

● Product Disclosure Statement

Pukekōwhai Forest Investment

An offer of shares in the Pukekōwhai Forest Investment, (a managed investment scheme structured as a limited partnership), offered by Forest Enterprises Growth Limited.

Issued and managed by Forest Enterprises Limited
10 September 2021

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.companiesoffice.govt.nz/disclose. Forest Enterprises Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.



1. Key Information Summary

1.1. What is this?

This is an Offer of shares in **Pukekōwhai Forest Investment**, a forest-owning Managed Investment Scheme (**referred to as the ‘Investment’ or the ‘Scheme’**). Your money will be pooled with other investors’ money and invested. The Manager of the Scheme, Forest Enterprises Limited (FEL or the Manager) invests the money in establishing and maintaining the forest assets for eventual harvest. FEL takes fees for this management. The assets and fees are described in this document. By investing in this Scheme, you are relying on the investment decisions of FEL and returns from the forest assets that the Scheme invests in. There is a risk that you may lose some or all of the money you invest.

Key terms and technical words in this Product Disclosure Statement (PDS) are presented in bold text on first use and can be found in the Glossary of Terms on pages 47 to 50.

1.2. Who manages this Scheme?

FEL is the licensed Manager of the Scheme. Forest Enterprises Growth Limited (FEG or the Offeror), a related party of the Manager, is the Offeror of the shares in the Scheme. Refer to Section 10 *About Forest Enterprises Limited and Others Involved in the Scheme* from page 39 for further details.

1.3. What are you investing in?

General nature of the forestry investment

The Scheme has been structured as a long-term contributory investment in 3 young second rotation forests (plus the small Johnstons Block) in the Wairarapa region. The forests will be harvested when around 800 hectares of trees are mature.

The Scheme will conclude in around 30 years when the youngest of the trees are harvested. The main investment return should commence in 23 years (around 2044) when the 2018 age class trees are harvested under the Forest Management Plan and continue for around 7 years until the remaining trees are harvested and Land sold.

A return on investment will be dependent on income generated from harvest of the Trees, sale of the Land and any replanted Trees on the Land at that time.

Investment objectives and strategy of the Scheme

The Scheme’s investment objective and strategy is to purchase the Land, complete the Forest Management Plan to maximise the value of the Trees for eventual harvest and distribute the proceeds to Investors.

Key existing and proposed Scheme Property

The main property of the Scheme is the Land plus re-planted trees (established or to be re-established). The Land is second rotation forestry land classified as pre-1990 forest land and post-1989 forest land under the Climate Change Response Act 2002. The table below sets out the total area (in hectares) of each block.

Forest Block	Year Established											
	2011	2013	2015	2018	2019	2020	2021	2022	2023	2024	2025	Total
Johnstons	-	-	2.5	-	-	-	-	-	-	-	-	2.5
Ratahuia	5.6	51.4	1.8	-	12.0	34.3	36.7	47.1	-	38.0	-	226.9
Te Hau	-	-	-	21.6	73.4	50.3	57.5	30.2	32.5	17.0	-	282.5
Te Puhi	-	-	-	-	-	25.3	13.5	98.4	69.8	46.7	50.8	304.5
Total Area (Hectares)	5.6	51.4	4.2	21.6	85.4	109.9	107.7	175.7	102.3	101.7	50.8	816.3

Note: Although carbon sequestration is occurring in the forest, no carbon credits will be received by the Scheme because it is classified as a pre-1990 forest land or had other arrangements for the post-1989 forest land during the first rotation.

Key source of borrowings used, or able to be used, in the future to acquire scheme property

The Scheme can borrow funds. The Manager has arranged a term loan facility with the Bank of New Zealand (BNZ) with maximum borrowings of \$900,000. An initial drawdown on the loan of \$380,000 will be used to meet operating expenditure during the first year, so there will be no Investor Calls until 30 June 2022. In addition, the Manager has arranged an operating overdraft with the BNZ of up to \$40,000.



1.4. Key terms of the Offer

Product on Offer	Shares in a Limited Partnership and an equivalent number of beneficially held shares in a General Partner Company of the Limited Partnership.
Minimum Number of Shares Available	The Offeror offers 80,000 shares (the maximum number of shares available) for sale under this PDS.
Minimum Initial Shareholding	The minimum initial investment is 200 shares, but you can invest in any number of additional shares.
Price per 200-share parcel	\$8,472 (Additional shares being \$42.36 per share).
Estimated Future Contributions (Calls) per 200-share parcel	The investment is contributory by nature. Calls are made each year to fund the current year's budget until the Trees are mature and ready for harvest. Calls per 200-share parcel are projected to average around \$1,195 per year from 30 June 2022 for 13 years, then drop to average around \$390 per year for 2 years. Harvest from older trees should provide the balance of funding until harvest proper commences in or around 2044. Calls for different share parcel amounts will be pro rata to the 200-share parcel example. In addition, the annual \$60 Investor Administration Fee will be charged once per year regardless of the size of shareholding. Calls and timing will vary from the projections as a consequence of changes to the work program in the Plan and prices over time. These changes may be material although changes to the Plan that have a material cost impact are subject to Investor vote.
Failure to pay Calls	Calls are due on 30 June each year to meet the annual budget. Failure to pay Calls would put the Investor in default and subject to forfeiture of their shares as per the Governing Documents .
Intended Offer Opening Date	24 September 2021
Intended Offer Closing Date	No fixed closing date. Closes when all shares have been sold.
Further Details	For further details on the terms of the offer, see section 5 – Terms of the Offer.

1.5. How you can get your money out

An investment in the Scheme (the Limited Partnership) is not redeemable on demand and there is no fixed date on which you may get your money out.

Your investment in these LP shares can be sold prior to completion of harvest but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment. However, Investors can arrange a private sale of their shares, or choose to offer their shares for sale on the secondary market operated by FEL. You cannot sell your shares or choose to offer your shares for sale on the secondary market during the Hold Period.

Money will be distributed to investors once harvest proceeds are received, expected to be from 2044 to 2051. It is anticipated that the Scheme will be wound up following the sale of the Land in 2051. Provided harvest and the sale of the Land occur according to the projected timetable, the investment term is approximately 30 years. See Section 5 *How the Pukekōwhai Forest Investment Works* from page 20 for more information.

1.6. Key drivers of returns

The Manager considers that the most significant current and future aspects of the Scheme that will have, or may have, an impact on the Scheme's **financial performance** are:

- Future log prices
- Crop quality and yield at harvest
- Harvest and roading costs

The scale of the Investment, with a geographical spread through the Ngahape district and a fourteen-year age class spread, should reduce the impact of any short-term impact of price changes.

Furthermore, a robust Forest Management Plan, **the Manager's** expertise in forest management, and best practice silviculture contribute to the crop quality (and value) at harvest and to managing roading costs. Further information about the key drivers or returns and the key strategies and plans of the Manager in respect of those drivers can be found on page 12 Section 2 *Factors that may affect the financial performance and Investors' returns*.



1.7. Pukekōwhai Forest Investment’s financial information

Returns will not be generated until the harvest of trees planted in 2018 (around 23 years away), so initially the most useful information is projected Calls each year that Investors pay starting on 30 June 2022. Calls per 200-share parcel are projected to be \$1,083 on 30 June 2022 and \$1,001 on 30 June 2023, plus the annual \$60 Investor Administration Fee paid once each year regardless of the size of shareholding. Calls per 200-share parcel will average around \$1,195 per year from 30 June 2022 for 13 years, then drop to average around \$390 for two years. Harvest of older trees should provide the balance of funding before distributions in or around 2044.

Financial Measures for Scheme borrowings

Gearing Ratios

Gearing Ratios tell you how much the Scheme owes (debt) as a portion of what it owns (assets).

On acquisition of the Forest Properties	0%
At 31 March 2022	11.1%
At 31 March 2023	11.8%

Interest Cover Ratios

Interest Cover Ratios tell you how much the Scheme’s net income exceeds interest on its loans (as a multiple). As there is no income other than unrealised forest crop fair value increases, the ratio is negative and of less relevance.

At 31 March 2022	-11
At 31 March 2023	-5

Further information on how these amounts are calculated is included from page 25.

Prospective financial information included in this PDS has been extracted from prospective financial statements prepared in accordance with the Financial Reporting Standard 42: Prospective Financial Statements (FRS 42), which are available on the Offer Register. The prospective financial statements to 31 March 2023 have been subject to a limited assurance engagement and an unmodified opinion has been issued by Baker Tilly Staples Rodway Audit Limited. A copy of the opinion is on the Offer Register. Longer term Prospective Financial Information in accordance with FRS 42, not reviewed by Baker Tilly Staples Rodway Audit Limited, are also on the Offer Register.

Property and forest asset valuation

The LP purchased the 4 forest properties that will form the property and assets of the Scheme on or about 1 September 2021. The Land is held in trust by the Custodian, TEA Custodians (Forest Enterprises) Limited. The value of those forest properties, calculated on 9 April 2021 and updated on 27 August 2021 was:

Forest Property	Valuation	Value April 2021	Value August 2021
Land & Improvements	Morice Ltd	\$2,539,000	\$2,993,000
Trees	Cost or Valuation	\$629,000	\$675,000
		\$3,168,000	\$3,622,000

The valuation is based on the objective mechanism where the Land component is based on independent land valuations carried out by a registered land valuer and the Tree component of the valuation is based on re-establishment costs incurred by the seller of the properties or valuation determined by Morice Ltd for older trees. For a more detailed explanation see *Acquisition of Key Property on page 13 in Section 2*.

1.8. Key risks of this investment

Investments in managed investment schemes are risky. You should consider whether the degree of uncertainty about **Pukekōwhai Forest Investment’s future performance and returns is suitable for you**. The price of shares in the Scheme (including the annual Calls on such shares) should reflect the potential returns and the particular risks of these shares in the Scheme. FEL considers that the most significant risk factors that could affect the value of the shares in the Scheme are:

Crop Risk	<p>The risk of unfavourable climatic events, disease and fire may cause failure of all or part of the Trees or the forest producing less volume and poorer quality logs at harvest.</p> <p>Mitigating Factors</p> <p>These risks are minimised by careful forest management. Insurance cover is in place to minimise the risk in respect of fire and wind related events. These are second rotation forests with proven history in growing the quantity and quality necessary for a successful tree crop.</p>
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Market Risk	The risk associated with changes in supply and demand for pine logs over time resulting in changes in prices. Mitigating Factors The scale of the forests means that the main harvesting will occur over 8 years and this length of harvest will minimise the impact which cyclical periods of low prices may have on the return.
Operating Environment Risk	The risk that restrictions could be placed on harvesting and/or the cost of compliance increases, the risk of inflation, exchange rate fluctuations and changes in taxation rates and regimes. Mitigating Factors Improvements in harvesting technology and the increased mechanisation of harvesting are trends that are likely to continue to counter compliance cost increases. Cost inflation is likely to be mitigated by revenue inflation. Exchange rate changes and resulting prices changes will be mitigated by the length of harvest as above.
Counterparty Risk	Post-harvest, when the logs are sold, receivables owed to the Scheme which will at various times be held by counterparties such as the buyers of the logs or by export sales agents. FEG is the forestry manager under a Forestry Management Services Agreement with FEL. FEG receives the gross sales revenue into a trust account held by the Custodian. From this money, the harvest costs are paid, before the resulting net amount is transferred into the custody of the Scheme's Supervisor . Mitigating Factors FEG's marketing and shipping agents require irrevocable letters of credit for payment by overseas buyers. The risk of non-performance by FEG is low because under the FMC Act contracting out by the Manager does not affect the liability of the Manager which remains responsible for the performance of those functions under the Forestry Management Services Agreement. However, to mitigate against the risk of FEG becoming insolvent, the Manager and FEG have in place trust arrangements over all forest harvest receipts for forests harvested by FEG under the Forest Management Services Agreement.

This summary does not cover all of the risks. You should also read Section 7 *Risks to Returns from Pukekōwhai Forest Investment* from page 32.

1.9. What fees will you pay?

The table below summarises the fees and expenses that you will be charged to invest in this Scheme. Further information about fees is set out in Section 8 *What are the Fees?* from page 35.

The fees in the table are an estimate of fees to be charged to the Scheme in the periods indicated. Each individual **Investor's share of these expenses will relate** to their pro rata share of the Investment. For example, if an Investor purchases the minimum shareholding of 200 shares, the figures would be divided by 400 for the Investor's share (400 x 200 = 80,000 shares).

Set Up Fees		Ongoing Investment Fees & Expenses		
Manager and associated persons.	Period to 31 March 2022	Manager and associated persons.	Period Ended 31 March 2022	Year Ended 31 March 2023
Manager's Offeror Fee	\$120,000	Base management Fee	\$8,102	\$15,722
Legal Fees	\$48,000	Forest Activity Supervision Fee	\$58,120	\$75,139
Other Party Fees.		Non harvest Income Fee	\$0	\$0
Legal Fees	\$46,000	Investment Update and indicative valuation fee	\$0	\$4,400
Supervisor	\$5,000	Harvest Management Fee	\$0	\$0
PDS, Scheme Registration & FMA Levy	\$7,200	Investor Meeting Costs	\$500	\$5,000
Assurance Fees	\$9,000	Disbursements	\$5,000	\$5,000
Total Fees	\$235,200	Other Fees and Expenses		
		Direct Forestry Expenditure	\$267,062	\$350,472
		Supervisor's Fees	\$4,250	\$4,250
		Audit Fees	\$4,500	\$4,500
		Insurance	\$5,620	\$7,308
		Levies	\$17,917	\$17,917
		Rates	\$5,335	\$10,670
		Interest Charges	\$9,670	\$20,480
		Legal & Other Professional	\$0	\$0
		Contingency	\$0	\$0
		Total	\$386,075	\$520,859

1.10. How will your investment be taxed?

The Investment is not a portfolio investment entity (PIE). See Section 9 *Tax on page 38* for more information.





Giving investors access to the best

There are very few opportunities for individuals to invest in forestry in New Zealand due to the scale required for successful forestry operations. Most of the best locations and the prime forests are already in corporate ownership.

Forest Enterprises offers an affordable entry into forestry investment with exceptional land and high quality, proven plantations.

The forest properties comprising Pukekōwhai Forest are some of the best forestry sites in New Zealand. The topography, soil and climate are ideal, and the forests are located an economic distance from the end customer and port.

Forest Enterprises is New Zealand's original forestry investment manager. For nearly 50 years, we have been helping thousands of Kiwis grow their wealth through direct investments in sustainably managed forests. We currently manage the harvest of around one million tonnes of logs per year, and we are one of the largest harvesting businesses in the Wairarapa and Gisborne.

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Note: Defined terms are presented in bold text when they are first used in this document and can be found in the Glossary of Terms on pages 47 to 50.



2. What the Pukekōwhai Forest Investment Invests In

The key features of the Scheme (also referred to as the ‘Investment’) are as follows.

Statement of Investment Policy and Objectives

The Manager has adopted a Statement of Investment Policy and Objectives (SIPO) for the Scheme which sets out the policies, objectives and investment strategies in respect of its forests. A copy of the SIPO is available on the Scheme Register at www.companiesoffice.govt.nz/disclose by searching ‘Pukekōwhai Forest Investment’ under ‘Search Schemes’.

The SIPO sets out that the Scheme will actively invest only in:

- The Land and Trees;
- Any other assets which relate directly to or arise from investment in the Land and Trees to generate additional revenue, for example licences permitting farmers to graze stock or beekeepers to maintain hives on the Land;
- Cash deposits with registered New Zealand banks.

The SIPO (which includes the Investment Strategy) may be amended by the Manager following consultation with Trustees Executors Limited, the Supervisor. Any material amendment, such as a proposed change which would change the nature of the Scheme or be inconsistent with the Forest Management Plan, would be subject to an Investor vote before being implemented. Refer to Section 5, for further information on investor decision making powers, and to the Governing Documents.

Investment Strategy

The **Scheme’s** investment strategy is to implement the Forest Management Plan on the Land to maximise the value of the Trees for eventual harvest and distribute the proceeds to Investors.

Given the nature of the Scheme’s primary asset (Land and Trees) and its unlisted ownership structure, the Scheme has a long-term investment horizon.

The primary objectives of the Scheme are to:

- Preserve and increase the value of the Trees by successfully undertaking the Forest Management Plan, and
- Ensure that the Forest Management Plan is completed to a high standard, attending to necessary forest development and maintenance to infrastructure such as roads.

The nature of the **Scheme’s investment** is that the key determinants of performance only crystallise on the harvest of the Trees.

During the term of the Scheme, an indication of the performance of the Scheme is provided in the Annual Report by reporting of -

1. The Investors contributions (Calls paid) to date; and
2. The net cash currently projected from the harvest based upon the assumptions expressed; and
3. The current indicative value of a share in the investment based upon the assumptions expressed.

Investors will also be advised of forest changes that impact on investment performance if they are material. These include, but are not limited to changes in:

- Net stocked area
- Average stems per hectare
- Achievement of the silviculture objectives expressed in the Forest Management Plan
- Projected volume per hectare at harvest



Key Property of the Scheme

The **Pukekōwhai** Forest Investment consists of four forest properties: Johnstons Block, Ratahuia Forest, Te Hau Forest and Te Puhi Forest. These properties are located about 44km by road south-east of Masterton in the Ngahape district. Access from Masterton is via Masterton Stronvar and Ngahape roads, of which 33km is sealed.

