulls and instead came from cows we purchased that were already bred. We plan to sell all the current offspring as they come of age, which include 2.2 we think are ready to be sold now. The initial sales will most likely not generate any distributions and will instead be used to pay for the insurance policy renewal. We are expecting calves from cows bred to our bulls in the next few months and will be using hair samples to guarantee genetics to the buyers to hopefully maximize prices.

Breeder Inventory					
Group	Quantity		Estimated Values		
	Male	Female	Male	Female	Total
Double Wide Herd - Pettus	1	22	\$ 50,000	\$ 990,000	\$ 1,040,000
Cyclone Herd - Pearsall	1	22	\$ 150,000	\$ 990,000	\$ 1,140,000
TOTAL	2	44	\$ 200,000	\$ 1,980,000	\$ 2,180,000

Estimated Offspring Inventory				
	Male	Female	Unsexed	TOTAL
Pettus Birth	1	1	3	5
Pearsall Births	1	2	2	5
Deaths				0
Sales				0
On Hand	2	3	5	10
Estimated Value	\$ 30,000	\$ 120,000	\$ 137,500	\$ 287,500

Estimated Financial Summary

Current Offspring Value	=	\$ 287,500	or	\$ 53,906 per partner
Breed Stock Value	=	\$2,180,000	or	\$ 408,750 per partner
Cash and pending Insurance	=	\$ 133,000	or	\$ 24,937 per partner

Estimated total value = \$2,600,500 or \$487,594 per partner

Estimated value including potential tax savings (37%) = \$3,340,500 or \$626,343 per partner.

While we have had some challenges to go along with some great appreciation in animal values, we are very pleased with how this partnership has ultimately started and are excited to see where it can go in the future.

If you have any questions, feel free to give Brian or me a call.

Best Regards,



Chris Gilroy