



AWATEA FOREST FUND

OTHER MATERIAL INFORMATION

This 'Other Material Information' Document has been prepared to meet the requirements of the Financial Markets Conduct Act 2013 (FMCA) and Financial Market Conduct Regulations 2014 (FMCRR).

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16 February 2022

Material Contract

A Forestry Management Agreement has been agreed between Roger Dickie (N.Z.) Limited and Forest Management (NZ) Limited, a related party. Below is a summary of the Forest Management Services of the Forestry Management Agreement.

FORESTRY MANAGEMENT AGREEMENT

Parties

1. Roger Dickie (N.Z.) Limited ("The company")
2. Forest Management (NZ) Limited ("The Forest Manager")

Background

- A. The company manages approximately 35,000 hectares of forests in the form of Syndicated Partnerships, Funds, Private and Institutional investment.
- B. The forests are predominantly located in the Hawkes Bay, Gisborne, Wairarapa and Taranaki regions.
- C. The Forest Manager has agreed to provide forestry management services to the Company. The parties wish to enter into this Agreement to formally record the terms and conditions on which the Forest Manager will provide Forestry management services to the company.

Forestry Management Services

The company appoints the Forest Manager to provide, and the Forest Manager agrees to provide, for the Forestry Management Services to the company.

The management Services provided by the Forest Manager to the Company shall be:

- A. Planting and establishing of the Forest;
- B. Pruning of the Forest;
- C. Thinning of the Forest;
- D. Harvesting of the Forest;
- E. Inventory control;
- F. Reporting back to the Forest Owners;
- G. Letting contracts to planting, pruning, thinning or harvest contractors as necessary;
- H. Sourcing tree stocks;
- I. Quality control of all forest operations;
- J. Maintaining forest records;
- K. Providing information to the Forest owners as requested;
- L. Any other matter agreed between the Forest Manager and the Company as being a Forestry Management Service for the purposes of this Agreement.
- M. Trade, lease, sell, manage any carbon credits sequestered under the ETS at the instruction of the manager

For the purposes of providing Forestry Management Services to the Company the Forest Manager will have the power to sign or execute contracts in the name of the Company. The Company appoints the Forest Manager to be its true and lawful attorney under a power of attorney to do all things and acts as will be necessary to give effect to the terms of this

Agreement. The Forest Manager will have sole discretion as to decision making with respect to this power of attorney.

The Forest Manager shall not be liable for any losses or damages arising from anything done, or attempted to be done, or omitted by the Forest Manager except those acts, attempts or omissions arising from its own gross negligence or wilful default.

The Forest Manager will not be deemed to be breach of nay of its obligations under this Agreement if the performance of its obligations is prevented or delayed by factors or events beyond the Forest Manager's reasonable control.

For more information about the terms of the Forest Management Agreement please contact Roger Dickie (N.Z.) Limited at invest@rogerdickie.co.nz

Material Contract

An Underwrite Agreement has been agreed between Awatea Forest Fund and a related party of Roger Dickie (N.Z.) Limited. Below is a summary of the Underwrite Agreement.

UNDERWRITE AGREEMENT

Parties

1. A related party of Roger Dickie (N.Z.) Limited ("The underwriter")
2. Awatea Forest Fund ("The Fund")

Background

A related party of Roger Dickie (N.Z.) Ltd has agreed to underwrite as much as \$6,000,000 (6,000,000 Units) for the purchase of assets for the Fund and may from time to time underwrite other assets acquired for the Fund.

Underwrite Agreement Summary

A related party of Roger Dickie (N.Z.) Limited has agreed to the underwriting of the founding assets of the Fund and may from time to time, if required, underwrite assets purchased for the Fund.

If underwriting is required to fund the purchase of any asset, the underwriter is entitled to a fee of 3% of the value of the Units agreed to be underwritten.

In addition, the underwriter is entitled to reimbursement of its borrowing costs in respect of any Units it still holds six months after the relevant underwrite. Reimbursement of the borrowing costs will be at a rate equal to the interest rate paid by the Underwriter on any borrowings used to underwrite the relevant Units.

The underwriters fee for the acquisition of the founding properties is \$180,000 plus GST. An underwriter's fee will be charged in relation to the acquisition of further properties if the Manager determines it necessary to fund the acquisition.

The Underwriter shall not be liable for any losses or damages arising from anything done, or attempted to be done, or omitted by the Underwriter except those acts, attempts or omissions arising from its own gross negligence or wilful default.