These properties were originally planted from farmland into Radiata pine (pine), mostly in the late 1980s and early 1990s. These first rotation Trees have been or are being harvested and replanted, with the last of the replanting (about 50.8ha or 6% of the expected total stocked area) to occur in 2025.

Legal descriptions

Forest Block	Area	Titles
Johnstons	2.6583 ha	Ngahape Road, WN518/85
Ratahuia	302.0097 ha	Ngahape Road, WN40C/828
Te Hau	346.2600 ha	Ngahape Road, WN41B/129
Te Puhi	402.1614 ha	Ngahape Road, WN28A/536, WN41A/341, WN41A/340

All properties are second rotation forestry land, classified as pre-1990 or post-1989 forest land under the Climate Change Response Act 2002. The land is not eligible to earn further carbon credits on its post-1989 forest land because it has carbon lease arrangements on its first rotation which have not yet concluded.

Planted trees (established or to be re-established) are as per the table below.

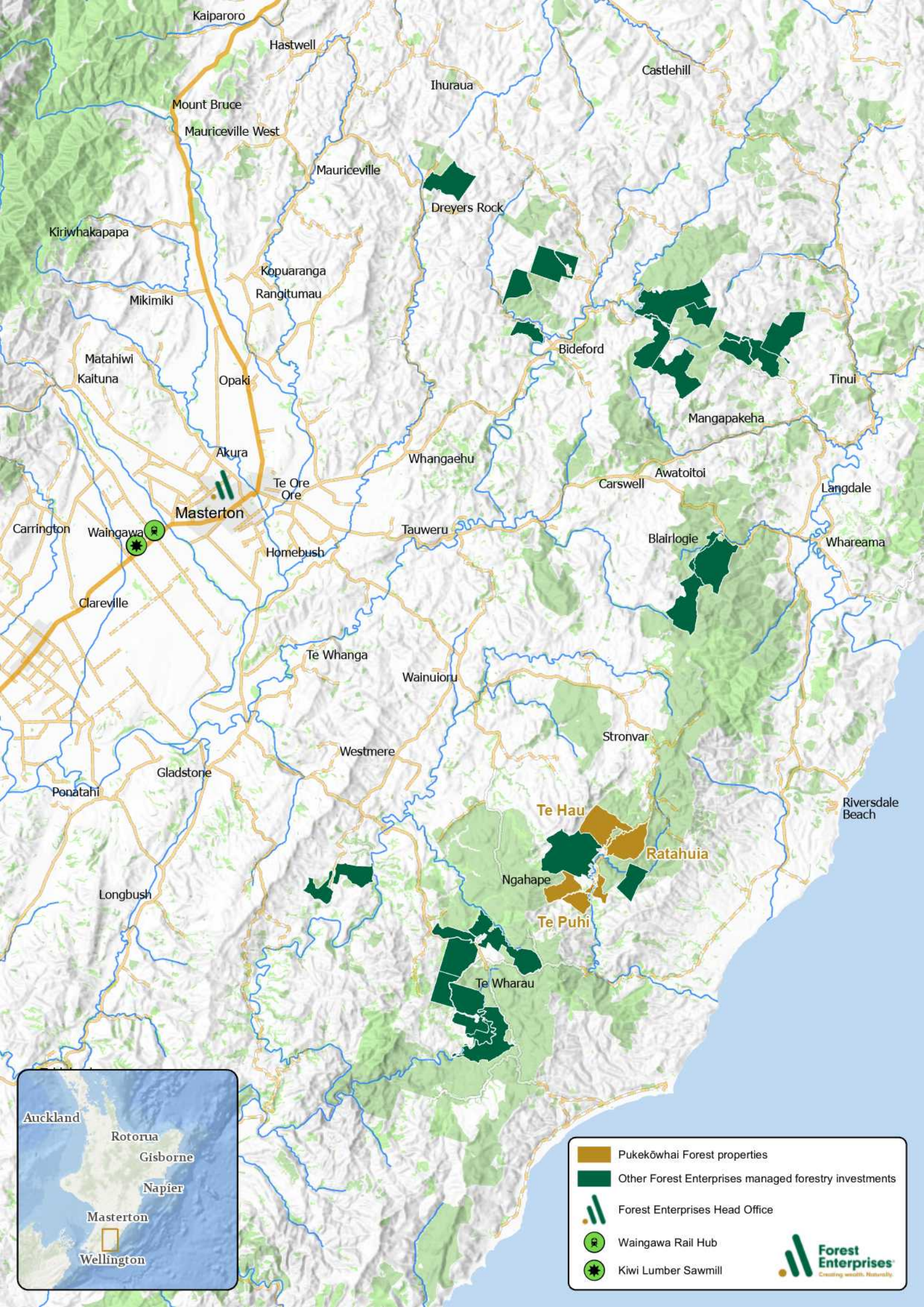
Forest Block	Year Established											
	2011	2013	2015	2018	2019	2020	2021	2022	2023	2024	2025	Total
Johnstons	-	-	2.5	-	-	-	-	-	-	-	-	2.5
Ratahuia	5.6	51.4	1.8		12.0	34.3	36.7	47.1	-	38.0	-	226.9
Te Hau	-	-	-	21.6	73.4	50.3	57.5	30.2	32.5	17.0	-	282.5
Te Puhi	-	-	-	-	-	25.3	13.5	98.4	69.8	46.7	50.8	304.5
Total Area (Hectares)	5.6	51.4	4.2	21.6	85.4	109.9	107.7	175.7	102.3	101.7	50.8	816.3

Areas are based on recent aerial photography and mapping. Updated photography and mapping is undertaken during the life of a forest. It is usual for the measured net stocked area to change with each update and the changes can be material.

Note: Although **carbon sequestration will occur in the Scheme's forest properties, no carbon credits will be received by the Scheme under the legislation** because it is either classified as pre-1990 or post-1989 forest land which has arrangements which have not ceased from its first rotation.

Refer to the **Pukekōwhai** Forest map on the next page.





- Pukekōwhai Forest properties
- Other Forest Enterprises managed forestry investments
- Forest Enterprises Head Office
- Waingawa Rail Hub
- Kiwi Lumber Sawmill



How the Scheme Property will be managed

The licensed Manager is Forest Enterprises Limited (FEL) which is responsible for and has the authority to manage the Scheme as expressed in the Governing Documents. In summary, this authority is broad-reaching subject to operating within the terms of the **Deed of Scheme Management (DOSM)** for the Scheme and the **Forest Management Plan (Plan)** for establishment, management and harvest of the forest. Refer to the Offer Register for a copy of the DOSM, the Plan and the audit report of Forme Consulting Group Limited (Forme) on the Plan. Kevin Reardon, Director of Forme has consented in writing to his audit report being mentioned in this PDS included in the Offer Register and has not withdrawn the consent before the PDS was lodged with the Register.

At all times, the Manager remains responsible for the Scheme, however the coordination and supervision of the field work relating to the Land and Trees is contracted out by the Manager to the Manager's parent company, **Forest Enterprises Growth Limited (FEG)**. FEG has the specialist expertise and business relationships to undertake this work under a **Forestry Management Services Agreement** between FEL and FEG. FEG will be responsible for ensuring that the Plan is put in place.

The key personnel of the Manager and its parent company who will be responsible for managing the Investment and the Property are:



Bert Hughes – CEO & Forestry Director

Bert is a New Zealand Institute of Forestry Registered Consultant, and a Chartered Member of the New Zealand Institute of Directors.

Bert will oversee all aspects of the Investment and the Forest as part of his role of overseeing all Forest Enterprises' Managed Investment Scheme forestry investments.

Bert's bio is on page 39.



Graeme Tindall – Managed Investments Director

Graeme is a Chartered Accountant and member of Chartered Accountants Australia and New Zealand and the New Zealand Institute of Directors.

In conjunction with Bert, Graeme will oversee all aspects of the Investment.

Graeme's bio is on page 40.



Gordon Wong – Legal Services Director

Gordon is a Barrister and Solicitor, member of the New Zealand Law Society, In-House Lawyers Association of New Zealand and the New Zealand Institute of Directors.

Gordon provides legal oversight over the Investment.

Gordon's bio is on page 40.



Malte Coulmann – SNI Regional Manager

Malte is a Director of Forest Enterprises Growth Limited. He is a New Zealand Institute of Forestry Registered Consultant, and member of the New Zealand Institute of Directors.

Malte will ensure that the Forest Management Plan is implemented.

Malte's bio is on page 40.

See Section 10 *About Forest Enterprises Limited and Others Involved in Pukekōwhai Forest Investment* from page 39 for further details on those involved.



The purpose of the Offer

Three separate Forestry Partnerships managed by Forest Enterprises - Ratahuia Forestry Partnership, Te Hau Forestry Partnership and Te Puhi Forestry Partnership - all passed special resolutions to sell their land and second rotation trees to form the **Pukekōwhai** Forest Investment. The individual partners in those Forestry Partnerships (Foundation Investors) were given rights to acquire shares in the Investment at a special price in consideration for the sale of **those Forestry Partnerships' land and second rotation trees** to the Investment.

FEG has effectively “monetised” the assets of the land and second rotation trees which were owned by the Forestry Partnerships by offering individual partners the option to receive cash for their share of those assets or, alternatively, shares in **Pukekōwhai** Forest Investment. FEG therefore holds the shares to which each Foundation Investor is entitled on trust for them until they elect to acquire legal title to those shares or receive a cash payment in lieu.

The purpose of the offer is to -

1. Enable Foundation Investors to acquire from FEG the shares to which they are entitled under the special resolutions they passed, as the Forestry Partnerships have sold their land and second rotation trees to the new Investment.
2. Enable FEG to offer the shares not taken by Foundation Investors (and for which FEG has paid a cash payment) for sale to new investors under this PDS.

FEG will use the proceeds from the Offer of the shares to reduce the borrowings it has incurred in acquiring its limited partnership interest (that is the shares for which it has paid cash to Foundation Investors) in the **Pukekōwhai** Forest Investment.

There is no minimum amount that must be raised before the shares in the Investment are transferred to Investors, and **FEG's** use of the money raised through the offer of shares under this PDS will not change depending on the total number of shares sold. FEG will sell down its investment to other Investors as it does not intend to be a long-term holder of the shares. This is reinforced by the Deed of Scheme Management which provides that FEG is deemed to have cast all votes associated with its Shares in the same proportions as the votes cast by all the other Investors.

Nature of returns

Investors may receive the following returns in respect of their shares:

- Distributions of operating cashflows to Investors relative to their respective shares once harvest of the 2018 age class trees has commenced. As per the Forest Management Plan, this is expected when trees are around 26 years old in 2044. Any gains will result from the cashflows exceeding the price paid for the Trees; and
- Any gains which result from the net sale proceeds of the Land and replanted Trees exceeding the purchase price paid for the acquisition of the Land and replanted Trees by the Scheme.

Factors that may affect the financial performance and Investors' returns

FEL and FEG do not guarantee the shares offered under this PDS or the projected cash returns to Investors or any payment of returns by the Scheme. Factors that may have the greatest effect on financial performance are as follows:

Factor	Strategy to minimise impact
Future Log Prices	As a long-term Investment of more than 30 years which has no material income until harvest of the trees, log prices at harvest may have the most impact on returns from the investment. Harvest of trees planted from 2018 to 2025 as they mature helps to reduce the impact of any short-term movements in log prices.
Crop Quality and Yield at Harvest	FEG's management of the Plan should produce a high-quality crop at harvest.
Harvest and Rooding Costs	The size of the Investment combined with the scale of FEG's other forests under management should place it in a good negotiating position with contractors to achieve competitive rates.



Acquisition of Key Property

The **Pukekōwhai** Forest Investment has acquired Land and re-established Trees in 3 separate second rotation forest properties in the Wairarapa, plus a small parcel of around 2.5 hectares of adjoining land known as the Johnstons Block.

FEG considers that the basis of calculation for the number of shares issued to each Foundation Investor is an appropriate objective mechanism for calculating the initial values for all forests within **Pukekōwhai** Forest Investment.

The purchase price of the Land and replanted Trees for the forest properties is primarily based on the following objective formula:

1. Land as valued by a Registered Valuer; plus
2. The investment in the second rotation Trees (planted up to 2020), valued by Registered Valuer using discounted cashflow analysis if planted prior to 2016, or based on compounded cost at 2% interest compounded per annum on trees planted from 2018.

The above mechanism is considered by the Manager to be the most appropriate way to determine the value of the forests.

In all instances, the land had independent valuations carried out and the valuations were completed by the Registered Valuer in April 2021. Updated valuations in August 2021 have been included on page 14. The Registered Valuer has consented to their August 2021 valuation being referred to in this PDS and included on the Offer Register.

Ratahuia Property

Using the methodology above, the amount paid to the Ratahuia Forestry Partnership on or around 1 September 2021 was \$951,000 as set out in the table below. The amount of \$951,000 is therefore Ratahuia Forestry Partnership's Contributed Value to the **Pukekōwhai** Forest Investment (NSA = Net Stocked Area):

	Description	Amount	Totals	Per NSA
Land	Land @ Valuation	\$635,000		
		Total for Land	\$635,000	\$2,796
Trees	Existing Second Rotation Trees @ Valuation	\$224,000		
	Existing Second Rotation Trees @ Cost	\$92,000		
		Total for Trees	\$316,000	\$1,391
	Ratahuia Total Contributed Value		\$951,000	\$4,188

The Scheme will be responsible for replanting approximately 121.8 hectares from 2021.

Te Hau Property

Using the methodology above, the amount paid to the Te Hau Forestry Partnership on or around 1 September 2021 was \$1,214,700 as shown below. The amount of \$1,214,700 is therefore Te Hau Forestry Partnership's Contributed Value to the **Pukekōwhai** Forest Investment:

	Description	Amount	Totals	Per NSA
Land	Land @ Valuation	\$956,000		
		Total for Land	\$956,000	\$3,384
Trees	Existing Second Rotation Trees @ Cost	\$258,700		
		Total for Trees	\$258,700	\$916
	Te Hau Total Contributed Value		\$1,214,700	\$4,300

The Scheme will be responsible for replanting approximately 137.2 hectares from 2021.



Te Puhi Property

Using the methodology above, the amount paid to the Te Puhi Forestry Partnership on 1 September 2021 was \$988,300 as shown below. The amount of \$988,300 is therefore Te Puhi Forestry Partnership's Contributed Value to the Pukekōwhai Forest Investment:

	Description	Amount	Totals	Per NSA
	Land @ Valuation	\$939,000		
Land				
		Total for Land	\$939,000	\$3,084
	Existing Second Rotation Trees @ Cost	\$49,300		
Trees				
		Total for Trees	\$49,300	\$162
	Te Puhi Total Contributed Value		\$988,300	\$3,246

The Scheme will be responsible for replanting approximately 279.2 hectares from 2021.

Johnstons Property

Using the methodology above, the amount payable to Forest Enterprises Ltd on or around 1 September 2021 was \$14,000 payable by Pukekōwhai Forest Investment:

	Description	Amount	Totals	Per NSA
	Land @ Valuation	\$9,000		
Land				
		Total for Land	\$9,000	\$3,600
	Existing Second Rotation Trees @ Valuation	\$5,000		
Trees				
		Total for Trees	\$5,000	\$2,000
	Johnstons Total Contributed Value		\$14,000	\$5,600

Sales price paid by Pukekōwhai Forest Investment

The table below summarises the calculated values to Pukekōwhai Forest Investment for the four forest properties acquired by the Scheme in April 2021 and their valuation in August 2021.

Forest Property	Land Value	Tree Value	Total Value April 2021	Valuation August 2021
Johnstons	\$9,000	\$5,000	\$14,000	\$20,000
Ratahuia	\$635,000	\$316,000	\$951,000	\$1,125,000
Te Hau	\$956,000	\$258,700	\$1,214,700	\$1,379,700
Te Puhi	\$939,000	\$49,300	\$988,300	\$1,143,300
Total	\$2,539,000	\$629,000	\$3,168,000	\$3,668,000

If an Investor purchases the minimum initial shareholding of 200 shares, the Investor's application cost will include \$7,920 relating to the purchase of the four forest properties.

The value of those four forest properties, calculated on 9 April 2021 and on 27 August 2021 was:

Forest Property	Valuation	Value April 2021	Value August 2021
Land & Improvements	Morice Ltd	\$2,539,000	\$2,993,000
Trees (Planted prior to 2016)	Morice Ltd	\$229,000	\$275,000
Trees (Planted from 2018)	Cost + 2% p.a.	\$400,000	\$400,000
		\$3,168,000	\$3,668,000



The valuation is based on the objective mechanism where:

- The Land component is based on independent land valuations carried out by a registered land valuer, and
- The Tree component also based on valuation if planted prior to 2016, or the re-establishment costs incurred by the seller of the properties if planted from 2018.

Borrowings

Under the Deed of Scheme Management, any borrowings require Investors to pass a Special Resolution authorising the borrowings other than the borrowing set out in this section.

A drawdown on the term loan of \$380,000, which has been arranged through a term loan facility from Bank of New Zealand (BNZ), will occur in the first year so there are no investor Calls until 30 June 2022. The maximum borrowings under the loan is \$900,000. Repayments will be made from investor Calls once the major pruning and thinning has been completed. See further under the heading *Borrowing Maturity Profile* in Section 6.

