

# FORESTRY & LAND USE

## REWARDS FOR INVESTORS IN HEARTLAND FORESTRY

Forest Enterprises' vision when it started in business nearly fifty years ago was to make forestry investment accessible to retail investors. Previously, forestry investment was the privilege of pension funds and corporates. Forest Enterprises is once again promoting new opportunities for the next generation of investors.

From its home base in Masterton, this growing business manages over 20,000 hectares of radiata forestry on behalf of more than 6,600 individual investors, and has over \$450 million in assets under management.

Forest Enterprises is owned by five of its senior managers. It is the only forestry investment company to have a lawyer, a chartered accountant, a chartered director and registered forestry consultants as owners and directors.

### Hawkes Bay harvest on the horizon

Forest Enterprises manages four forests in Hawkes Bay (1,200 hectares) in the Esk, Kaweka and Mohaka areas.

"This estate is some of the best pine forestry in New Zealand. I'm really proud to have it under our care," says CEO & Forestry Director Bert Hughes.

Harvest of these forests is about four years away and their total expected harvest volume is approximately 1 million tonnes.

"To maximise the return to our investors, we need to be highly organised and efficient, and harvest in a safe and environmentally responsible manner," says Hughes.

"We invest in best practice, in scalable systems and in highly competent staff."

Forest Enterprises is a large, long term and consistent supplier of high-quality logs to Pan Pac in Napier and they plan on extending that relationship.

Forest Enterprises has reached peak harvest production in the Wairarapa of around 375,000 tonnes per year, making it the largest harvester in that region. Their Gisborne harvest is also well underway and is expected to peak at 700,000 tonnes per year within the next 2-3 years.

Every hectare harvested is replanted the following winter. Forest Enterprises will plant nearly 700,000 trees in 2019.

### Generating returns

"Forestry seems a simple concept, but at the end of the day it is the quality of the management that determines the amount of money made by investors," says Hughes. "It may be a passive investment, but when our investors stand in their forest they feel a strong personal and emotional attachment."

With harvest underway, investors are seeing returns. Forest Enterprises has paid \$32.1 million in harvest distribution payments since January 2018.

Investment returns are dependent on key factors at harvest like log prices, crop quality and volume, and harvest costs.

Managed Investments Director Graeme Tindall says that New Zealand logs are currently fetching historically high prices overseas.



The Rangiora block is one of three high-quality second rotation forest properties comprising Forest Enterprises' new Wairarapa Group Forest Investment.

### New opportunity for the next generation

Forest Enterprises' current investment opportunity is the Wairarapa Group Forest Investment, 970-hectares of second-rotation forestry. Forest Enterprises managed this land through to the recent successful harvest of the first rotation crop.

A second rotation pine forest has the benefits of soil conditioned for pine trees, superior tree stock genetics, and roading infrastructure in place for the next harvest. All of these can help enhance the return on investment.

Forestry is a long-term investment; returns for Wairarapa Group Forest Investment are projected to start in around 20 years.

## GROW YOUR WEALTH

Invest in forestry with a trusted manager

Since 1972, we've been helping more than 6,000 kiwis grow their wealth by investing in high quality forestry. Now open is the Wairarapa Group Forest Investment - 970 hectares of high quality second rotation forestry located in heartland New Zealand. Invest from \$10,189 + affordable annual instalments until harvest (2039). To learn more and for a copy of the product disclosure statement, contact us.

0800 746 346 | [forestenterprises.co.nz](http://forestenterprises.co.nz)

The issuer of shares in Wairarapa Group Forest Investment is the manager Forest Enterprises Limited, and the offeror of shares is Forest Enterprises Growth Limited (a related party of the manager).



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Creating wealth. Naturally.