The Underwriter will not be deemed to be breach of any of its obligations under this Agreement if the performance of its obligations is prevented or delayed by factors or events beyond the Underwriters reasonable control.

For more information about the terms of the Underwrite Agreement please contact Roger Dickie (N.Z.) Limited at invest@rogerdickie.co.nz

Policy

The Awatea Forest Fund includes a policy for withdrawal for those investors that meet the criteria for financial hardship. The policy criteria is outlined below.

FINANCIAL HARDSHIP WITHDRAWAL APPLICATIONS

1 What will be considered in a 'financial hardship' application?

- 1.1 As at the date of this OMI the Manager will consider applications for withdrawals on the basis of financial hardship.
- 1.2 The Manager may approve the financial hardship withdrawal application if it is reasonably satisfied that:
 - a the applicant is suffering from, or is likely to suffer from, financial hardship; and
 - b reasonable alternative sources of funding have been considered by the applicant.
- 1.3 'Financial hardship' includes (but is not limited to) financial difficulties that arise because of:
 - a an applicant's inability to meet minimum living expenses; or
 - b an applicant's inability to meet mortgage repayments on his or her principle family residence resulting in the mortgagee seeking to enforce the mortgage on the residence; or
 - c the cost of modifying a residence to meet special needs arising from a disability of an applicant or an applicant's dependent; or
 - d the cost of medical treatment for an illness or injury of an applicant or applicant's dependent; or
 - e the cost of palliative care for an applicant or an applicant's dependent; or
 - f the cost of a funeral for an applicant's dependent; or
 - g the applicant suffering from a serious illness.
- 1.4 The above list is not exhaustive. The Manager may take anything else into account at the Manager's absolute discretion that the Manager would reasonably consider to amount to financial hardship.
- 1.5 However, in all cases, the Manager must be satisfied that the grounds set out in 1.2 have been satisfied.
- 1.6 Where the Manager approves an application, the Manager has absolute discretion as to how much of the applicant's interest in the Fund is able to be withdrawn.

2 What is the procedure for assessing a financial hardship withdrawal application?

- 2.1 An applicant must apply to the Manager to make a financial hardship withdrawal.

- 2.2 The applicant must provide the Manager with relevant information to enable the Manager to properly exercise its discretion and determine whether the standard of financial hardship is met. This includes information about:
- a the applicant's financial position (including a statement of his or her assets and liabilities, income, expenses, and any dependents);
 - b the reason for the significant financial hardship;
 - c how much the applicant is seeking to withdraw and what withdrawn funds will be used for;
 - d what alternative sources of funding have been explored and exhausted; and
 - e relevant supporting documentation (including invoices and/ or quotes).
- 2.3 In some cases, the Manager may need to seek additional information from an applicant in order to properly assess the application.
- 2.4 The overview of the financial hardship withdrawal application process is as follows:
- a The Manager will assess the application in accordance with this policy and determine whether to approve it and, if approved, how much of the applicant's interest in the Fund is to be withdrawn.
 - b If the Manager requires any additional information from the applicant to enable the Manager to complete their assessment, the Manager will arrange to request the additional information from the applicant.
 - c The Manager will communicate the Manager's decision to the applicant and, if approved, process and pay the financial hardship benefit to the applicant. If the Manager declines the request, the applicant should be informed of further options that might be available to them, and the fact they can complain to the Fund's dispute resolution scheme.

Policy

The Awatea Forest Fund includes a Distribution Reinvestment Plan for those investors that wish to automatically reinvest their distributions rather than receive cash distributions from the fund. The policy is outlined below.

AWATEA FOREST FUND – DISTRIBUTION REINVESTMENT PLAN

These terms have been prepared and issued by Roger Dickie (N.Z.) Limited ('RDNZ'). It contains a description of the terms and conditions of the distribution reinvestment plan ('DRP') for the Awatea Forest Fund ('Fund') described in the product disclosure statement for the Fund ('PDS'). This does not form part of the PDS but it is important that you read it if you have selected DRP in your application form.

The DRP

If you have elected to have your distribution paid in cash, you will need to nominate a New Zealand dollar bank account held in your own name. Cash distributions will only be paid in New Zealand dollars to such an account.

When the distribution is reinvested, you will be allotted units in accordance with the terms and conditions set out in the PDS relating to the units in the Fund. Please see the PDS for a description of distributions and the terms and conditions of the reinvestment of distributions.