In addition, the Manager has arranged an operating overdraft with the BNZ of up to \$40,000.

The BNZ holds a first mortgage over the Land as security for the borrowings, including the overdraft and a perfected first ranking General Security Agreement giving them a Security Interest in all present and after acquired property of the Scheme, which ranks in priority to the managed investment products on a winding-up of the Scheme. The floating interest rate for the term loan facility is 4.29% at the date of the PDS. There is a non-utilisation fee of 2.17% on the agreed facility limit if applicable. There are no financial covenants relating to the term loan. The term loan facility will need to be extended or refinanced at the end of its initial 5-year term, as the facility will be required through to 2035.

Benefits of Investing in Forestry

There are a number of real benefits to investors from investing in forestry, in addition to the projected returns set out in this document.

Growing worldwide population and timber demand, combating climate change and deforestation, and the need to move to a low-carbon economy places an imperative on sustainably managed plantation forests.

Environmental benefits

Forest Enterprises Growth Limited **forests are sustainably managed to New Zealand's high National Environmental Standards for Plantation Forestry**. Plantation forests provide many positive and enduring environmental benefits.

Forests are valued for their carbon storage. Under the Climate Change Response Act 2002, forest land in New Zealand is categorised as either pre-1990 or post-1989 forest land. This distinction relates to when **the land was first planted in forest, relative to New Zealand's commitment to reduce greenhouse gas emissions to their 1990 levels**.

Pukekōwhai Forest Investment comprises forest land of both pre-1990 and post-1989 forest land classifications. However, it does not qualify to earn income from carbon. The forest nevertheless provides the environmental benefit of reducing atmospheric carbon during its lifetime.

From the data available from our own managed forests, we have calculated that one hectare of forest managed by FEG will have sequestered 934 tonnes of CO₂e (carbon dioxide equivalent) by the time it reaches age 26, an average of 35.9 tonnes of CO₂e per hectare per year.

Anyone who purchases shares in the Investment will be contributing their proportionate share of the environmental benefits. Based on the minimum shareholding of 200 shares (2.04 hectares), an investment will sequester an average 73 tonnes of CO₂e per year. Investors will effectively be offsetting emissions against their personal carbon footprint.

Forests regulate water flow and water quality. They provide erosion protection to hill country, mitigating land destabilisation and land loss into gullies and waterways. Forests also moderate temperature.

Forests also conserve biodiversity. Flora and fauna, including native New Zealand species (birds, lizards, bats, frogs, insects and plants) depend on the forest canopy and filtered waterways for habitat. For example, kākarearea (New Zealand falcon) like to nest on the edge of harvested areas and hunt the clearings.



Environmental certification a goal for Forest Enterprises investments

FEG is pursuing Forest Stewardship Council (FSC) environmental certification for our managed investment scheme forests. **Our Pukekōwhai Forest Investment will be New Zealand's first FSC certified Managed Investment Scheme.**

FSC is an international programme that sets and recognises the highest standards of responsible forest management and timber supply, **in pursuit of achieving the United Nations' Sustainable Development Goals.**

FEG already has an FSC Forest Management certification for over 15,000 hectares of forestry owned in New Zealand by an international impact investment fund, which FEG manages. We are committed to the FSC Principles, Criteria and Standards of Good Forest Management, which have ecological, social and economic parameters.

The people, policies and practices we have in place create efficiencies and scale, meaning we can affordably pursue certification for the additional 20,000 hectares of forestry owned by our retail investors.

As the Manager **for Pukekōwhai Forest Investment, we will be able to market the forest log products as certified wood** for input into domestic processors and international log markets, where buyers are seeking certified wood inputs for manufacture of certifiable end-use products to consumer markets.

Economic and Social benefits

According to Te Uru Rākau - New Zealand Forest Service, forest and wood products are New Zealand's third largest export earner behind dairy and meat. It is a significant industry in New Zealand, contributing \$6.32 billion in export value to December 2019 (\$3.45b of logs and \$2.87b of other forest products). Forestry directly employs around 20,000 people in New Zealand, mostly in the regions.

As well as economic benefits, forests also provide social benefits such as outdoor recreation and aesthetic value.

As the world pursues a low carbon future, renewables are increasingly being sought to substitute carbon intensive alternatives like steel, concrete and plastic, driving timber demand. From engineered wood like cross-laminated timber (CLT), glued laminated timber (glulam) and laminated veneer lumber (LVL) for building and construction (e.g. low- to mid-rise commercial and residential buildings) and appearance-grade products for interiors (e.g. wall linings, furniture, composite joinery), to industrial products (e.g. biofuel, adhesives) and consumer goods (e.g. fragrance, jewellery, textiles, household items).

Benefits of investing in growth assets

Investing in alternative assets like forestry can be complementary to equities, interest bearing deposits, fixed income and property for diversifying and lowering the risk in an investment portfolio. Timber typically has low volatility. The biological nature of forestry often insulates the investment from fluctuations in other asset classes. The value is in the timber.

Forestry investment by nature is long-term. Income is deferred for around 20 years until harvest commences, meaning tax is also deferred. Each year until harvest, Investors are able to deduct some of **the Investment's annual expenses against their total** income.

There are very few opportunities for individual investment in forestry in New Zealand, due to the structure of forest ownership or the attributes of the land. The forest properties comprising the **Pukekōwhai Forest Investment** are good forestry sites (topography, soils and climate) and are located an economic distance from the end customer and port. Not every forest has these critical success factors.



3. Key Dates and Offer Process

Key Dates	Offer Process
12 August 2021	Registration of Governing Documents in the Managed Investment Scheme
1 September 2021	On or about this date, settlement of the acquisition of the 4 forest properties occurred
24 September 2021	Intended Offer Opening Date
From 8 October 2021	Shares are transferred to Investors
From 30 June 2022, then annually	Calls are due on 30 June each year to meet the annual budget. Failure to pay Calls would put the Investor in default and subject to forfeiture of the investment as per the governing documents.
No fixed closing date	Offer closes when all shares have been sold

The timetable is indicative only and the dates may change. The Manager also reserves the absolute right in its sole discretion to accept or reject any application in whole or in part without assigning any reason.



4. Terms of the Offer

Product on Offer	Shares in a Limited Partnership and an equivalent number of shares beneficially held in the General Partner Company of the Limited Partnership.
Offeror	Forest Enterprises Growth Limited (FEG)
Shares available for sale by the Offeror	<p>There are 80,000 shares in the Scheme. The Offeror holds the rights to sell the remaining shares up to 80,000 which Foundation Investors do not take up.</p> <p>The Offeror offers for sale under this PDS:</p> <ul style="list-style-type: none"> • First right to purchase shares to Foundation Investors; and • Such of the remaining shares that it acquires from Foundation Investors on or about 30 September 2021.
Minimum Initial Shareholding	The minimum initial investment is 200 shares, but you can invest in any number of additional shares subject to availability.
What is the minimum amount payable to invest?	<p>Initially \$8,472 for 200 shares (additional shares are \$42.36 per share), plus annual Call amounts from 30 June 2022.</p> <p>Foundation Investors invest at a reduced initial price of \$39.42 recognising their special status as previous owners of the forest land and their agreement to the formation of the new Investment with the acquisition of the land and second rotation trees from the Foundation Investors.</p> <p>See <i>Estimated Future Contributions (Calls) per 200-share parcel</i> below</p>
Intended Offer Opening Date	24 September 2021
Intended Offer Closing Date	No fixed closing date. Closes when all shares have been sold.
How can investment be made?	<p>You may invest with a minimum initial application of \$8,472 (200 Shares).</p> <p>Applications must be completed on the application form contained after Section 13 <i>How to Apply</i> on page 45.</p> <p>TO ENSURE YOUR APPLICATION IS ABLE TO BE ACCEPTED, PLEASE READ THE APPLICATION INSTRUCTIONS IN THAT SECTION CAREFULLY AND COMPLETE ALL APPLICABLE SECTIONS.</p> <p>No applications can be accepted if all shares have been sold.</p> <p>There is no continuous offer of shares in the Scheme.</p> <p>The Investor will need to satisfy the Manager's anti-money laundering compliance requirements and must execute the Limited Power of Attorney.</p>
Estimated Future Contributions (Calls) Per 200-share parcel	<p>The investment is contributory by nature; therefore, Calls are made each year from 30 June 2022 to fund the current year budget until the trees are mature and ready for harvest.</p> <p>Calls per 200-share parcel are projected to average around \$1,195 per year from 30 June 2022 for 13 years, then drop to an average around \$390 for two years. Harvest from older trees should then provide the balance of funding until harvest proper commences in or around 2044 when the 2018 trees are in their 26th year. Calls for different share parcel amounts will be pro rata to the 200-share parcel example.</p> <p>In addition, the annual \$60 Investor Administration Fee will be charged once per year regardless of the size of shareholding.</p>
Failure to pay Calls	Calls are due on 30 June each year to meet the annual budget. Failure to pay Calls would put the Investor in default and subject to forfeiture of the investment as per the Governing Documents.
How can I withdraw my investment?	<p>Shares in the LP are not redeemable on demand. The investment has no fixed term but will generally come to an end after harvest is completed and all proceeds have been distributed.</p> <p>You may only withdraw if:</p> <ul style="list-style-type: none"> • You sell your shares to a third party (such as via the secondary market facility operated by the Manager) after the Hold Period – refer to page 24 for more details, or • A resolution is passed to wind up the Scheme and sell the forest assets, or • The forest has been harvested and the Land sold. <p>The limitations on when (and how) a resolution is passed to wind up the Scheme and sell the forest, are set out in the Governing Documents.</p>



<p>What are the returns and when are distributions paid?</p>	<p>Returns will commence once cashflow is generated from harvesting the 2018 age class trees, expected to occur around 2044. Returns should continue for around 8 years until harvest of the 2025 age class trees is completed.</p> <p>Any return on investment will be by way of distribution and will be dependent on log prices and costs at time of harvest, sale of the land and any replanted Trees at that time. Although not guaranteed, the cashflow in Section 6 <i>Pukekōwhai Forest Investment Financial Information</i> from page 25 sets out these estimates, based on certain assumptions set out on page 27.</p> <p>Distribution payments are likely to be made at quarterly intervals once cashflow from harvest has commenced.</p>
<p>Offeror Voting Rights</p>	<p>At all times that FEG holds shares, it will be deemed to have cast the votes associated with the Offeror's Shares in the same proportions as the votes cast by the other Investors.</p>

Further terms relating to **Pukekōwhai** Forest Investment are set out in the Governing Documents (the Deed of Scheme Management and the Limited Partnership Agreement). These documents along with the GP Company Constitution are available on the Scheme Register at www.companiesoffice.govt.nz/disclose by searching 'Pukekōwhai Forest Investment' under 'Search Schemes'.



5. How the Pukekōwhai Forest Investment Works

The **Pukekōwhai** Forest Investment is a managed investment scheme (MIS) under the Financial Markets Conduct Act 2013 (FMC Act).

Limited Partnership and General Partner

The **Pukekōwhai** Forest Investment comprises a limited partnership registered under the Limited Partnerships Act 2008 called **Pukekōwhai** Forest LP (the Limited Partnership, LP) with one general partner which is a registered company under the Companies Act 1993 called **Pukekōwhai** Forest GP Limited (the General Partner, GP).

Investors in the **Pukekōwhai** Forest Investment have limited partner shares in the LP plus beneficial ownership of an equal number of corresponding company shares in the GP which are held in bare trust for the Investors by the Manager. The Limited Partnership Agreement requires that the 80,000 beneficially owned shares in the GP company are held pro rata to the number of LP shares held by the limited partners.

Although FEG is offering both LP shares and GP shares, with the latter being equity securities, the Offeror relies on clauses 18 to 20 of the Financial Markets Conduct (Forestry Schemes) Exemption Notice 2016 which specifies that there are no disclosure and reporting requirements in the FMC Act relating to the GP shares. This is because the GP has been incorporated solely for the purpose of being the general partner of the LP. Investors will beneficially own the GP shares with decision making rights, and disclosure and financial reporting occurs through the LP shareholdings.

Limited Partnership is Managed Investment Scheme

The registered MIS has been structured as a LP. The LP is an ‘other managed investment scheme’ for the purposes of the FMC Act and, accordingly, in certain places, this PDS refers to the LP as a ‘Scheme’ or the ‘Investment’.

The Deed of Scheme Management (DOSM) together with the Limited Partnership Agreement, constitute the Governing Documents of the **Pukekōwhai** Forest Investment for the purposes of the FMC Act. These, along with the GP Company Constitution and SIPO, are available to read and download from the Scheme Register at www.companiesoffice.govt.nz/disclose by searching ‘**Pukekōwhai Forest Investment**’ under ‘**Search Schemes**’.

It is a requirement of the Limited Partnerships Act 2008 that a limited partnership has a written partnership agreement which governs the affairs of the limited partnership and the conduct of its business. In accordance with the Limited Partnerships Act, the Limited Partnership Agreement provides for essential terms relating to the business of the Limited Partnership; distributions; meetings of limited partners; the powers, duties and liabilities of the General Partner; assignment of shares; conflict of interest policy; and how the Limited Partnership terminates. However, in order to avoid duplication and to have the terms governing the Limited Partnership in a central document, most of these terms are set out more fully in the DOSM.

Trustees Executors Limited is a licensed supervisor under the Financial Markets Supervisors Act 2011 and has been appointed the Supervisor of the **Pukekōwhai** Forest Investment in accordance with the FMC Act. In its role as Supervisor, it must also hold all Scheme assets or appoint a custodian to hold those assets. It has appointed subsidiary company, TEA Custodians (Forest Enterprises) Limited to hold the scheme assets.

Trustees Executors Limited is also given a limited Power of Attorney by the Investors to facilitate the efficient administration of the Scheme. The terms of this Power of Attorney are set out in Schedule 6 of the Deed of Scheme Management, and on page 53 of the Application Form attached to this PDS.

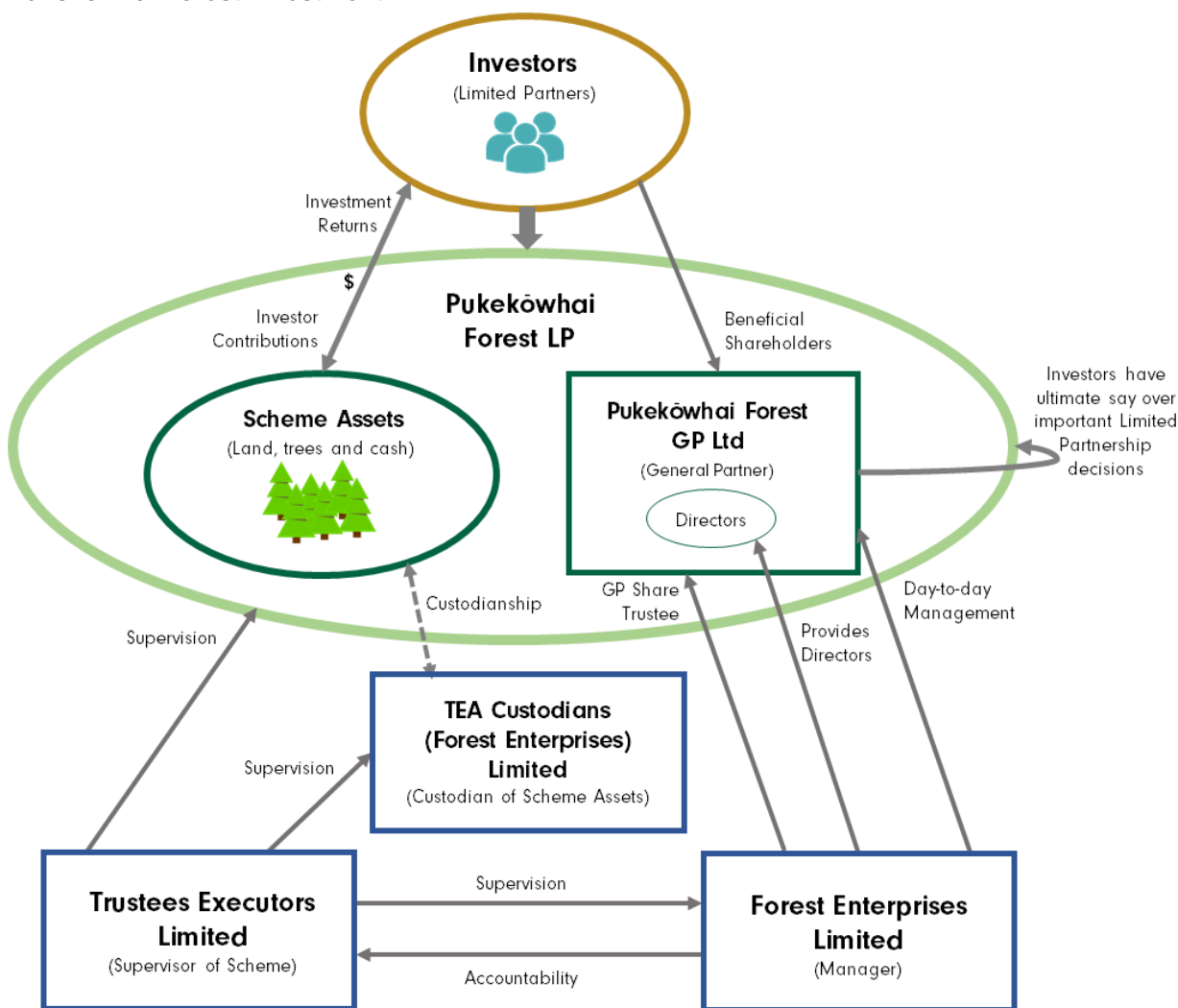
Deed of Scheme Management is pre-eminent Governing Document

The Deed of Scheme Management is the pre-eminent Governing Document of the MIS, and sets out the rights, obligations and duties of the Manager, the Supervisor, the Custodian and the Limited Partners in relation to the MIS including provisions for compliance with the FMC Act including, but not limited to:

- specific MIS provisions
- management of the MIS by the Manager
- supervision of the MIS by the Supervisor
- **custodianship of the MIS’s Scheme Property**
- financial reporting and appointment and duties of the financial auditor of the MIS
- **right of Manager to sell a defaulting Investor’s shares** (e.g., due to non-payment of a Call, or failure to provide required information)



Pukekōwhai Forest Investment



What is a Limited Partnership (LP)?

