

# Investor Decision-Making

## In Our Limited Partnership Investments

### Introduction

Although your investment is a managed investment scheme, and Forest Enterprises is the manager of the Scheme, there are a number of key decisions which can only be made by the Investors. A Schedule of these decisions is set out on the next page. Some of these decisions are prescribed by legislation as Investor decisions, some we have chosen to be made by Investors as a feature of our forestry investments. To facilitate this decision making, Investors are both limited partners and also shareholders of the general partner company.

For further details on the investment structure, refer to the separate document available from Forest Enterprises.

### Consequences of Investment Being a Limited Partnership

The Limited Partnerships Act 2008 prescribes specifically which decisions can be made by the limited partners. All other decision making consequentially falls through to the general partner. Generally, the limited partners can make governance level decisions and the general partner must make the management level decisions.

Your investment also includes shares in the general partner company because some of the decisions listed in the Schedule are not allowed to be made by a limited partner. Your Investment's governing documents therefore prescribe that these decisions must be made by the Investors as shareholders of the general partner.

### Decision-Making Process Always the Same

From an Investor's perspective, the decision-making process is always the same, regardless of whether technically the decision is a limited partner decision, or a shareholder of the general partner decision. All that is different are the references to the entity making the decision (the limited partnership or the general partner company).

### Decision-Making Process

The decision-making process always involves the completion of a Voting Form by each Investor, which is returned to Forest Enterprises by post or email (in future voting is expected to be able to be conducted online).

Voting occurs within a formal meeting process, however the Power of Attorney held by Trustees Executors (the Supervisor), plus other powers held by Forest Enterprises and the directors of the general partner company, facilitate the procedural requirements for the meeting. Therefore, although entitled to attend a decision-making meeting (or appoint a Proxy to attend the meeting on their behalf), we do not anticipate Investors doing so as the only business able to be conducted are the resolution(s) on the Voting Form.

For some topics, it is recognised that Investors would be better informed following the opportunity to meet with Forest Enterprises for a presentation and discussion on the matter. These discussion meetings are often held in conjunction with a forest visit. Investors unable to attend the discussion meeting still benefit via the subsequent Report on the meeting sent to all Investors, which sometimes includes a recommendation from those Investors who do attend. In future, we expect Investors will be able to participate in these discussion meetings electronically, therefore from anywhere in New Zealand (or the world).

The formal decision is then decided following (and completely separate from) this discussion meeting. This decision-making process ensures that all Investors are fully informed on the subject matter of the decision, and all have the opportunity to vote using the Voting Form, without having to physically attend any meetings.

## Key Decisions Made by Investors

Adding to or changing the business of the investment
Varying the Plan in respect of the afforestation and silviculture program, especially if it adds cost
Changing the borrowing status of the investment
Changing the name of the investment
Settling material claims against the investment
Replacing the Manager
Approving the Manager's fees
Matters relating to the Supervisor
Replacing the Financial Auditor
Authorising any action/activity not contemplated on a liberal reading of the governing documents or the Prospectus/Product Disclosure Statement
Changing the governing documents
Changing the meeting procedures
Approving some related party benefits
Waiving the requirement for a statutory Annual Meeting
Winding up the investment early

**S A R Wilton**  
**Managing Director**  
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