In addition, the DRP is offered to New Zealand investors on the following basis:

- At the time the price of the units allotted pursuant to the DRP is set, RDNZ will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the units if the information were publicly available.
- The right to acquire, or require RDNZ to issue, units will be offered to all investors of the same class, other than those resident outside New Zealand who are excluded so as to avoid breaching overseas laws.
- Every product holder to whom the right is offered is given a reasonable opportunity to accept it.
- Units will be issued on the terms disclosed to you, and will be subject to the same rights as units issued to all investors of the same class as you.

There will be available (once prepared) from RDNZ, on request and free of charge, a copy of the most recent annual report and audited financial statements (including the audit report) of the Fund. These documents may also be obtained electronically upon request.

RDNZ can discontinue offering DRP at any time, but RDNZ will notify you if this happens. You can also find a copy of these terms and the PDS for the Fund on Disclose.

Experts and Persons Making Endorsements

PF Olsen Limited – Independent Forest Consultant

Independent forest feasibility reports have been issued by PF Olsen for the founding properties and will be issued for any subsequent property acquisitions of the fund. The reports have been provided by Andrew Clarke and Kenneth Tsang of PF Olsen Limited. The feasibility reports include a site visit and investment cashflow. Andrew Clarke is a NZIF Registered Forest Consultant.

PF Olsen Limited is estimated to receive \$42,800 + GST for their feasibilities pertaining to the founding properties and will receive additional fees when feasibilities are conducted for subsequent properties.

Rotorua Head Office Te Papa Tipu Innovation Park, 99 Sala Street, Rotorua 3010

The independent forest feasibility report is for the benefit of the Awatea Forest Fund in order to help prospective investors understand each forest property and the expected performance of that property within the Awatea Forest Fund. The consultant has consented to the distribution of their forest feasibility report to prospective investors and, as at the date of the PDS, has not withdrawn that consent.

Logan Stone Limited – Independent Valuer

Jay Sorenson of Logan Stone Valuers has completed and provided independent valuation reports for the founding properties of the fund, Te Koawa Station and Matawai Hills, and will issue valuation reports for any subsequent property acquisitions of the fund.

Jay Sorenson is a registered valuer and associate of the New Zealand Institute of Valuers.

Logan Stone is estimated to receive \$5,000 + GST for their services.

Logan Stone office located at 4156/308 Queen St E, Hastings, 4122

The valuer is making the report for the purposes of the Awatea Forest Fund and for use by prospective investors of the Fund. The valuer has consented to the distribution of Logan Stone's independent valuation reports to prospective investors in the scheme and, as at the date of the PDS, the valuer has not withdrawn that consent.

PF Olsen Limited – Independent Forest Consultant

Andrew Clarke and Kenneth Tsang of PF Olsen Limited have completed and provided independent treecrop valuation reports for the founding properties of the fund, Te Koawa Station and Matawai Hills, and will issue valuation reports for any subsequent property acquisition where there are already trees growing on the property.

Andrew Clarke is a NZIF Registered Forest Consultant.

PF Olsen Limited is estimated to receive \$5,000 + GST for their services.

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The independent treecrop valuation reports are for the benefit of the Awatea Forest Fund in order to help prospective investors understand the current and potential value of the treecrop on the land. The consultant has consented to the distribution of their treecrop valuation report to prospective investors and, as at the date of the PDS, has not withdrawn that consent.

The Principal Assumptions Upon Which the Estimates of Fees and Expenses are Based

The fees and expenses charged in respect of the Awatea Forest Fund are set out in the tables below. All fees are listed exclusive of GST, if applicable. The fees and expenses are best represented in the following categories:

- Fees and expenses payable to RDNZ;
- Fees and expenses payable to FMNZ (a related party of RDNZ) as forest manager;
- Fees and expenses payable to other related parties of RDNZ;
- Fees and expenses payable to other persons; and
- Other possible fees and expenses.

Fund Fees and Expenses

The 'Fund fees and expenses' are fees or expenses that are charged to the Fund either on a recurring basis or when applicable to specific operations or events that occur in the Fund. These fees and expenses may vary year to year dependent on the operational state of the forests.

The Manager may have already met some of the costs on behalf of the Fund prior to settlement of the relevant properties. The Manager is entitled to be reimbursed for any such costs. The initial legal fees and marketing expenses will not change as the Manager is responsible for any under and overs.