Investors are offered the opportunity to acquire shares in the LP that has acquired the Land and Trees. Investors will become a limited partner in the LP. Under the limited partnership structure, limited partners have limited liability (so long as they do not take part in the management of the LP, which is described further below). A limited partnership is a separate legal person from its limited partners and general partner.

Each LP share confers equal rights and obligations on each Investor in respect of entitlements to income and capital from the LP, and each share will confer one vote upon the holder in respect of matters on which Investors are entitled to vote under the Limited Partnership Agreement and the DOSM.

The Custodian is TEA Custodians (Forest Enterprises) Limited, a wholly owned subsidiary of the Supervisor. The Custodian will hold the title to the Scheme Property in its name for the LP. The interrelationship between the Investors (as limited partners), the LP and the GP (Investors being beneficial shareholders) is set out in the DOSM.

FEL, as licenced Manager of the Scheme, is responsible for the day-to-day management and investment administration of the Scheme. The general partner of the LP has the power to direct the Manager to follow decisions made by shareholders of the GP. FEG provides forest management and harvesting services under contract to FEL.



The General Partner, **Pukekōwhai Forest GP Limited (GP)**, has been incorporated to act as the general partner of the LP in accordance with the Limited Partnership Agreement. A general partner is only liable for any debts or liabilities of the limited partnership to the extent they have not been met by the limited partnership. To protect the general partner, it has been set up as a limited liability company. The directors of the GP are Graeme Tindall, Bert Hughes and Gordon Wong. (In accordance with the Limited Partnership Agreement, the GP directors are Officers of the Manager.)

The shareholder of the GP is FEL as nominee shareholder for all Investors (the GP Share Trustee). Each Investor has beneficial ownership of an equivalent number of shares in the GP as they have in the LP. Investment decisions will be made by Investors as beneficial shareholders in the GP. The Beneficial Shareholder Direction Process is the process by which Investors will instruct FEL in its capacity as the GP Share Trustee to vote on important shareholder decisions.

A full list of decisions requiring Investor approval (by either Ordinary Resolution or Special Resolution) are set out in the GP Constitution and in the Governing Documents. These include any decision on:

- Change of business (Special Resolution)
- Any borrowings other than those set out in this PDS (Special Resolution)
- Material variation of the Forest Management Plan (Special Resolution)
- Any change in Manager's Fees (Ordinary Resolution)

These Investment decisions by Investors in the GP are allowable under the Limited Partnerships Act, without compromising the limited liability of limited partners.

Significant benefits of investing in the Investment

The significant benefits of investing as a limited partner in the Limited Partnership are:

- The projected returns set out in Section 6 *Pukekōwhai Forest Investment Financial Information* from page 25.
- The ability to have an investment in forestry that is available to Investors who are able to invest an initial minimum of \$8,472, with further annual contributions averaging \$1,195 for 13 years from 30 June 2022, then \$390 for two years before harvest of older trees should provide the remaining funding before harvest proper commences for the 2018 age class trees in or around 2044.
- The investment in the LP is passive with active day-to-day management (including preparation of accounts, forest and harvest management, payment of distributions and obtaining any limited bank financing) being handled by the Manager. However, key decisions are still made by Investors.
- The LP structure enables the GP to conduct the business of the LP, while the Investors, as limited partners, have limited liability so long as they do not take part in the management of the LP. The LP has been structured to avoid Investors taking part in management.

Power of Attorney

In order to facilitate the efficient administration of the Investment, every Investor appoints the Supervisor their attorney under a limited Power of Attorney to:

- Appoint a director of the General Partner as a proxy (if not attending) for quorum purposes and to waive any irregularity in the notice of meeting or approve a change in a resolution purely of a technical nature;
- To vote on any procedural approval required for share assignments;
- To approve and sign any technical, correcting, or non-material changes to the Governing Documents; and
- To vote on any resolution of a formal or technical nature which will benefit the Limited Partnership, but has no material adverse effect for the Investor.

Investment Business

The business of the Scheme is the establishment, maintenance, management and harvesting of the Trees in accordance with the Forest Management Plan together with the performance of all statutory or other legal requirements relating to the business. The Scheme may also undertake such further business which is



consistent with the Statement of Investment Policy and Objectives (the SIPO) and which has been approved by special resolution of the shareholder of the GP (subject to the Beneficial Shareholder Direction Process).

Contributory Investment

The Scheme is contributory by nature. The Investment requires Investors to meet their share of the annual budget to undertake all work relating to the management of the forest assets (including field work relating to carrying out the Forest Management Plan), plus the costs arising from managing the Scheme.

Investors meet this funding obligation by making one payment (Call) each year on 30 June. More funding is required in the early years to meet the silviculture costs relating to the management of the Trees. This funding is required unless the Scheme has sufficient cashflow arising from the management of the assets, which ordinarily only occurs when the Trees are being harvested.

Call payment options are:

- Direct Debit - investor authorises Forest Enterprises to automatically debit Calls when due
- Direct Credit - investor pays the Call via electronic funds transfer
- Visa or Mastercard - credit card fees will apply, refer to *Investor fees (if applicable)* on page 35

Prepayment of Calls

The Manager offers a facility under which Investors may prepay the Calls on their shares. This facility will appeal to those who prefer the convenience of not having to make direct debits, electronic funds transfers or credit card payments on an annual basis to meet those Calls. It will also appeal to those Investors who are gifting or intend to gift their shares to family members or others.

The money is held in a trust account maintained by the Manager in accordance with section 87 of the FMC Act. There is no interest payable to the Investor on the prepaid Call money.

As a consequence of payment of Calls in advance, the IRR will be slightly lower. Assuming the estimated total sum of the Calls is prepaid, the projected gross IRR is reduced by 0.9% based on 2021 dollars (refer page 30 for IRR projections). On the cessation of the requirement to make Calls, projected to be after 30 June 2036, any overpayment of Calls will be refunded to Investors who have prepaid their Calls.

There are a number of ways Investors can prepay their Calls:

1. Foundation Investors who retain an interest in the Pukekohwai Investment, can elect to prepay their calls by:
 - a. Instructing the Manager to transfer funds owed to them from selling some of their allocated Pukekohwai shares to the section 87 trust account up to the estimated total of the Calls, and/or
 - b. Instructing the Manager to transfer their harvest distributions (from the current forestry investment which qualified them to be a Foundation Investor) to the section 87 trust account up to the estimated total of the Calls, or
 - c. Instructing the Manager to transfer their harvest distributions (from any other forestry investments managed by FEL) to the section 87 trust account up to the estimated total of the Calls, if their forest is harvesting, or
 - d. Paying the lump sum amount of some or all of the Calls within one month of receiving their share certificate.
2. Existing investors in other forestry investments managed by FEL, will pay cash for the initial investment amount required to purchase Pukekohwai shares, and can then elect to prepay their calls by:
 - a. Instructing the Manager to transfer their harvest distributions (from any other forestry investments managed by FEL) to the section 87 trust account up to the estimated total of the Calls, if their forest is harvesting, or
 - b. Adding the estimated total of the Calls to the payment of the purchase price for the Pukekohwai shares under the application form, or
 - c. Paying the lump sum amount of some or all of the Calls within one month of receiving their share certificate.



3. New investors can elect to prepay their Calls by:
 - a. Adding the estimated total of the Calls to the payment of the purchase price for the Pukekowhai shares under the application form, or
 - b. Paying the lump sum amount of some or all of the Calls within one month of receiving their share certificate.

It should be noted that if there is partial or short prepayment or an increase in costs, the Manager may issue Call notices to the Investor to cover any shortfall.

If the shares are sold by the Investor on the secondary market, the prepaid call money will be refunded to the seller.

Non-payment of Calls risks forfeiture of shares

Calls are payable on the due date advised and non-payment places the Investor in default. Failure to act **on a default can result in the forfeiture and compulsory sale of the Investor's shares in the Scheme. The Manager is granted a limited Power of Attorney by Investors to sell a defaulting Investor's shares under the DOSM.**

Tax deductibility

The Limited Partnership is not separately assessable for tax purposes. Its tax consequences pass through directly to the investors in proportion to their shareholding. In the early years until silviculture is completed, Investors will enjoy higher tax deductions. Refer to Section 9 on page 38 for further details.

Ability to sell before harvest

Investors can arrange a private sale of their investment at any time after the Hold Period referred to below.

FEL operates a secondary market for the sale and purchase of shares in their existing forestry investments. The purpose of the market is to enable existing Investors to liquidate their investment and allow prospective Investors to purchase investments in established forests. FEL acts as intermediary and operates a closed tender for bids and communicates all bids to the seller, who has the option to accept or reject any bid by a prospective buyer.

FEG will not be a continuing Investor in the Scheme. Until FEG has sold all its shares in **Pukekōwhai Forest Investment** under this Offer, there is a Hold Period where Investors will not be able to sell their shares on the secondary market.

The fees for selling on the secondary market are a \$375 listing fee plus brokerage of \$350 for sales values up to \$10,000 and an additional 2% over \$10,000.

Related party benefits

FEG is the parent company of the Manager, FEL.

Forest and Harvest Management will be undertaken by FEG under a Forestry Management Services Agreement. FEG and the Manager each negotiated and entered into this contract acting independently and in its own best interests. The Manager considers that the contract and all transactions under it are **on arms' length commercial terms. In any event, the Manager pays fees to FEG for its forest management services out of the management fees and expenses payable to FEL as authorised under the Deed of Scheme Management.** Therefore, FEG cannot be paid any more than that payable to the Manager, were the Manager to carry out the services itself.



6. Pukekōwhai Forest Investment Financial Information

The Scheme's Limited Partnership entity (**Pukekōwhai** Forest LP) was registered on 3 June 2021 and commenced business on or about 1 September 2021, therefore there are no completed financial periods.

Selected Financial Information

The table below provides selected financial information about **Pukekōwhai** Forest Investment. Full prospective financial information from 1 September 2021 to 31 March 2022 (7 months) and from 1 April 2022 to 31 March 2023 (12 months) are available on the offer register at www.companiesoffice.govt.nz/disclose by searching 'Pukekōwhai Forest Investment' under 'Search Offers'. If you do not understand this sort of financial information, you can seek professional advice.

Forecast Total Investment Contributions Required:

7 months to 31 March 2022	\$3,338,800
12 months to 31 March 2023	\$433,051

Each Investor pays their proportionate share of these contributions based on the size of their shareholding in **Pukekōwhai** Forest LP (LP). If the minimum initial investment size of 200 shares is applied for, then \$8,472 is payable on application and the first annual Call of \$1,083 + annual \$60 Investor Administration Fee (regardless of investment size) is payable on 30 June 2022.

Forecast Tax Deduction Available:

Because Investors are investing in a New Zealand limited partnership, they will need to account for tax on their share of taxable income (or loss) in their individual tax returns, rather than simply on the cash contributions paid or distributions received. The forecast tax deduction for the following periods are

7 months to 31 March 2022	\$366,007	
12 months to 31 March 2023	\$557,312	Note \$54,358 increase for tax depreciation

If the minimum initial investment size of 200 shares is applied for, then the forecast tax deduction available to offset against other income is \$915 for the period ending 31 March 2022 and \$1,393 for the year ending 31 March 2023.

Prospective Financial Information

The purpose of the prospective financial statements is to assist Investors in assessing the viability of and return on funds invested. This PDS and the prospective financial information may not be appropriate for any other purpose.

The prospective financial information included in the tables that follow has been extracted from prospective financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS 42) which are available on the Offer Register. The prospective financial statements for the period to 31 March 2022 and the year ending 31 March 2023 have been subject to a limited assurance engagement and an unmodified opinion issued by Baker Tilly Staples Rodway Audit Limited, a copy of which is also included on the Offer Register. Baker Tilly Staples Rodway Audit Limited has consented in writing to their review report being mentioned in this PDS and included in the Offer Register and has not withdrawn the consent before this PDS was lodged with the Register.

Separately available on the Offer Register are prospective financial statements for the Expected Life of the Scheme, which have not been reviewed by Baker Tilly Staples Rodway Audit Limited.



Gearing Ratios

Gearing Ratios tell you how much the Scheme owes (debt) as a portion of what it owns (assets). The **higher the gearing ratio, the higher the risk to the LP as it indicates that a higher portion of the LP's assets will need to be applied to repay its debt.**

Gearing is based on the prospective statement of financial position. The carrying value of the forest property is deemed to represent the consideration paid plus ongoing silviculture costs. The Manager believes this is the most reasonable assumption at this stage, rather than discounted cashflow analysis.

On acquisition of the four Forest Properties	0.4%
At 31 March 2022	11.1%
At 31 March 2023	11.8%

Interest Cover Ratios

Interest Cover Ratios tell you how much the LP's net income exceeds interest on its loans (as a multiple). The higher the ratio, the more comfortably the LP's income can cover any interest owing (and the lower the risk to the LP).

In this case, as there is no income other than the land rental and unrealised forest crop fair value increases, the ratio is negative and of less relevance as investor Calls factor in debt servicing.

At 31 March 2022	-11
At 31 March 2023	-5

Borrowing Maturity Profile

Refer to *Borrowings* in Section 2 on page 15 for further information on Term Loan Borrowings.

The Maturity profile is as follows:

Financial Year Ending 31 March	2022	2023	2028	2029	2030	2032	2033	2034	2035
Balance at Beginning of year	\$0	\$380,000	\$450,000	\$600,000	\$700,000	\$900,000	\$800,000	\$575,000	\$275,000
Borrowings	\$380,000	\$70,000	\$150,000	\$100,000	\$200,000				
Repayments						\$100,000	\$225,000	\$300,000	\$275,000
Balance at End of Year	\$380,000	\$450,000	\$600,000	\$700,000	\$900,000	\$800,000	\$575,000	\$275,000	\$0



Summary of Principal Assumptions in the Cashflow Projection on the Expected Life of the Investment (on the following pages)

The Cashflow Projection has been derived from GAAP compliant prospective financial information (available on the Offer Register). Although this information is of a long-term nature, it is, in the **Manager's view, relevant for basing investment decisions on** a forestry investment where there are continuing financial commitments over the life of the Investment.

The best information that can reasonably be expected to be available to base the forest assumptions on is the Forest Management Plan, which has been audited by Kevin Reardon of Forme Consulting Group Limited, a Registered Forest Consultant of the NZ Institute of Forestry. The Forest Management Plan and audit report are both available on the Offer Register.

The Forest Management Plan has assumptions about the timing of silvicultural work and harvesting of the forest. In line with common forest practice, the estimated figures in 2021 dollars have been used for the costs of the work programme in the Plan, and stumpage has been assumed using projected yields **from forest growth modelling software, using the last 36 month's average** log prices for the expected log grades to be harvested.

Actual costs and timing will vary from the projections as a consequence of changes over time to the work program in the Plan and log prices. These changes may be material although changes to the Plan that have a material cost impact are subject to Investor vote.

The purpose and objective of the prospective financial information is to give Investors a sense of future costs and returns for the expected life of the Scheme in the context of this one rotation focused forestry investment. In light of this, inflation of 2% per annum has been assumed from 1 April 2023 in the preparation of the projections. Historical inflation over the last 30 years and the present target of 1-3% support the use of 2% in the projections.

Harvest assumptions (also available in more detail in the Forest Management Plan available on the Offer Register) include:

- Harvest is anticipated when the trees are aged 26 years. The volume estimates produce recoverable volume of 711 tonnes per hectare.
- Area attrition of 2% has been allowed between establishment and harvest.
- A sales scenario based upon a range of markets achieved during the first rotation harvest has been used, including Masterton and the Port of Wellington as the points of sale.
- Log prices are based on FEG's actual achieved 36-month average log prices to 30 June 2021 (subject to inflation adjustment set out above).
- Production costs to the point of sale have been based on \$77.85 per tonne based on 2021 dollars (subject to inflation adjustment set out above).

Average stumpage per hectare for all trees planted is \$39,103. If June 2021 spot prices had been used rather than 36-month average prices, stumpage would have increased to \$56,712. Assuming inflation of 2% per year this increases average stumpage from \$39,103 in 2021 dollars to \$64,339. Refer further to page 30 for Sensitivity Analysis and Return on Investment. Refer also to page 8 of the Other Material Information document on the Offer Register for a Cashflow Projection prepared in 2021 dollars.

Other assumptions (in addition to the harvest assumptions) include:

- It is assumed that the Land will be sold in the final harvest year at the purchase price (adjusted for inflation).
- Replanting of the areas harvested has been assumed to occur in the winter following harvest and the replanted Trees sold at the conclusion of harvest (in addition to the Land).
- The cashflow above excludes the annual \$60 Investor Administration Fee, which is charged once per Investor per year in addition to Calls, regardless of the size of their shareholding.

NOTE: Future Calls and Distributions in the Cashflow Projection should be taken as a guide only. Prospective Financial Information (PFI), by its nature, is inherently uncertain. It involves predictions of future events that cannot be assured as well as risks and uncertainties which are often beyond the control of the Manager. These risks and uncertainties include, but are not limited to, the non-occurrence of anticipated events or alternatively events occurring that were not anticipated. Various risk factors and the management thereof may influence the success of the Scheme's business. Refer further to *Risks to Returns* in Section 7 from page 32. Accordingly, actual results may vary from the PFI, and those variations may be significantly more or less favourable. The Manager does not guarantee the achievement of the PFI.



Summary of 2% Inflation-Adjusted Cashflow over Expected Life of the Investment

CASHFLOW PROJECTION - Pukekōwhai Forest Investment																
Financial Year ending March	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Hectares Planted	107.7	175.7	102.3	101.7	50.8											
Total Hectares Harvested																
EXPENDITURE																
Capital Expenditure																
Non Depreciable																
Land and Improvements	3,168,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Preliminary Expenses	235,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mortgage Repayment	-	-	-	-	-	-	-	-	-	-	100,000	225,000	300,000	275,000	-	
Deductible Expenditure																
Forestry Expenditure																
Establishment	264,008	399,286	256,147	262,776	138,220	13,680	5,497	-	-	-	-	-	-	-	-	
Tending	49,363	4,895	32,439	114,208	176,487	279,255	480,367	407,335	502,554	412,874	258,008	190,669	60,637	-	-	
Maintenance	9,052	9,826	11,849	13,938	15,160	15,463	15,772	16,088	16,409	16,738	17,072	17,414	17,762	18,117	18,480	
Protection	661	900	1,016	1,195	1,299	1,325	1,352	1,379	1,407	1,435	1,463	1,493	1,522	1,553	1,584	
Inventory	-	-	-	-	-	610	-	5,791	-	496	-	-	2,682	10,824	14,217	
Mapping	1,077	1,973	1,914	2,201	1,682	1,902	1,129	1,145	584	-	-	-	-	-	-	
Insurance	6,744	8,770	9,564	11,449	12,769	13,459	14,173	14,909	15,669	16,454	17,264	18,099	18,961	19,851	20,768	
Rates	5,335	10,670	10,883	11,101	11,323	11,550	11,781	12,016	12,256	12,502	12,752	13,007	13,267	13,532	13,803	
Other Expenditure																
Management	8,102	15,722	18,958	22,300	24,256	24,741	25,236	25,740	26,255	26,780	27,316	27,862	28,419	28,988	29,568	
Supervisor Fees	4,250	4,250	4,335	4,422	4,510	4,600	4,692	4,786	4,882	4,980	5,079	5,181	5,284	5,390	5,498	
Audit Fees	4,500	4,500	4,590	4,682	4,775	4,871	4,968	5,068	5,169	5,272	5,378	5,485	5,595	5,707	5,821	
Investment Update & Valuation	-	4,400	4,488	4,578	4,669	4,763	4,858	4,955	5,054	5,155	5,258	5,364	5,471	5,580	5,692	
Borrowing Costs & Bank Fees	9,670	20,480	21,250	21,250	21,250	21,250	26,340	31,400	39,290	41,500	38,110	29,380	16,710	4,060	1,000	
Industry Subscriptions & Levies	21,500	21,500	21,930	22,369	22,816	23,272	23,738	24,212	24,697	25,191	25,694	26,208	26,733	27,267	27,813	
Disbursements	5,000	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975	6,095	6,217	6,341	6,468	
Investor Meeting Costs	500	5,000	510	520	531	5,412	552	563	574	586	5,975	609	622	634	647	
Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURE	3,792,962	517,172	404,974	502,191	445,053	431,566	625,975	561,019	660,545	575,820	525,346	571,866	509,883	422,845	151,357	
RECEIPTS																
Capital Receipts																
Net Current Assets	407	- 97	- 310	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Land & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowings	380,000	70,000	-	-	-	-	150,000	100,000	200,000	-	-	-	-	-	-	
Income Receipts																
Land Rental	23,755	14,218	4,736	-	-	-	-	-	-	-	-	-	-	-	-	
Harvest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of Third Rotation Trees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL RECEIPTS	404,162	84,121	4,426	-	-	-	150,000	100,000	200,000	-	-	-	-	-	-	
NET CASHFLOW	- 3,388,800	-433,051	-400,547	- 502,191	-445,053	-431,566	-475,975	-461,019	-460,545	-575,820	-525,346	-571,866	-509,883	-422,845	-151,357	
CASHFLOW FOR EACH INVESTMENT UNIT																
Calendar Year of Call Payment	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Cash Payable per Unit per Annum	- 8,472	- 1,083	- 1,001	- 1,255	- 1,113	- 1,079	- 1,190	- 1,153	- 1,151	- 1,440	- 1,313	- 1,430	- 1,275	- 1,057	- 378	
Payable on Application	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payable 30 June	- 8,472	- 1,083	- 1,001	- 1,255	- 1,113	- 1,079	- 1,190	- 1,153	- 1,151	- 1,440	- 1,313	- 1,430	- 1,275	- 1,057	- 378	
Cash Receivable per Unit per Annum	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TAX ANALYSIS FOR EACH INVESTMENT UNIT																
Tax Year ending March	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Cashflow per Unit before Tax	- 8,472	- 1,083	- 1,001	- 1,255	- 1,113	- 1,079	- 1,190	- 1,153	- 1,151	- 1,440	- 1,313	- 1,430	- 1,275	- 1,057	- 378	
Taxation Benefit at 33%	302	415	330	414	367	356	516	463	545	475	351	286	173	122	125	
Taxation Payable at 33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Payable per Unit after Tax	- 8,170	- 668	- 671	- 841	- 745	- 723	- 674	- 690	- 606	- 964	- 962	- 1,144	- 1,102	- 935	- 254	
Cash Receivable per Unit after Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Refer to assumptions on the previous page.

Note: Land and Improvements

Of the \$3,168,000, \$3,154,000 represents the value of the 80,000 shares in the Scheme. Entitlements to those shares were originally offered to investors in the existing Forestry Partnerships in consideration for selling the 3 forest properties to the Investment. As from the Offer Opening Date, those original forest owners who elected to take the entitlement (Foundation Investors) are able to apply for their Shares. Those who elected not to take their entitlement have been paid out by FEG in exchange for the entitlement to their Shares. Any Foundation Investors who do not apply for their Shares or for any other reason do not receive their Shares will be paid out by FEG.



Sensitivity Analysis of Log Price Changes

Based on 36-month average log prices to 30 June 2021, average stumpage per hectare for all trees planted is \$39,103. Current June 2021 spot prices would yield \$56,712, and 2% p.a. inflation on \$39,103 stumpage increases average stumpage to \$64,339 and to \$69,679 in the final year.

Harvest costs and other investment costs could continue to rise in price and not be matched by increases in log prices. The following shows the impact of log price changes from 2021 prices.

Projected return on Investment

Projected return for a 200-share parcel (using recent average log prices) without inflation:

\$80,355 gross

This is the projected net revenue before tax calculated using 36-month average log prices (3 years) to 30 June 2021 and is the base case scenario. Costs to achieve this revenue are the application cost and ongoing Calls totalling \$23,247 based on 2021 figures.

Projected return for a 200-share parcel (using recent average log prices) assuming inflation of 2% p.a.:

\$129,732 gross

This is the projected net revenue before tax calculated using 36-month average log prices (3 years) to 30 June 2021 with inflation at 2% p.a. Costs to achieve this revenue are the application cost and ongoing Calls of \$25,429.

Internal Rate of Return (IRR)

The percentage return on a forestry investment is the calculated Internal Rate of Return (IRR). The IRR is the discount rate at which discounted costs equal discounted revenues – i.e. the discount rate at which present value cash flows equal zero. Provided all other factors are equal, the IRR provides a basis to compare forestry investments.

Based on the assumptions set out, assuming 2021 log prices:

Gross IRR based on past 36-month log prices	5.69%
Gross IRR based on June 2021 spot prices	7.47%
Gross IRR based on inflation adjusted 36-month log prices	7.68%

What happens if log prices increase or decrease?

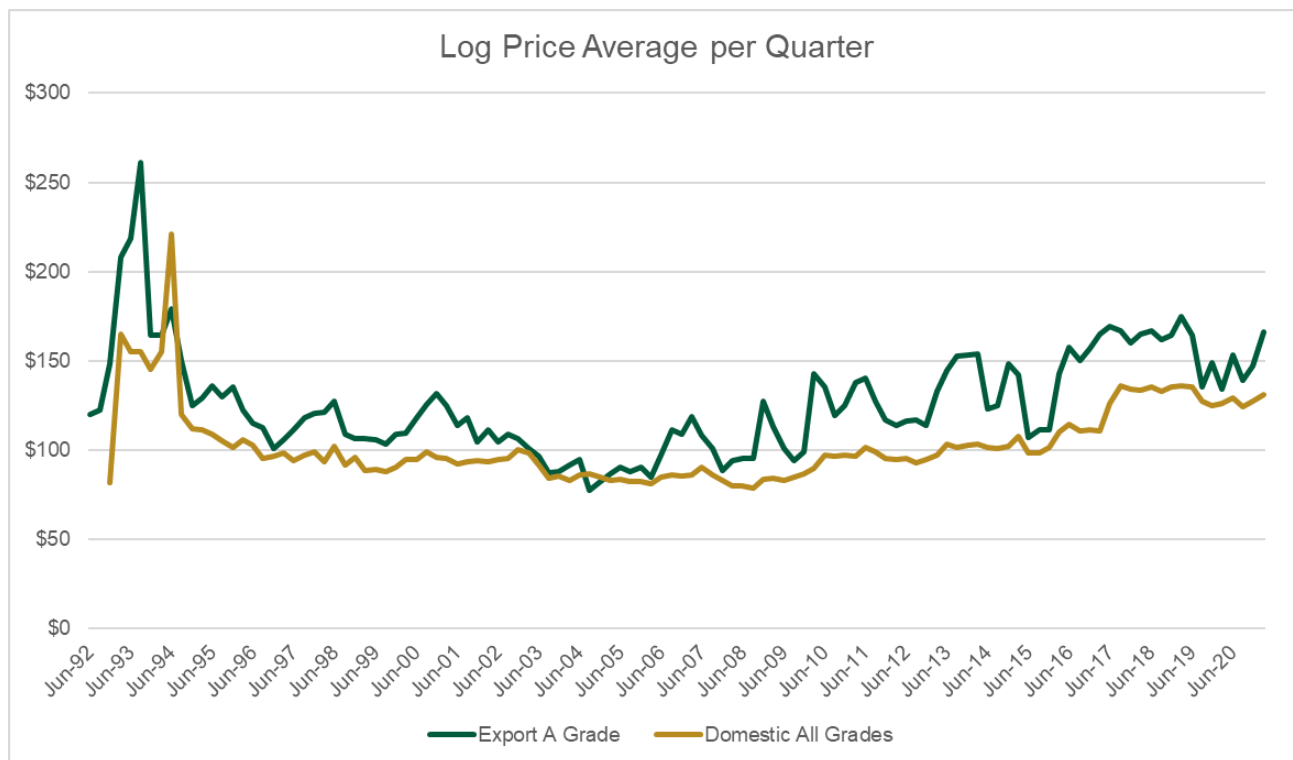
If log prices or costs change in value during the term of the investment resulting in increases in average stumpage, the projected return would change as follows:

Log Price Change Over Term	Projected before-tax return based on 2021 dollars for a 200-share parcel	IRR
Without Inflation (base case)	\$80,355	5.69%
10% Stumpage Increase	\$88,128	6.14%
30% Stumpage Increase	\$103,676	6.93%
50% Stumpage Increase	\$119,223	7.62%
10% Stumpage Decrease	\$72,675	5.20%
30% Stumpage Decrease	\$57,317	4.05%
50% Stumpage Decrease	\$41,958	2.57%



Historic log price

The graph below demonstrates the inherent volatility of log prices. It plots the Ministry of Primary Industries' log price average per quarter from 1992 to March 2021 for Export A Grade and Domestic logs, using available data.



What happens if the recoverable volume of 711 tonnes per hectare increases or decreases?

A mid-rotation sample inventory and pre-harvest sample inventory of the trees will occur during the rotation. The projected volume is likely to change at these points and when actual harvest occurs. The 711 tonnes is made up of different log grades that have different sales prices. If forest growth occurs at different rates to those predicted in the audited Forest Management Plan, assuming changes in volume are consistent across log grades, any increase or decrease would have the same effect as shown above for changes in log prices.

The above returns are not guaranteed. Investors should also refer to *Risks to Returns* in Section 7 from page 32.



7. Risks to Returns from the Pukekōwhai Forest Investment

No investment is without risk. For this forestry investment, the risks which may influence the amount to be paid in and the projected return fall into the following main categories:

Risk	Management
Crop Risk	<p>If the yield from the Trees is less, returns from the investment will be less.</p> <p>There is the risk that unfavourable climatic events, disease and fire may cause failure of all or part of the Trees or the forest producing less volume and poorer quality logs at harvest.</p> <p>Mitigating Factors</p> <ul style="list-style-type: none"> • These risks are minimised by careful forest management. Insurance cover is in place to minimise the risk in respect of fire and wind related events. • The Manager's view is that changes in anticipated yield is a possibility, but these forests have successfully produced yields off the first crop rotation. Another positive is that the combination of three main forests reduces the risk.
Market Risk	<p>If demand for logs reduces, projected returns are likely to reduce.</p> <p>There is the risk associated with changes in supply and demand for pine logs over time resulting in changes in prices relative to the assumptions contained in the projection scenarios.</p> <p>Mitigating Factors</p> <ul style="list-style-type: none"> • The Manager's view is that changes in log prices over time and there is the possibility that increases in log prices also work in the Investor's favour. • The planned spread of the main harvest over 8 years from 2044 reduces exposure to extreme price fluctuations, harnessing time in the market to the advantage of Investors.
Operating Environment Risk	<p>Any of the following factors could increase Calls or reduce returns.</p> <p>There is the risk of inflation, interest rate changes, exchange rate fluctuations and changes in taxation rates and regimes.</p> <p>The Manager's view is that changes in operating environment are inevitable given the long-term nature of the investment. In preparing projected information for the expected life of the Scheme, the Manager has based its expectations for the future on the assumptions set out in Section 6 including inflation at 2% pa. Any one of these assumptions may end up being materially different to what occurs. Investors should consider this along with sensitivity analysis set out on the previous page.</p> <p>Compliance costs becoming more burdensome is a risk, especially if there is further government intervention into forestry practices.</p> <p>Mitigating Factors</p> <ul style="list-style-type: none"> • Logs sold overseas are generally sold in US dollars, so movements in exchange rates is a material risk to exported log sales but this to some extent is minimised by imported costs, such as fuel used in logging and cartage. The exchange rate will not be hedged for the 25+ year timeframe of the Scheme but hedging policies will be reviewed closer to harvest. • There is also the possibility that the Manager may not be available to manage the investment for the full term, although this is considered unlikely. • The level of borrowings is low so this should render the impact of any interest rate changes to be small.
Counterparty Risk	<p>If log buyers do not pay for the harvested logs, returns could reduce.</p> <p>Post-harvest, when the logs are sold, receivables owed to the Scheme will at various times be held by counterparties such as the buyers of the logs or by export sales agents. FEG is the forestry manager under a Forestry Management Services Agreement with FEL. FEG receives the gross sales revenue into a trust account held by the Custodian. From this money, the harvest costs are paid, before the resulting net amount is transferred into the custody of the Scheme's Supervisor.</p> <p>Mitigating Factors</p> <ul style="list-style-type: none"> • FEG will hold PPSR charges on log buyers and shipping agents. FEG's marketing and shipping agents typically require irrevocable letters or credit for payment by overseas buyers. • The Manager considers the risk of non-performance by FEG to be low because under the FMC Act contracting out by the Manager does not affect the liability of the Manager which remains responsible for the performance of those functions under the Forestry Management Services Agreement. • To mitigate against the risk of FEG becoming insolvent, the Manager and FEG have in place trust arrangements over all forest harvest receipts for forests harvested by FEG under the Forest Management Services Agreement.



Were they to occur and if not appropriately managed by the Manager, these circumstances could have a material adverse effect on the Scheme's financial position or future financial performance through a decrease in revenue or an increase in costs. The Manager has taken, and will in the future take, steps to mitigate the effects of these circumstances. However, some risks may not be fully capable of mitigation.

Investors should carefully consider these risks - together with other information in this PDS - before deciding whether to invest in the Scheme.