Fees and expenses payable to RDNZ	
Property acquisition fee	2.75% of the purchase price of every property acquired by the Fund. The acquisition fee for the purchase of the Founding Properties is \$238,150.
Fund management fee	0.75% per annum of the Fund's total assets.
Fund performance fee	Up to 20% of excess performance above a hurdle rate of return of 5% plus CPI inflation. A performance fee is only payable if the Fund's performance exceeds the high water mark. The Trust Deed sets out the detail of how the performance fee is calculated.
Property disposal fee	1.5% of the gross sale price upon a sale of a property or any part of a property (including as a result of a subdivision).
Manager removal fee	If RDNZ is removed as manager of the Fund, 2.25% of the Fund's total assets as at the removal date.
Wind up fee	2.25% of the Fund's total assets as at the date of wind up.
Administration fees and expenses	<ul style="list-style-type: none"> • \$12,000 per annum per property, paid monthly in arrears. This fee amounts to \$24,000 per annum based on the two Founding Properties, but will increase when further properties are acquired; and • Administration services that are outside the Manager's regular investment management and administration

	services a reimbursement at \$250 per hour of time spent shall be applied.
Fees payable in Forestry Funds	<p>The Fund may invest in Forestry Funds managed by RDNZ. If this occurs, management and administration fees will be payable in the Forestry Funds to RDNZ.</p> <p>These are fees payable by the Forestry Funds. They are not directly payable by the Fund.</p>
Marketing expenses	Fee for marketing the investment, payable to the Manager or third parties if applicable. The initial marketing fees for the period up to the Fund's launch are expected to be \$120,000.
Contingency	Allowance for fees or expenses incurred when establishing the Fund that were unforeseen. An allowance of \$25,000 has been made for the two Founding Properties of the Fund.
Fees and expenses payable to FMNZ (a related party of RDNZ) as forest manager	
Carbon sales commission	2.0% of gross carbon sales
Administration, coordination and supervision expenses	Reimbursement of up to \$140 per hour for actual time spent on administration, coordination, and supervision activities relating to forest management (up until the point of harvest), ETS-related, environmental, and ecologist work, plus travel and disbursements.
Fees and expenses payable to other related parties of RDNZ	
Underwriter's fee	<p>If underwriting is required to fund the purchase of any asset, the Underwriter is entitled to a fee of 3% of the value of the Units agreed to be underwritten.</p> <p>In addition, the Underwriter is entitled to reimbursement of its borrowing costs in respect of any Units it still holds six months after the relevant underwrite. Reimbursement of borrowing costs will be at a rate equal to the interest rate paid by the Underwriter on any borrowings used to underwrite the relevant Units.</p> <p>The underwriter's fee for the acquisition of the Founding Properties is \$180,000 plus GST. An underwriter's fee will be charged in relation to the acquisition of further properties if the Manager determines it necessary to fund an acquisition.</p>
Brokerage fee	<p>Up to 2% of the cash or other consideration forwarded to meet the issue price of any Units as determined by the Manager from time to time.</p> <p>This fee may be paid to a third party.</p>
Finance expense recovery fee	2% above the borrowing rate charged by the funding bank in respect of any borrowings incurred by the relevant party in connection with the acquisition of a property for the Fund.
Fees and expenses payable to other persons	