The description of the circumstances in this section does not take into account the personal circumstances, financial position or investment requirements of any person. It is therefore important that, before deciding whether or not to invest in the Scheme, you consider the suitability of an investment in the Forestry Investment in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).



The future is in trees

Growing worldwide population and timber demand, combating climate change and deforestation, and the need to move to a low-carbon economy places an imperative on sustainably managed plantation forests.

As the world pursues a low carbon future, renewables are increasingly being sought to substitute carbon intensive alternatives like steel, concrete and plastic. This is driving timber demand.

Uses range from engineered wood like cross-laminated timber, glued laminated timber and laminated veneer lumber for building and construction. It is an ideal product for low- to mid-rise commercial and residential buildings and appearance-grade products for interiors (eg. wall linings, furniture, joinery), industrial products (eg. biofuel, adhesives) and consumer goods (eg. footwear, jewellery, textiles).

Forestry is a significant industry in New Zealand.

According to Te Uru Rākau - New Zealand Forest Service, forest and wood products are our 3rd largest export earner after dairy and meat. New Zealand earned \$6.32 billion in 2019 from the export of logs and other forest products. Latest workforce data from Ministry of Primary Industry shows around 40,000 people work in forestry in New Zealand, mostly in the regions.

8. What are the fees?

The fees and expenses charged by any person in respect of the Scheme fall into three main categories - “Set up fees and expenses”, “Investor fees if applicable” and “Ongoing fees chargeable to the Investment”. These are set out in turn below.

All references to fees throughout this PDS are exclusive of GST, if applicable.

Set up fees and expenses

The fees and expenses charged to the Scheme on its set-up are:

Set Up Fees		
Manager and Associated Persons	Nature of Fee	Period to 31 March 2022
Offeror's Fee	Payable to FEG who will pay Issuer fees and costs including brokerage	\$120,000
Legal Fees	FEL internal Legal Fees for Documentation	\$48,000
Other Party Fees		
Legal Fees	Supervisor Review of Scheme Documentation and external legal fees for transferring properties to the Investment	\$46,000
Supervisor	Set-up Fee	\$5,000
PDS, Scheme Registration & FMA Levy		\$7,200
Assurance Fees	Fees paid to Forme for their review of the Forest Plan and to Baker Tilly Staples Rodway for their review of the Prospective Financial Information contained on the offer register	\$9,000
Total Fees		\$235,200

The above fees are payable by the Scheme. In respect of the legal fees and other expenses, the Manager may have already met these costs on behalf of the Scheme prior to settlement of the properties and, accordingly, is entitled to reimbursement. Other fees may be paid by the Manager between the dates of settlement and this PDS. Those fees will be reimbursed to the Manager. These fees will not change as they are incurred upfront and the Manager is responsible for any under or overs.

Investor fees if applicable

Fees chargeable to an Investor only apply if the particular non-routine service is used, and are:

Investor Fees (if applicable)	
Manager	
Secondary Market Fees	The fees for selling on the secondary market are a \$375 listing fee plus brokerage of \$350 for sales values up to \$10,000 and an additional 2% over \$10,000.
Share Transfer Fees	A fee of \$150 applies to transfer of the investment into different names, after the initial application.
Default Fees	The Manager is entitled to recover from a Defaulting Investor all reasonable costs incurred as a result of the default. See further clause 20.4 of the Deed of Scheme Management.
Credit Card Fees	Investors must ensure that the annual Call amount received is the actual amount of the Call net of any charges deducted by any bank. If Investors choose to pay by Visa / Mastercard, the Call amount will be grossed up by the bank charge, currently 2.19%

Investor fees may be either fixed or variable depending upon the nature of service being provided. Fixed fees plus an hourly rate for variable fees shall be as approved by the Supervisor and reported annually in the Scheme's financial statements.



Ongoing fees chargeable to the Investor

Annual Investor Administration Fee	Maximum Fee - \$60 charged once per Investor per year in any investment regardless of the size of their shareholding.
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Ongoing fees chargeable to the Scheme

The ongoing fees and expenses anticipated to be charged to the Scheme are:

Ongoing Scheme Fees	
Manager and Associated Persons	
Base Management Fee	\$28 per planted hectare per annum
Forest Activity Supervision Fee	20% of the actual cost of work actively supervised
Non-harvest Income Fee	Up to 10% of income actively coordinated and supervised
Investment Update and Indicative Valuation Fee	A fee of 5.5 cents per share (\$4,400 per annum for whole Scheme)
Harvest Management Fee	Currently harvesting fees are \$3 per tonne plus 2.5% of net stumpage. There is an additional \$0.50 per tonne for railyard and wharf infrastructure charges.
Other Fees and Expenses	
Direct Forestry Expenditure	The Manager is authorised to undertake work in accordance with the Forest Management Plan
Supervisor's Fees	Estimated \$4,250 per year
Audit Fees	Financial Audit estimated \$3,000 per year Forest Audit Estimated \$1,500 per year

For the avoidance of doubt, the Manager may incur and pay such fees, costs and expenses otherwise payable by the Scheme **on the Manager's own account and claim recovery for such fees, costs and expenses** from the Limited Partnership. In addition to the fees, the Manager may recover from the Limited Partnership reasonable disbursements.

Where it is commercially practical (and in the reasonable opinion of the Manager, not otherwise disadvantageous to the Limited Partnership) for the Manager to undertake work that could otherwise be contracted to a third party, and for which a coordination and supervision fee would be payable to the Manager, the Manager may undertake such work and charge a commercially reasonable fee plus disbursements for that work (hence the charge will be no more than that payable to a third party).

How the Manager's Fees can be changed

The Manager's fees may be reviewed from time to time with any variation in such fees to be approved by an Ordinary Resolution of the shareholder of the General Partner (subject to the Beneficial Shareholder Direction Process). The Supervisor may however approve the variation or modification of a fee charged to the Limited Partnership if it believes the variation or modification to be fair and equitable to both **the Manager and the Limited Partnership and where in the Supervisor's opinion the variation does not warrant the time and expense of approval by Ordinary Resolution.**

How Other Fees can be changed

External operational costs which constitute Direct Forestry Expenditure such as insurance and rates change subject to market conditions. Supervisor fees and other third-party costs like audit fees would change subject to agreement with the Manager. Investors will be notified of changes to third-party fees via the annual financial statements each year.



Estimate of Ongoing Fees and Expenses

There is no most recent accounting period for the Scheme. Refer to page 34 for the set up fees and expenses for the period to 31 March 2022.

An estimate of ongoing fees and expenses for the period to 31 March 2022 and the year to 31 March 2023 is:

Ongoing Investment Fees & Expenses				
Manager and Associated Persons	Period Ended 31 March 2022	As percentage of Scheme Net Assets	Year Ended 31 March 2023	As percentage of Scheme Net Assets
Base Management Fee	\$8,102	0.27%	\$15,722	0.47%
Forest Activity Supervision Fee	\$58,120	1.91%	\$75,139	2.22%
Investment Update and Indicative Valuation Fee	\$0	0.00%	\$4,400	0.13%
Investor Meeting Costs	\$500	0.02%	\$5,000	0.15%
Disbursements	\$5,000	0.16%	\$5,000	0.15%
Other Fees and Expenses				
Direct Forestry Expenditure	\$267,062	8.76%	\$350,472	10.37%
Supervisor's Fees	\$4,250	0.14%	\$4,250	0.13%
Audit Fees	\$4,500	0.15%	\$4,500	0.13%
Insurance	\$5,620	0.18%	\$7,308	0.22%
Levies	\$17,917	0.59%	\$17,917	0.53%
Rates	\$5,335	0.18%	\$10,670	0.32%
Interest Charges	\$9,670	0.32%	\$20,480	0.61%
Total	\$386,075	12.7%	\$520,859	15.41%

In addition, there is the annual \$60 Investor Administration Fee charged once per Investor per year in any investment regardless of the size of their shareholding.

Note: Direct Forestry Expenditure shown above is included with expenses for completeness. However, it more directly relates to increasing the value of the Scheme Property, not operating costs of the Scheme.

Subsequent period fees and expenses

The Offer Register contains Prospective Financial Information for the expected life of the investment. The PDS includes a cashflow summary based on this information, where all fees and expenses are initially based upon 2021 costs, before applying inflation at 2% per annum.

The impact of applying inflation to fees and expenses is that the projected contribution for a 200-share parcel increases from \$23,247 to \$25,429 over the life of the Investment.



9. Tax

Tax can have significant consequences for investments and can affect your returns from this Investment. If you have queries relating to the tax consequences of investing in Pukekōwhai Forest Investment, you should seek independent tax advice from a professional advisor.

General overview

Each Investor is assessed individually on their proportionate share of the profit (loss) from the Scheme each year, given each Investor is a limited partner in a Limited Partnership (LP). In May each year, Forest Enterprises will advise each Investor of the amount of their profit (loss).

Until the years of harvest, the investment will generate tax losses each year which will be available for offset against other income of the Investor. Tax losses will be highest in the first nine tax years when a large proportion of the silviculture is being carried out.

Investors will only have to separately include any personal Cost of Timber in their tax return if they sell shares on the secondary market after the PDS has closed or they buy further shares after the PDS closed. The Cost of Timber acquired by the Scheme is \$629,000 (or \$1,573 if the minimum holding of 200 shares is acquired).

Partners on the Register of Partners at the end of the LP's **financial year** (31 March) will be allocated **the full year's profit** or loss for tax purposes pro rata to their respective LP shares. It is important to note that allocation will have no regard to transfers during the year, so any transfer price should reflect the consequences of whether the buyer or seller has paid any Call or received any Distribution during the year of transfer.

Tax when holding the investment at harvest

Under current tax law, harvest proceeds will be paid to Investors as a gross amount and Investors will be responsible for paying tax at their marginal rate. The net return to Investors will depend on their marginal tax rate at the time of harvest.

All Investors buying shares under the Offer in this PDS are buying shares which will have available a proportionate share of the Cost of Timber tax deduction available to the Scheme of \$629,000. This will be applied in the LP tax information circulated to Investors who hold the investment when harvest occurs.

The harvest income allocation rules in the Income Tax Act 2007 entitle Investors to allocate current year harvest income between the year of harvest and the three preceding income years. If allocation is utilised to return harvest income to prior income years, Investors can potentially avoid provisional tax consequences relating to underestimating any harvest income in the current income year.

Tax if selling the investment before harvest

If an Investor sells shares before harvest and the share transfer value is under the \$50,000 threshold in section HG 5 of the Income Tax Act 2007, no tax is payable by the Investor selling their LP shares and the purchaser is deemed to inherit the seller's cost basis for tax purposes.

On the other hand, if the Tree portion of share sale is over the \$50,000 threshold, the Tree value is taxable income to the seller and the seller would deduct their personal Cost of Timber against the income. Assuming the shares were purchased under the PDS, the personal Cost of Timber to the seller is the same as an Investor's proportionate share of the Investment's Cost of Timber (see above).

Tax if buying additional Shares on the secondary market after the PDS is closed for applications

If an Investor buys shares from a seller who is selling shares under the \$50,000 threshold in section HG 5 of the Income Tax Act 2007, the buyer would inherit the seller's cost basis and would likely be in the same position as someone who bought shares under the PDS.

If an Investor buys further shares when the Tree value is over the \$50,000 threshold, the buyer of the shares receives a further Cost of Timber deduction for the Tree portion of the purchase price paid to the seller. The buyer would need to separately account for any proportionate increase in Cost of Timber from the starting value of \$629,000.

Tax laws can change and the above statements are accurate at the date of this document.



10. About Forest Enterprises Limited and Others Involved in the Pukekōwhai Forest Investment

About Forest Enterprises Limited

FEL is the Manager of the Scheme. FEL is licensed under the FMC Act to manage Managed Investment Schemes (excluding managed funds) which are primarily invested in forestry assets.

FEL is New Zealand's longest established full-service forest management and investment services company. Since 1972, FEL has been helping people grow their wealth through affordable direct investments in some of New Zealand's most exceptional Radiata pine plantation forests, and by expertly managing the forests from establishment to harvest.

FEL is 100% owned by parent company, Forest Enterprises Growth Limited (FEG), which carries out the forest and harvest management activities. Bert Hughes, Graeme Tindall and Gordon Wong are directors of both companies.

FEL forestry schemes (such as the Pukekōwhai Forest Investment) are structured to provide Investors with a long-term investment in forests, while seeking to minimise the administrative and operational burdens of private forestry ownership.

FEL is the only licenced forestry investment manager which has a diverse range of skills across the owners and key executives in the business. CEO & Forestry Director Bert Hughes is a New Zealand Institute of Forestry (NZIF) Registered Forestry Consultant and Chartered Member of the New Zealand Institute of Directors; Graeme Tindall is a Chartered Accountant; and Gordon Wong is a practising Barrister and Solicitor.

The Chairman and Executive Directors of FEL are:



John Sexton OBE, FCA

Chair, Forest Enterprises Limited

Since August 2008, John has been an Independent Director and Chair of the Board for FEL, the licensed manager of forestry Managed Investment Schemes (MIS).

John's role is to provide leadership to the Board in support of its strategic and governance oversight of FEL. He also ensures the Executive Directors maintain their high performance standards in the best interests of the Investors.

Being independent means that John has no shareholding in either FEL or its parent company FEG, nor is he a company executive. This enables him to discharge his fiduciary responsibilities as Chair objectively as well as independently.

John is a Fellow of Chartered Accountants Australia & New Zealand, and a professional member of New Zealand Institute of Directors and New Zealand Institute of Management.



Bert Hughes CMInstD, NZIF Registered Forestry Consultant, BBS, NZCF

CEO & Forestry Director

As CEO, Bert is responsible for overseeing all Forest Enterprises activities across the two companies – FEL, and its parent FEG, the land and tree crop management company.

Bert has led the expansion of the Forest Enterprises' forest management capability over the last decade. He has a depth and breadth of expertise from an over 30-year forestry career, having held senior management and executive roles across the industry. Bert's focus is on understanding the market and getting our investors' product as close to the buyer as possible.

He is a New Zealand Institute of Forestry Registered Consultant and a Chartered Member of the New Zealand Institute of Directors.





Graeme Tindall BCA (Hons), CA

Managed Investments Director

Graeme's principal responsibility is the management and accountability of FEL's status as a licensed manager of forestry MIS, and its registered forestry investments. Graeme also provides high-end oversight of the financial management, reporting and compliance for all forestry investments FEL and FEG manages and administers.

Graeme is a member of Chartered Accountants Australia and New Zealand and of the New Zealand Institute of Directors, and is an Associate Member of the New Zealand Institute of Forestry.



Gordon Wong LL.M (Hons), Barrister and Solicitor

Legal Services Director

Gordon provides the expertise Forest Enterprises requires to respond to the complexities of the financial markets regime under the Financial Markets Conduct Act 2013.

Gordon is one of New Zealand's most experienced lawyers in the forestry industry. He is also a specialist in financial markets law, legal risk management and the Emissions Trading Scheme.

Gordon has a dual role. He is FEL's in-house legal counsel, advising FEL on the regulatory environment and the many statutes that it must comply with; plus, he provides legal advice to Forest Enterprises' managed investment schemes.

Gordon is a Barrister and Solicitor. He is a member of the New Zealand Law Society, the In-House Lawyers Association of New Zealand and the New Zealand Institute of Directors.

In addition to Bert, Graeme and Gordon, the Regional Managers Malte Coulmann and Dan Fraser are shareholders and directors of FEG and are also full-time company executives:



Malte Coulmann NZIF Registered Forestry Consultant, BForSc (Hons)

Southern North Island Regional Manager

Malte's responsibility is to maximise the value of the tree crop. This is achieved by ensuring that forest operations, such as pruning and thinning, happen at the right time and to the highest standard.

Malte and his team also manage the technical side of forestry which includes mapping, database management, inventory and modelling which are essential to quality decision-making.

Malte is based at Forest Enterprises' head office in Masterton and provides additional oversight and support to many aspects of our Wairarapa-based forestry operations.

Malte is a New Zealand Institute of Forestry Registered Consultant and a member of the New Zealand Institute of Directors.



Dan Fraser NZCF

Gisborne Regional Manager

Dan is responsible for the major harvest programme of Forest Enterprises' 10,000ha Gisborne estate. He is responsible for ensuring our Investors' forests in Gisborne are harvest-ready, for managing their harvest, and that forestry and harvesting operations are coordinated and optimised.

Dan leads our small Gisborne-based forestry team from our office in Gisborne city.

Dan has a 30-year professional forestry career and has extensive knowledge of harvest and engineering practices and of the harvesting industry.

Refer to www.forestenterprises.co.nz/about-us/meet-our-people for further information on directors and staff.



Contact details

The Manager may be contacted in the following ways:

At its office 5 Papawai Place, Masterton 5810
 Post PO Box 128, Masterton 5840
 Phone 0800 746 346 or +64 6 370 6360
 Fax +64 6 370 6369
 Email invest@forestenterprises.co.nz

Who else is involved?

Party	Name	Role
Supervisor	Trustees Executors Limited (FSP37383)	Trustees Executors Limited has been appointed Supervisor for the Scheme. The Supervisor will monitor compliance with the Governing Documents and fulfil the role of Supervisor under the Financial Markets Conduct Act 2013 and Financial Markets Supervisors Act 2011.
Custodian	TEA Custodians (Forest Enterprises) Limited	The Supervisor has appointed TEA Custodians (Forest Enterprises) Limited, a wholly owned subsidiary of Trustees Executors Limited (FSP37383) as the Custodian for the Scheme. The Custodian will be the registered proprietor of the Land on trust for the Limited Partnership in accordance with the Governing Documents. The Custodian will also hold on trust all other Scheme assets not otherwise held in the name of Trustees Executors Limited as Supervisor.
Forest Manager	Forest Enterprises Growth Limited	At all times, the Manager remains responsible for the Scheme, however the coordination and supervision of the field work relating to the Land and Trees is undertaken by the Forest Manager .
Forest Auditor	Forme Consulting Group Limited	The Forest Auditor inspects the forest and provides an independent report each year to Investors which is included in the annual financial statements.
Financial Auditor	Baker Tilly Staples Rodway Audit Limited	The Financial Auditor undertakes the financial and other audits in accordance with the FMC Act and the Scheme's Governing Documents.



11. How to Complain

Complaints about the Manager, or about the **Pukekōwhai** Forest Investment, should be made in the first instance to Managed Investments Director, Graeme Tindall at the address of the Manager:

Forest Enterprises Limited

5 Papawai Place
PO Box 128, Masterton
New Zealand

Phone +64 6 370 6360
Email gtindall@forestenterprises.co.nz

If the complaint remains unresolved, the Supervisor can be contacted, or Financial Services Complaints Limited (FSCL).

The contact details of Supervisor, Trustees Executors Limited are:

Trustees Executors Limited

Level 11, 51 Shortland Street, Auckland 1140
PO Box 419
Auckland

Phone 0800 878 783
Email gjo@trustees.co.nz

As a financial service provider registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, Forest Enterprises Limited is a member of an approved dispute resolution scheme (registration number FSP37784). This scheme is operated by FSCL. There is no charge for using the services of FSCL to investigate or resolve a complaint.

The contact details of FSCL are:

Financial Services Complaints Limited

Level 4, 101 Lambton Quay
PO Box 5967
Wellington

Phone 0800 347 257
Email info@fscl.org.nz or complaints@fscl.org.nz
Website www.fscl.org.nz



12. Where You Can Find More Information

The following further information relating to the Scheme and the managed investment products is available on the Companies Office Disclose Register at www.companiesoffice.govt.nz/disclose, or on request to the Registrar.

Offer Register	Scheme Register
<ul style="list-style-type: none"> • Full Prospective Financial Statements • Baker Tilly Staples Rodway's Limited Assurance Engagement Opinion • Forest Management Plan • Forme Consulting Group's audit report on the Forest Management Plan • Sale & Purchase Agreement for the four forest properties • Independent Land Valuation Reports for the four forest properties 	<ul style="list-style-type: none"> • Statement of Investment Policy & Objectives (SIPO) • Deed of Scheme Management • Limited Partnership Agreement • Constitution of General Partner
<p>The Offer Register may be viewed at www.companiesoffice.govt.nz/disclose, and search 'Pukekōwhai Forest Investment' under 'Search Offers'.</p>	<p>The Scheme Register may be viewed at www.companiesoffice.govt.nz/disclose, and search 'Pukekōwhai Forest Investment' under 'Search Schemes'.</p>

No other information relating to the Scheme will be available other than the information contained in this PDS and on the Offer Register and Scheme Register.

All information available on the Offer Register and the Scheme Register is also available on request free of charge from the Manager:

Forest Enterprises Limited

5 Papawai Place
PO Box 128, Masterton
New Zealand

Phone 0800 746 346 or +64 6 370 6360
Email invest@forestenterprises.co.nz
Website www.forestenterprises.co.nz

Or contact our Client Team directly:



Sean Roberts – Customer Services Manager

Sean was Forest Enterprises' client manager at Trustees Executors Limited for 17 years before joining our team. He therefore has a deep understanding of our investment products, of our responsibilities as an investment manager and, most importantly, of our clients.

Sean is responsible for all aspects of our investor relations which includes client communications and compliance.

Mob. +64 21 822 802 | sroberts@forestenterprises.co.nz



Nikki Coulmann – Marketing Manager

Nikki manages our company communications and marketing programmes, and in doing so is responsible for promoting Forest Enterprises' second rotation forestry investments to the next generation of investors.

Nikki works with Sean in identifying and meeting client needs, particularly with respect to clients' expectations of us as their manager and keeping clients informed and engaged.

Mob. +64 27 55 44 325 | ncoulmann@forestenterprises.co.nz



Forestry is the best response to climate change

Forests are valued for their carbon storage and are essential if New Zealand is to achieve its climate change goals.

Forests will help remove greenhouse gases from the atmosphere in the short term, while strategies for eliminating or reducing greenhouse gas emissions are sought in the longer term.

While Pukekōwhai Forest does not qualify to earn carbon credits, the forest nevertheless provides the environmental benefit of reducing atmospheric carbon during its lifetime.

Based on the minimum shareholding of 200 shares (2.04 hectares), an investment will sequester an average 73 tonnes of CO₂e per year.

Anyone who invests in Pukekōwhai Forest Investment will contribute their share to reducing their personal carbon footprint.

13. How to Apply

To apply, prospective Investors must provide the following:

- A completed and signed Application Form (and Power of Attorney)
- For Investors new to the Manager, the identification and other Anti-Money Laundering due diligence information referred to on the Form in Parts D and E
- Payment of the total application amount

Who can invest?

Individuals, couples and families can invest jointly. Please use the *Application Form* from page 52.

New Zealand Trusts, Companies, and Partnerships can invest. Please download the relevant Application Form from our website www.forestenterprises.co.nz/forms, or request a copy by email or by post.

How to Invest

Please complete Parts A and C of the Application Form (all shaded boxes), having read Part B. If required of you, please also complete Parts D and E.

Part A Applicant Details	This information is required for the Managed Investment Scheme records. The Overseas Person disclosure is required for the purposes of the Overseas Investment Act 2005 and the Anti-Money Laundering and Countering Finance of Terrorism Act 2009. We will advise any further steps if required.
Part B Limited Power of Attorney	This is a strictly limited Power of Attorney in favour of Trustees Executors Limited to enable them to attend only to the statutory and procedural matters relating to the operation of the Managed Investment Scheme. The Power of Attorney specifically excludes the Attorney from participating in any decision affecting the forestry activity, any decision that may affect your investment contributions, or share of the harvest proceeds.
Part C Signature(s)	The Application Form must be signed by all Investors and Investors must be of full legal capacity: an individual who has attained the age of 18 years and is competent to manage their own affairs in relation to property. All signatures must be witnessed – the witness must be 18 years or more, of full legal capacity, and independent i.e. not a partner, spouse or family member, and not another investor.
Part D Customer Due Diligence	Under New Zealand's Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML), we must obtain from you relevant information on the nature and purpose of the proposed business relationship you will have with Forest Enterprises. This applies to all Applicants investing with Forest Enterprises for the first time.
Part E Identity Verification for New Customer	New Zealand's AML requires all Investors to provide proof of identification and residential address. The accepted documentation is outlined in Part D. This applies to all Applicants investing with Forest Enterprises for the first time.

Returning your application

Please scan the completed Application Form and return with all required supporting documentation by email to invest@forestenterprises.co.nz. Or post to Forest Enterprises, PO Box 128, Masterton 5840.

If you require help

Please call 0800 746 346 (PINEGOLD) or +64 6 370 6360 to speak with Nikki Coulmann or Sean Roberts about your application. Additional copies of this Application Form, including the Form for Trusts, can be downloaded from our website www.forestenterprises.co.nz/forms or contact us to request a copy.

Privacy Act statement

Applicants have the right under the Privacy Act 2020 to obtain access to, and request correction of, all personal information held by Forest Enterprises Limited. Unless contrary directions are given to Forest Enterprises Limited, the company may from time to time provide information to the Applicant on future investments, financial services, or products that Forest Enterprises believes may be of interest or benefit to the Investor.

A copy of Forest Enterprises' Privacy Policy is available on request and is available at www.forestenterprises.co.nz/privacy-policy





Diversification and other investment benefits

Investors have turned to our forestry investments as a hedge against volatility in markets and fluctuations in the value of other investments.

Investing in assets like forestry can be complementary to equities, interest bearing deposits, fixed income and property for diversifying and lowering the risk in an investment portfolio.

The biological nature of forestry often insulates the investment from fluctuations in other asset classes. The value is in the timber, and timber historically has low volatility.

Forestry is a good way to diversify your investment portfolio into a land-based, responsible and resilient investment. Forestry is boosting New Zealand's economy.

Investing in forestry can be a great way to invest for future income, like for your retirement or future generations of your family. Because income is deferred for around 20 years until harvest commences, tax is also deferred. Plus, each year until harvest, Investors can deduct some of the Investment's annual expenses against their total income.

Glossary of Terms

Beneficial ownership	Investors hold limited partner shares in Pukekōwhai Forest LP, plus beneficial ownership of an equal number of shares in the General Partner, Pukekōwhai Forest GP Limited. For administrative and compliance purposes, these General Partner shares are held in bare trust for the Investors by the Manager in its capacity as “the GP Share Trustee”. Under the Governing Documents, the beneficial owner has full voting rights on all important decisions which require a resolution of General Partner shareholders.
Beneficial Shareholder Direction Process	Is the process by which the Investors, as the beneficial owners of the shares in the General Partner, will instruct the GP Share Trustee to vote on important shareholder decisions.
Call	This Managed Investment Scheme is contributory by nature. Investors are required to meet their share of the annual budget to undertake the work related to the management of the forest assets and costs arising from managing the Investment. This obligation results in calls made by the Manager for contributions to meet costs and expenses.
Cost of Timber	Cost of Timber is a technical area of New Zealand tax law relating to deductions for certain forestry expenditure. The main purpose of section DP 11 of the Income Tax Act 2007 is to allow a deduction for certain forestry expenditure that might not otherwise be deductible. A vendor is entitled to deduct the ‘cost of timber’ from the proceeds realised from the sale of such timber. The cost of timber includes the purchase price of the timber where it is purchased as standing timber, or the acquisition cost of a right to take timber.
Custodian	The Custodian of Pukekōwhai Forest Investment is TEA Custodians (Forest Enterprises) Limited, a wholly owned subsidiary of Trustees Executors Limited. The Custodian must be independent of the Manager and holds the Scheme Property in trust for the Investors in accordance with the FMC Act.
Deed of Scheme Management or DOSM	The Deed of Scheme Management is the pre-eminent governing document in respect of the Pukekōwhai Forest Investment, and incorporates all the elements required under the FMC Act for the administration, management and governance of the Scheme.
distribution	The cash return to Investors from the net proceeds of harvest revenue. Payment of distributions is likely to be made at quarterly intervals once cashflow from harvest has commenced and harvest expenses have been paid.
establishment	The planting phase of a forest, all the physical operations needed to bring a Trees into being, including the purchase of land.
first rotation	A rotation is the period of time from when a forest is first planted to when it is harvested. The first rotation refers to the first period that Trees are grown on a particular area of land. All the forests in Pukekōwhai Forest Investment are second rotation forests.
FMC Act	Financial Markets Conduct Act 2013
Forest Enterprises Growth Limited or FEG	FEG is the parent company of FEL, and is a forestry management company which provides comprehensive forestry management services, harvest management, log sales and other associated services. It is the Offeror of shares in the Pukekōwhai Forest Investment.
Forest Enterprises Limited or FEL	FEL is the Issuer and licensed Manager of the Pukekōwhai Forest Investment and undertakes the Scheme administration.



Forest Management Plan or Plan	The Plan sets out the activities for the establishment, management and harvest of the Radiata pine forest which is the primary asset of the Pukekōwhai Forest Investment. It is managed by the Forest Manager, FEG.
Forestry Management Services Agreement	FEG is appointed by FEL to provide all of the silviculture, harvesting and forestry management services necessary for the establishment, maintenance, growth and harvesting of the forests, and to market the forest produce. These services are contracted out by the Manager to FEG under the Forestry Management Services Agreement.
Forest Manager	Forest Enterprises Growth Limited is the Forest Manager, responsible for carrying out the Forest Management Plan for Pukekōwhai Forest Investment.
Foundation Investor	A current partner in Ratahuia Forestry Partnership, Te Hau Forestry Partnership, or Te Puhi Forestry Partnership being the 3 forestry partnerships which sold their land and second rotation trees to the LP in order to form Pukekōwhai Forest Investment,
General Partner or GP	Under the Limited Partnerships Act 2008, the General Partner (GP) is the person responsible for the day-to-day management of the Limited Partnership and its business. This management responsibility has been contracted out by the GP to the Manager. However, limited partners retain control by holding beneficial ownership of shares in the GP and voting on resolutions on key decisions affecting the Investment.
GP Share Trustee	The Manager is the GP Share Trustee and in this capacity acts as nominee shareholder of all the shares in the GP holding the shares as bare trustee for the Limited Partners. Each Limited Partner's beneficial ownership in the GP shares is in the same proportion as each Limited Partner's proportion of shares in the Limited Partnership.
Governing Documents	The Governing Documents are the Deed of Scheme Management and Limited Partnership Agreement, and any other deeds, agreements or instruments that constitute or govern the Pukekōwhai Forest Investment for the purposes of the FMC Act. These are available to read and download from the Scheme Register at www.companiesoffice.govt.nz/disclose by searching 'Pukekōwhai Forest Investment' under 'Search Schemes'.
Hold Period	Until FEG has sold all its shares under the Offer (as well as any additional Shares it acquires), there is a Hold Period where Investors will not be able to sell their shares on the secondary market.
Improvements	The roading, fencing and any other valuable additions made to the Land but excludes the Trees which are valued separately.
Internal Rate of Return or IRR	Internal rate of return (IRR) is a metric used in capital budgeting to estimate the profitability of potential investments. IRR on a forest investment is the rate of return that makes the net present value of all cash flows (both positive and negative) from a particular investment equal to zero. It can also be defined as the discount rate at which the present value of all future cash flow is equal to the initial investment or, in other words, the rate at which an investment breaks even. IRR calculations rely on the same formula as NPV does.
Investment	The registered Managed Investment Scheme, Pukekōwhai Forest Investment, in which Investors purchase shares. This PDS refers to the Investment also as a 'Scheme' or the 'LP'.
Investor	The person(s) who own shares in the Managed Investment Scheme that is Pukekōwhai Forest Investment. This PDS refers to the Investor also as a 'Scheme Participant', the 'limited partner' or 'shareholder'.
Investor Administration Fee	An annual fee of \$60 per year charged to each investor regardless of the size of their shareholding in the Investment.
Issuer	According to the FMC Act, in relation to a managed investment product, the Issuer is the Manager of the Managed Investment Scheme. Therefore, as the Manager of Pukekōwhai Forest Investment, Forest Enterprises Limited is the Issuer.
Land	There are 4 blocks of Land which are owned by the Scheme and on which the Trees have or will be planted: <u>Johnstons</u> Ngahape Road, 2.6583ha - CT WN518/85 <u>Ratahuia</u> Ngahape Road, 302.0097ha - CT WN40C/828 <u>Te Hau</u> Ngahape Road, 346.2600ha - CT WN41B/129 <u>Te Puhi</u> Ngahape Road, 402.1614ha - CTs WN41A/341, WN28A/536, WN41A/340



Limited Partners	The Investors in Pukekōwhai Forest Investment as limited partners and holders of shares in the Pukekōwhai Forest LP.
Limited Partnership or LP	The registered MIS, Pukekōwhai Forest Investment has been structured as a Limited Partnership, Pukekōwhai Forest LP. The LP is an 'other managed investment scheme' for the purposes of the FMC Act and, accordingly, in certain places, this PDS refers to the LP as a 'Scheme' or the 'Investment'.
Limited Partnership Agreement	A Limited Partnership must have a written partnership agreement which sets out the matters agreed between the GP, the LP and the limited partners in respect of the operation of the Limited Partnership and the conduct of its business.
Managed Investment Scheme or MIS	<p>Pukekōwhai Forest Investment is a Managed Investment Scheme registered under the FMC Act.</p> <p>Generally, in a MIS:</p> <ul style="list-style-type: none"> • a group of people are brought together to contribute money in return for shares in the scheme • money is pooled together and used in a common enterprise • financial benefits are produced principally by the efforts of another person under the scheme • a 'responsible entity' (a licensed Manager) operates the scheme meaning that investors do not have day-to-day control over the scheme's operation. <p>Property investment such as forestry (land and trees) is a common type of MIS. Typically, an MIS manager will exercise skill and provide expertise and decision-making in managing the forest and administering the investment. The Supervisor acts on behalf of the Investors to supervise the performance of the Manager and ensure it complies with its obligations under the FMC Act and the Governing Documents.</p>
Manager	In relation to a registered Scheme, the Manager is the person appointed to manage the Scheme Property and investments and administer the scheme. Forest Enterprises Limited is the licensed Manager of Pukekōwhai Forest Investment.
Net Stocked Area	The actual area of land in the forest that has Trees on it.
Offer or Intended Offer	Inviting applications for the issue and/or purchase of financial products.
Offer Register	The Offer Register contains information about financial products, issuer details and documents such as product disclosure statements. It is managed by the Companies Office and is found online at www.companiesoffice.govt.nz/disclose .
Offeror	According to the FMC Act, in relation to the offer of new financial products, the Offeror is the person who has the capacity, or who agrees, to transfer the financial products if the offer is accepted. Therefore, as the owner of the Pukekōwhai Forest Investment shares that will be transferred upon application, Forest Enterprises Growth Limited is the Offeror.
Ordinary Resolution	A resolution passed at a meeting of the Limited Partnership (or shareholders resolution of the General Partner) by a simple majority of limited partners (or beneficial owners of the GP shares) who are entitled to vote and, in voting, vote in favour of the resolution. An ordinary resolution is required for making most investor decisions.
pine	<i>Pinus radiata</i> . A fast-growing soft-wood tree that grows up to 35 metres and has many commercial uses. It is the most commonly grown tree in New Zealand's plantation forests.
post-1989 forest land	Under the Climate Change Response Act 2002 to qualify as post-1989 forest, the current tree crop must have been planted on non-forest land (not harvested cutover) after 1989. Post-1989 forest land is eligible to participate in the Emissions Trading Scheme, whereas pre-1990 forest land is not.
pre-1990 forest land	Land that was in forest on 31 December 1989 and remained in predominantly exotic forest on 31 December 2007. It automatically became a mandatory participant in New Zealand's Emissions Trading Scheme. Practically, this means the Scheme has replanting obligations under the Climate Change Response Act 2002. As pre-1990 forest land, carbon credits will not be received by the Scheme during its second rotation.
Product Disclosure Statement or PDS	The name of the registered disclosure document produced by Forest Enterprises Limited for prospective investors as required under the FMC Act for new issue investments.
pruning	Removal of branches flush with the trunk to promote the growth of knot-free timber. There are 1–4 prunes (sometimes called 'lifts') that usually occur between 4 and 8 years after planting.