Forestry expenditure	Fees and expenses which are consistent with the objectives of the Fund – including expenditure related to supervision when establishing, maintaining, and harvesting the forest and forest property														
Insurance fees	<p>Insurance fees to insure the Treecrop on each of the Fund's properties.</p> <p>The Treecrop insurance fees levied by a third-party insurance provider are calculated based on the age and value of the trees and the Net Stocked Area of land.</p>														
Supervisor's fees	<p>A one-off establishment fee of \$6,000 payable upon entry into the Trust Deed.</p> <p>An annual base fee as agreed between the Manager and the Supervisor. Initially, this will be \$10,000 plus GST and will vary depending on the Fund's total assets.as follows:</p> <table border="1"> <thead> <tr> <th>Total Assets</th><th>Annual Base Fee, plus any GST (per annum)</th></tr> </thead> <tbody> <tr> <td>\$0 to \$20 million</td><td>\$10,000</td></tr> <tr> <td>\$20,000,001 to \$40 million</td><td>\$20,000</td></tr> <tr> <td>\$40,000,001 to \$150 million</td><td>0.05% of Total Assets</td></tr> <tr> <td>\$150,000,001 to \$500 million</td><td>0.04% of Total Assets</td></tr> <tr> <td>\$500,000,001 to \$1 billion</td><td>0.03% of Total Assets</td></tr> <tr> <td>Over \$1 billion</td><td>0.02% of Total Assets</td></tr> </tbody> </table> <p>The Supervisor is also entitled to a special duties fee at its usual time in attendance rates for any non-routine matters, as agreed with the Manager from time to time. The Supervisor and any Custodian shall also be reimbursed by the Fund for all reasonable costs and expenses (including legal and accounting costs and expenses, and levies) incurred by the Supervisor (or Custodian) in carrying out its duties.</p>	Total Assets	Annual Base Fee, plus any GST (per annum)	\$0 to \$20 million	\$10,000	\$20,000,001 to \$40 million	\$20,000	\$40,000,001 to \$150 million	0.05% of Total Assets	\$150,000,001 to \$500 million	0.04% of Total Assets	\$500,000,001 to \$1 billion	0.03% of Total Assets	Over \$1 billion	0.02% of Total Assets
Total Assets	Annual Base Fee, plus any GST (per annum)														
\$0 to \$20 million	\$10,000														
\$20,000,001 to \$40 million	\$20,000														
\$40,000,001 to \$150 million	0.05% of Total Assets														
\$150,000,001 to \$500 million	0.04% of Total Assets														
\$500,000,001 to \$1 billion	0.03% of Total Assets														
Over \$1 billion	0.02% of Total Assets														
Accounting and Audit fee	Annual accounting and audit fees for the Fund. Estimated at \$3,000 per annum per property for accountancy fees and the auditing of accounts as a requirement of the Fund.														
Bank Fees and Loan Interest Charges	<p>Fees payable to the commercial bank for establishing the Fund's loan facility including that bank's legal fees.</p> <p>Interest and other bank related charges payable to the funding bank on borrowings incurred during Fund establishment, acquisition of property and general business funding requirements.</p>														
Regulatory fees	Initial registration and other fees and levies charged by the relevant government department and the FMA, estimated to be \$10,000.														

	Annual fees charged by relevant authorities for filing annual reports and financial statements estimated to be \$3,000 per annum.
Council rates and levies – for the Fund’s properties	Rates charged by the local and regional authorities for land, dwellings and services.
Legal fees – for the Fund	Legal requirements relating to Fund advice, structuring and documentation required by the FMC Act. The initial legal fees for the period up to the Fund’s launch are expected to be \$180,000.
Legal fees – for the Fund’s properties	Fees for legal due diligence, conveyancing and settling of fund properties. Estimated to be \$35,000 for the Founding Properties including any subdivision works.
Independent consultant fees – for the Fund’s properties	<p>Feasibility & Treecrop Valuation – The fee charged by the consultant for the forest feasibility and valuation including inspections, modelling and cashflow analysis. The cost of obtaining feasibility studies and valuations for the Founding Properties is estimated to be \$42,800.</p> <p>Valuations – The fee charged by the consultant(s) for valuing the land, dwellings, improvements and any Treecrop on the land. The cost of obtaining valuations for the two Founding Properties is \$10,000.</p>
Other possible fees and expenses	<ul style="list-style-type: none"> • Survey and Subdivision Fees – The fee charged by the surveyor and any legal requirements relating to any subdivision of any property assets to be sold as part of the set-up and establishment of a property. • Other fees and expenses which are necessary or desirable for the Manager to discharge its duties under the Trust Deed and which are consistent with the objectives of the Fund, such as; <ul style="list-style-type: none"> • Fees and expenses in relation to establishing or reviewing the Fund’s tax position. • Fees and expenses relating to the Fund, or proportionately relating to the Fund, for example, holding Investor meetings. • Fees and expenses associated with regulatory compliance, this may include fees or expenses payable by the Fund. • Fees or expenses levied by any authority in relation to the property or activities on the property in line with the general nature of the Fund. • Bank fees incurred in relation to bank accounts and loan facilities of the Fund.

How the Manager's and associated person's fees can be changed

The fees charged by the Manager for services to the Awatea Forest Fund can be changed with the approval of the Supervisor where the Supervisor believes that the variation of the fee is fair and equitable to both the Manager and the Fund and where in the Supervisor's opinion the variation does not warrant the time and expense of approval by the Investors of the Fund. Any other changes to the Manager's fees can be changed with the approval of Investors by ordinary resolution.

The other fees charged by the forest manager (FMNZ) can be changed with the approval of the Manager, provided the Manager determines the change is reasonable and in line with industry parameters. The Manager is not required to give Investors notice of any fee changes, unless the changes are required to be approved by Investors of the fund.

How other fees can be changed

Fees such as insurance and rates or levies change due to regulatory changes or market conditions. Other fees charged by external parties may change from time to time and are subject to agreement with the Manager.