related party	According to the FMC Act, the Manager must not enter into related party transactions unless they are at arm's length or approved by the Supervisor or Investors. A related party is a scheme-connected person such as: <ul style="list-style-type: none"> • the Manager • any other person to whom the Manager has contracted out some or all of its functions as a Manager • an associated person of a scheme-connected person such as the Manager
Scheme	The registered Managed Investment Scheme that is Pukekōwhai Forest Investment.
Scheme Participant	The person(s) who own shares in the Managed Investment Scheme that is Pukekōwhai Forest LP for the purposes of the FMC Act. This PDS refers to the Scheme Participant also as the 'Investor' or the 'limited partner'.
Scheme Property	This is the property of the Scheme and includes contributions of money by the Investors in the Scheme, the Land and Trees, cash deposits and other assets which relate directly to or arise from investment in the Land and Trees.
Scheme Register	The Scheme Register contains information about managed investment schemes, scheme managers and documents such as financial statements. It is managed by the Companies Office and is found online at www.companiesoffice.govt.nz/disclose .
second rotation	A rotation is the period of time from when a forest is planted to when it is harvested. The second rotation refers to the second period that Trees are grown on a particular area of land. Second rotation pine plantations have a range of superior qualities to the first rotation.
secondary market	This is the market Forest Enterprises operates to facilitate the sale and purchase of established Forest Enterprises financial products on behalf of existing clients by matching buyers with sellers.
share	The name of the unit of investment in a Limited Partnership formed under the Limited Partnerships Act 2008.
silviculture	Establishing, growing and tending forest crops.
Special Resolution	A resolution passed at a meeting of the Limited Partnership (or shareholders resolution of the General Partner) at which limited partners (or beneficial owners of the GP shares) holding at least 75% of the LP shares who are entitled to vote and, in voting, vote in favour of the resolution. A special resolution is required for major LP decisions such as the sale of Land.
Statement of Investment Principles and Objectives or SIPO	A document that sets out the investment governance and management framework, philosophy, strategies and objectives of a Managed Investment Scheme and its investment funds or assets. Under the FMC Act, all managers must ensure there is a SIPO for each MIS they manage.
stumpage	The net payment to investors for a stand of trees. Normally expressed as \$/hectare.
Supervisor	In relation to this Managed Investment Scheme, the Supervisor is appointed to look after Investors' interests under the Scheme per the FMC Act. Supervisors must be registered and are covered by the Financial Markets Supervisors Act 2011 (the FMS Act). The Supervisor of Pukekōwhai Forest Investment is Trustees Executors Limited.
tending	The collective term for the various tasks (such as pruning) to improve tree form and wood quality, during the period between when a forest crop is established and the first thinning.
Trees	The Land and Trees on the Land are the primary assets of Pukekōwhai Forest Investment. The Trees are the crop of Radiata pine trees growing on the Investment's land that are being managed to harvest.
thinning	Removing stems within an area of trees to promote growth from the remaining trees.





Forests protect biodiversity

Plantation forests provide many positive and enduring environmental benefits. Forests regulate water flow and water quality. They provide erosion protection to hill country, mitigating destabilisation of land and soil loss into gullies and waterways.

Forests also conserve biodiversity. Flora and fauna, including native New Zealand species (birds, reptiles, bats, amphibians and plants) depend on the forest canopy and filtered waterways for habitat.

Everyone who purchases shares in Pukekōwhai Forest Investment is contributing to these environmental benefits.

Forest Enterprises is currently applying for Forest Stewardship Council (FSC) environmental certification for our managed investment estate. FSC sets high international standards for responsible forest management and timber chain of custody. It also has stricter safeguards for rare, threatened and endangered species.

Many markets which place a premium on the care of the environment only want FSC certified timber so being FSC certified would create a greater opportunity to sell Pukekōwhai Forest's wood.

Application Form

This offer is a regulated offer for the purposes of New Zealand law and does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Application Form is for an individual(s) to purchase shares in the Pukekōwhai Forest Investment (SCH13119), in a personal capacity (individually or jointly), and constitutes the Deed of Assignment and Power of Attorney for the purposes of the Deed of Scheme Management.

Please complete Part A, read Part B, then sign Part C (all shaded areas). Complete Parts D & E if required.

PART A: Applicant Details

Application for the **Pukekōwhai Forest Investment** (SCH13119) by:

Preferred First Name	Last Name	Mr/Mrs/Other	Existing Investor? *		Overseas Person**	
Applicant 1:			Yes	No	Yes	No
Applicant 2:			Yes	No	Yes	No
Applicant 3:			Yes	No	Yes	No
Applicant 4:			Yes	No	Yes	No
Postal Address:					Post Code:	
Email Address:			Phone Number:			

* Existing Forest Enterprises investors may not need to complete the customer due diligence sections in Part D and E of this Application. Please contact us if you are an existing investor.

** An Overseas Person is neither a New Zealand citizen nor ordinarily resident in New Zealand. Please contact us if you think you are an Overseas Person.

1. Application

Shares are \$42.36 per share. Applications must be for a minimum of 200 shares and additional shares may be purchased. For example, the Initial Investment for 200 shares is \$8,472; for 500 shares it is \$21,180; and for 1,200 shares it is \$50,832.

This application is for shares for a total Initial Investment of \$

Plus, the (optional) prepayment of Calls of \$ (prepaid calls due within 30 days of application).

2. Declaration – Applicants to Sign in Part C

Each applicant named in Part A:

- Confirms they have read and understood the Product Disclosure Statement for Pukekōwhai Forest Investment.
- Acknowledges and agrees that they are bound by the terms of the Governing Documents (including the payment of Calls), and the terms contained in the Product Disclosure Statement for this Investment and in this Application.
- Irrevocably appoints Trustees Executors Limited as their duly authorised agent for the purposes of signing any documents on their behalf necessary to register the shares in this Investment in their name.
- Grants to Trustees Executors Limited the Limited Powers of Attorney set out in Part B which is a condition of being a limited partner in the Limited Partnership, and being a beneficial owner of shares in the General Partner.
- Confirms that every Applicant is aged at least 18 years and is of full legal capacity.
- Acknowledges that this Application will only be accepted if payment is received, and the documentation necessary, including customer due diligence, to settle the purchase of the shares is completed and returned.

3. Payment

Initial Investment to be deposited to Forest Enterprises Growth Trust Account 02-0688-0222006-04 at BNZ.

Please identify your payment by entering the **last name** of Applicant 1 in the *Particulars* field, their **initials** in *Code* and **PKOW** in the *Reference* field.

If you are unable to pay by electronic funds transfer, please contact us at invest@forestenterprises.co.nz or call 0800 746 346 or +64 6 370 6360.



PART B: Limited Power of Attorney

A Limited Power of Attorney is granted by the Investor to the Supervisor to enable them to attend only to the statutory and procedural matters relating to the operation of the Investment.

1. **Appointment of Attorney:** The Investor irrevocably appoints Trustees Executors Limited or any corporate trustee company that succeeds Trustees Executors Limited as the supervisor of the Scheme (“the Attorney”) to be the Investor’s Attorney with the limited powers given by this Power of Attorney.
2. **Powers:** The Attorney may in its own name and as the Investor’s Attorney do or perform any of the acts set out in paragraph 5 below and will have sole discretion as to decision making with respect to this Power of Attorney.
3. **Binding and Non-Revocable:** The Investor agrees to be bound by whatever the Attorney may lawfully do by this Power of Attorney. The powers conferred by this Power of Attorney may not be revoked or suspended except with the prior written agreement of the Manager and the Attorney.
4. **Reliance on Power of Attorney:** No person dealing with the Attorney in good faith will be bound to enquire as to whether this Power of Attorney is in full force and effect or as to the propriety of anything the Attorney may do by this Power of Attorney. A written statement by the Attorney to the effect that the Attorney has no notice of the revocation or suspension of its powers and authorities under this Power of Attorney will be conclusive evidence to that effect.
5. **Power of Attorney under the Deed of Scheme Management and Limited Partnership Agreement (together “the Governing Documents”)**

The Attorney will have the following limited powers:

- a. To appoint any director of the General Partner present at any meeting of the Limited Partnership (“Meeting”) as proxy for the Investor (if not present at the Meeting) solely for the purpose of satisfying the common law requirement that a meeting cannot be held without at least two individuals present in person or proxy;
- b. To waive on behalf of the Investor (if not present at the Meeting) any irregularity in the notice of Meeting but only if the irregularity is of a technical or non-material nature;
- c. To vote for the resolution required by the Limited Partnerships Act to approve a new limited partner if the transfer has been approved by the Manager in terms of the Governing Documents;
- d. To approve an amendment to a resolution set out in a notice of meeting provided that the amendment is:
 - i. the correction of an error; or
 - ii. a qualification of the application or restriction of the effect of the resolution on limited partners; or
 - iii. for clarification and in the opinion of the Attorney consistent with the clear intent of the resolution;
- e. To approve an amendment (“Change”) to the Governing Documents:
 - i. to comply with the provisions of any statute or statutory regulations; or
 - ii. if in the opinion of the Manager the Change is made to correct a manifest error or is of a formal or technical nature or is convenient and does not have a material adverse effect on the Investors, and the Change is subject to prior approval by the Supervisor;
- f. To execute on behalf of the Investor the documentation necessary to record any authorised changes to the Governing Documents; and
- g. To vote on any resolution which in the opinion of the Manager is necessary to give effect to the underlying principles or benefits to the Limited Partnership of the other limited powers given by this Power of Attorney; or which is of a formal or technical nature; or which is convenient for the Scheme **provided that** the resolution does not have a material adverse effect on the Investor and has met with the prior approval of the Supervisor.



PART C: Acknowledgment, Confirmation and Signature(s)

Each Applicant is required to sign below an acknowledgement of the requirements and contents of this Application and that it is complete and accurate.

By signing this Application below, each Applicant acknowledges and confirms the matters stated in the Declaration in Part A, the appointment of Trustees Executors Limited as attorney under the Limited Power of Attorney set out in Part B, and the accuracy of the information in Parts D & E (if required).

This Application comprises:

- Part A Applicant Details including Declaration
- Part B Limited Power of Attorney
- Part C Signature(s)
- Part D (if applicable)
- Part E (if applicable)

Each Applicant's signature must be witnessed by someone who is at least 18 years of age, of full legal capacity, and independent i.e. they are NOT a partner, spouse or family member *and* not another applicant.

Signed by Applicant 1:		In the presence of:	
Applicant 1 Full Legal Name:		Witness Full Name:	
Signature:		Witness Signature:	
Date:	Witness Town/City of Residence:	Witness Occupation:	
Signed by Applicant 2:		In the presence of:	
Applicant 2 Full Legal Name:		Witness Full Name:	
Signature:		Witness Signature:	
Date:	Witness Town/City of Residence:	Witness Occupation:	
Signed by Applicant 3:		In the presence of:	
Applicant 3 Full Legal Name:		Witness Full Name:	
Signature:		Witness Signature:	
Date:	Witness Town/City of Residence:	Witness Occupation:	
Signed by Applicant 4:		In the presence of:	
Applicant 4 Full Legal Name:		Witness Full Name:	
Signature:		Witness Signature:	
Date:	Witness Town/City of Residence:	Witness Occupation:	

Please contact us if you require an additional signature page(s) for additional Applicants.

Email us at invest@forestenterprises.co.nz or call 0800 746 346 (0800 PINEGOLD) or +64 6 370 6360.



PART D: Customer Due Diligence

New Zealand's Anti-Money Laundering and Countering Financing of Terrorism Act 2009 requires all Investors to provide proof of identification and residential address.

All applicants establishing a new investor relationship with Forest Enterprises must complete Parts D & E.

The other information requested below are requirements of the Limited Partnership Act 2008 and the Income Tax Act 2007.

Scan and return documents by email to invest@forestenterprises.co.nz or you may post to Forest Enterprises, PO Box 128, Masterton 5840.

Note for existing Forest Enterprises investors: If you are an existing Forest Enterprises investor and investing in the same personal capacity then you may not need to complete the customer due diligence sections in Part D and E of this Application. Please contact us.

1. Individual and Joint Investors

Full Legal Name of Applicant(s)	Date of Birth	NZ IRD Number	Residential Address including postcode (PO Boxes cannot be accepted)
	Place of Birth		
	Country of Birth		
Applicant 1:			
Applicant 2:			
Applicant 3:			
Applicant 4:			

2. Nature and Purpose of Your Investment

Do you intend to hold the Shares for the life of the Investment?	Yes/No
If the answer is "No", what is the likely timeframe you intend to hold the Shares?	



PART E: Identity Verification for New Customer

This Part is to assist you to select and complete the documentation required to verify your identity and residential address. Each Applicant needs to complete this Part. Download or request additional copies.

Do this by ticking your choices from the options available below and return with this Application the documents selected for each of **1. Proof of Identification** AND **2. Proof of Residential Address**. The Proof of Identification documents must be certified in the manner set out below.

Note: There are special information requirements below for Overseas Persons. You are an Overseas Person if you are neither a New Zealand citizen nor ordinarily resident in New Zealand. Contact us if you are unsure.

<p>1. Proof of Identification</p> <p style="text-align: right;">You have two options, <i>either A or B</i></p> <p>A ONE document required A certified copy of ONE of either:</p> <p><input type="checkbox"/> Photo page of a current PASSPORT or</p> <p><input type="checkbox"/> A current NEW ZEALAND FIREARMS LICENCE or</p> <p><input type="checkbox"/> A current photo NATIONAL IDENTITY CARD (Overseas Persons only showing name and date of birth)</p>	<p>B TWO documents required A certified copy of ONE of either:</p> <p><input type="checkbox"/> A current DRIVER'S LICENCE or <input type="checkbox"/> A current NEW ZEALAND 18+ Card</p> <p>AND A certified copy of ONE of these documents:</p> <p><input type="checkbox"/> Birth Certificate <input type="checkbox"/> Certificate of New Zealand Citizenship <input type="checkbox"/> Bank statement (NZ only) <input type="checkbox"/> Government agency document (NZ only)</p>
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Certification of Proof of Identification

Photocopies of your identification document(s) need to be **certified within 3 months** of when we receive it. You must present the original(s) to the certifying person. Please also photocopy the document's expiry date.

For New Zealanders, certification can be done by any one of the following Trusted Persons who must NOT be a relative or living at the same address:

Lawyer	Chartered Accountant	Notary Public	Justice of the Peace	Police Officer
Registered Teacher	Registered Medical Doctor	Court Registrar	Minister of Religion	NZ Honorary Consul

For Overseas Persons, certification must be by a person authorised by law in their country of residence to take statutory declarations, for example a lawyer or a notary public.

Certification requires the Trusted Person to write clearly on the copy the following declaration –

"I hereby certify that this is a true copy of the original document which I have sighted and I am satisfied that it verifies the identity of the named individual".

The Trusted Person must write their name and designation, sign it and date it.

2. Proof of Residential Address

A copy of ONE of the following documents which must clearly state your name plus your residential address (PO Box not allowed):

Utility Bill Bank Statement Government Agency Document (e.g. council rates, electoral notice, tax summary)

Note: Proof of Residential Address does NOT need to be certified, however it must be **dated within 6 months** of when we receive it.

3. Politically Exposed Person

This is an individual who holds a 'Prominent Public Function' e.g. head of a country, government ministers, senior politician, senior judge, governor of a central bank, ambassador, high commissioner, high-ranking member of armed forces or senior position of state enterprises.

If you, or any of the persons listed above, or any immediate family member (including spouse, partner, child, child's spouse/partner or parent), hold or have held in the last 12 months a 'prominent public function' in any country other than New Zealand, please provide details of the function held and the country:

