



Roger Dickie
NEW ZEALAND

Awatea Forest Fund

Product Disclosure Statement, 1 March 2022

This is an offer of Units in the Awatea Forest Fund issued by Roger Dickie (N.Z.) Limited

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.disclose-register.companiesoffice.govt.nz. Roger Dickie (N.Z.) Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you to make an investment decision.

1. Key information summary

1.1 What is this?

This is an offer of Units in the Awatea Forest Fund ('Fund'). Your money will be pooled with other investors' money and invested. Roger Dickie (N.Z.) Limited ('RDNZ' or the 'Manager') invests the money in acquiring, establishing and managing forestry assets for the sequestration of carbon and/or the leasing of forestry rights to harvest the trees, and takes fees. The assets and fees are described in this document. By investing in this scheme, you are relying on the investment decisions of RDNZ and returns from the assets that the scheme invests in. There is a risk that you may lose some or all of the money you invest.

1.2 Who manages this scheme?

The licensed manager of the scheme is Roger Dickie (N.Z.) Limited. Refer to **Section 9 - About Roger Dickie (N.Z.) Limited** and others involved in the Awatea Forest Fund of this Product Disclosure Statement ('PDS') for more information.

1.3 What are you investing in?

General nature of the Fund

This investment is an offer of Units in the Awatea Forest Fund, which is registered as a Managed Investment Scheme for the purposes of the Financial Markets Conduct Act 2013 ('FMCA').

Investment in the Fund will be used to establish and hold a diversified portfolio of forestry assets. Over time, the Manager intends to grow the Fund's portfolio by acquiring approximately 5,000 hectares of New Zealand forestry assets. As part of this, the Fund may invest in, or acquire property from, forestry investment vehicles ('Forestry Funds'), including those managed by RDNZ. Bank funding and underwriting may be used to assist with acquiring, establishing, and maintaining forestry assets.

The Manager has arranged for the initial facility through BNZ. See **Section 2.3 - Borrowings** on page 20 for more information.

Investment objectives and strategy

Forestry is a long-term investment. The Fund aims to source, acquire, and establish a diversified portfolio of forestry assets throughout the proven forest growth and infrastructure areas of New Zealand by investing in freehold real property and other authorised forestry assets. Its objective is to manage those assets with the intention of generating regular returns to investors and, to the extent returns are not distributed to investors, generate capital growth in the value of investors' Units.

Key existing and proposed Fund property

Initially, the main assets of the Fund (referred to as the 'Founding Properties') will be acquired by the Fund for their original purchase cost, representing a material discount to recent valuations. The Founding Properties are:

→ **'Te Koawa Station' property** - this is a 602 hectare property located at 1131 Whakarau Road, Otoko, Gisborne, just 53 kilometres from Eastland Port. Te Koawa contains more than 85 hectares of mixed species forests registered in the Emissions Trading Scheme ('ETS') and more than 350 hectares to be established in radiata pine and redwoods for both production and permanent forestry,

→ **'Matawai Hill' property** - this is a 131 hectare bare land property (subject to survey) on the edge of Te Karaka township at 2433 Matawai Road, just 31 kilometres from Eastland Port. Matawai Hill contains 12 hectares of mature radiata pine and approximately 98 hectares is to be established exclusively in radiata pine for production forestry.

The Fund intends to acquire further forestry assets over time and ultimately aims to acquire approximately 5,000 hectares of New Zealand forestry assets. The Manager intends to arrange for forestry rights to be created in respect of the Founding Properties and any further properties acquired. The Fund does not intend to harvest any Treecrops itself. Instead, the right to harvest the Treecrop will be granted to others via a lease of the relevant forestry right, and the Fund will receive lease payments from the lessee. It is anticipated that these leases will primarily be granted to the Forest Manager. As a result of leasing the forestry rights for harvest, the Fund can be registered as a PIE for tax purposes. A PIE is a type of investment entity that may have tax advantages for investors. Investors could benefit from investing in a PIE because they'll pay tax on any investment income based on their prescribed investor rate (PIR), instead of their personal income tax rate.

The Fund targets a diversified portfolio with respect to geographic region, species, age class, and source of revenue through granting leases of the right to harvest the trees, trading Carbon Credits, and other forestry-related activities.

Fund borrowings, and potential future borrowings

The Fund may use bank funding to assist with the acquisition of forestry assets and the day-to-day expenses of the Fund.

Bank funding will be used to assist with the acquisition of the Fund's Founding Properties if less than \$10,000,000 is raised by the initial issue date on or about 1 April 2022. The Manager may also arrange to underwrite the Fund's acquisition of forestry assets.

1.4 Key terms of the offer

Product offered
Units in the Awatea Forest Fund, a Managed Investment Scheme which invests in forestry assets. The Fund is registered as a portfolio investment entity ('PIE') for New Zealand tax purposes.
Offeror
Roger Dickie (N.Z.) Limited (RDNZ)
Opening date
9th March 2022
Initial issue date
1st April 2022 Units issued on this date will be issued at the initial issue price of \$1.
Closing date
There is no closing date as this is a continuous issue PDS, however there may be times when no investor capital is sought. RDNZ may close or suspend this offer at any time and for any period of time. See page 22 for details.
Number of Units offered
The number of Units is not limited. However, RDNZ may reject applications at any time.
Subscriptions
Subscriptions received by 5pm on 31 March 2022 will be processed and Units issued with effect on or about 1 April 2022. After this, any subscriptions received during a calendar month will be processed, and Units issued with effect on, the first business day of the following month. Investors will not receive interest on their subscription monies pending issue of Units.



Unit Price
The initial subscription price is \$1.00 per Unit. After the initial issue date, the Unit Price will generally be determined quarterly. Units will be issued on a monthly basis at the most recently determined Unit Price prior to the issue date. See page 24 for details.
Minimum investment and minimum holding
Minimum investment is NZ\$20,000, with further investments in increments of NZ\$1,000. Transfers and redemptions will not be processed if it will result in an investor holding Units that have a value of less than \$20,000.
Distributions
The Manager intends to make distributions each six months beginning 30 June 2024. From then, the Manager intends to make distributions each six months if it considers it commercially sustainable to do so, taking into account the Fund's cashflow requirements. The Manager may at its discretion make distributions prior to 2024. Investors can elect to have their distributions reinvested while the Fund remains open. See page 24 for details.
Minimum offer amount and underwrite
No minimum amount is required to be raised under this offer. Bank funding and/or an underwriting facility may be used to assist with the acquisition of the Fund's Founding Properties and any further assets acquired. See page 22 for details.

- **Growth rates** – The volume and quality of the Treecrop, which are largely determined by site specific factors (climate, soil and rainfall);
- **Carbon Credits earned and sold** – The number of Carbon Credits earned and the price achieved for Carbon Credit sales including any legislative developments that impact Carbon Credits;
- **Costs** – Costs associated with the operational management and harvesting of land and Treecrop;
- **Location** – Where forests are to be acquired or established for eventual harvest, the geographic location to forest infrastructure, domestic processing, and export ports. The Fund's Founding Properties are located in close proximity to Gisborne's Eastland Port. The Manager's criteria for identifying and acquiring any further properties will include reasonable proximity to export ports and domestic wood processing facilities.
- **Lease payments** – The amounts paid to the Fund by a lessee for the lease of the right to harvest the Treecrop. The amount of these lease payments will be impacted by log prices and the costs associated with harvesting the Treecrop.
- **Value of Forestry Fund interests** – The factors listed above are also likely to impact the value of any Forestry Fund interests that the Fund acquires.

The Manager's investment philosophy and investment objectives are to acquire, establish, and manage forestry assets in order to make distributions from the Fund while maximising returns (cash and capital) to investors and minimising exposure to investment risk. Independent registered valuers and an independent registered forest consultant provide further expertise and independence when identifying and acquiring forestry assets for the Fund.

Further information about the key drivers of return and the key strategies and plans of the Manager in respect of these drivers may be found in **Section 2.1e** of this PDS.

1.7 Awatea Forest Fund's financial information

Gearing ratio

The gearing ratio tells you how much the Fund has borrowed (debt) as a portion of what it owns (assets). At settlement of the Founding Properties into the Fund, the Fund may have borrowings of up to \$4,000,000. Based on this maximum amount, at settlement of the Founding Properties into the Fund (expected to occur on or about 1 April 2022), the gearing ratio will be 37.6%.

Further information on how the gearing ratio is calculated can be found in **Section 5 – Awatea Forest Fund's financial information**.

The Manager has not provided any prospective financial information for this offer for the reasons set out in **Section 5** of this PDS. Accordingly, the Manager considers that there are no additional key ratios or measures that can currently be provided as a useful indication of the ongoing financial position and performance of the Fund.

Valuation of forestry assets

The land and Treecrop on the Fund's two Founding Properties have been valued by independent consultants, Logan Stone Limited ('Logan Stone') and PF Olsen Limited ('PF Olsen') as at 17 January 2022.

1.5 How you can get your money out

Forestry is a long-term investment, and the majority of underlying assets (land and forestry rights) are illiquid. This means there is less liquidity than other managed funds.

From 31 March 2024 (or any other date determined by the Manager) the Fund may offer limited quarterly redemptions of Units. Redemptions of units are not generally available before this date. The Manager may also allow withdrawals in cases of financial hardship at any time. The investment is not otherwise redeemable.

If redemptions are offered, they will be limited to the Quarterly Available Funds, which is 1% of the Adjusted Net Asset Value per quarter (although the Manager may lower or increase at its discretion). See **Section 3 – Terms of the offer** for more information.

The repayment price will generally be the Unit Price at the end of the relevant quarter less any tax, fees, expenses or other costs or liabilities associated with the redemption, as the Manager determines appropriate. For more information about redemptions and how the Unit Price is calculated, refer to **Section 3 – Terms of the offer** on page 22.

Your investment in Units in the Fund can be sold 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.

The Manager may assist, if requested, by facilitating the sale of Units to its wider investor base, known as the Secondary Market. Any transfer or sale of Units requires the consent of the Manager and must comply with the Trust Deed. See **Section 3 – Terms of the offer** for more information.

1.6 Key drivers of returns

The Manager considers that the current and future aspects of the Fund that have, or may have, the most impact on its financial performance are;

- **Land & Treecrop price** – The price paid for planted or plantable land and established Treecrop, any change in value of the land, Treecrop and/or forestry right over the land, and the price achieved when selling any land, Treecrop and/or forestry right;
- **Log prices** – The price received by the Forest Manager (or any other harvester) for log or lumber sales at harvest;



The valuation of the land and improvements for the Matawai Hills property supplied by Logan Stone is based on an 'Income (Discounted Cash Flow – DCF) Approach'. The valuation of the land and improvements for the Te Koawa Station property supplied by Logan Stone is based on an 'Income Approach'. The valuation of the Treecrop supplied by PF Olsen is based on an 'Income (Discounted Cash Flow – DCF)' approach.

Awatea Forest Fund Founding Properties - Valuation as at 17 January 2022

Founding Property	Valuation (plus GST if any)
Te Koawa Station	\$ 8,667,000
Matawai Hills	\$ 1,967,000
Total Properties	\$ 10,634,000

The Founding Properties of the Fund will be acquired by the Fund at their original purchase cost of \$8,660,000, representing a 18.5% discount to the combined independent valuations of those properties. The Manager's entitlement to receive a performance fee is based on the increase in the value of the Fund. The increase in the valuation of the Founding Properties will be taken into account when determining the performance fee payable to the Manager. Please see **Section 7 – What are the fees?** for more information.

The Manager intends to obtain independent valuations to support the valuation it places on any further directly owned forestry assets it acquires. Any interests in Forestry Funds will be valued based on the relevant unit price or net equity of the relevant Forestry Fund. Valuations will be sought at the time of acquisition.

Further information about the valuation of forestry assets can be found in **Section 2.2 – Acquisition of key property.**

1.8 Key risks of this investment

Investments in managed investment schemes are risky. You should consider whether the degree of uncertainty about the Fund's future performance and returns is suitable for you. The price of these Units should reflect the potential returns and the particular risks of these Units. RDNZ considers that the most significant risk factors that could affect the value of the Units are:

RISKS IN RELATION TO THE FUND

Liquidity risk

Redemptions are not generally available before 31 March 2024 (or another date determined by the Manager). From that date, the Fund may offer quarterly redemptions of Units, but they will be limited to the Quarterly Available Funds. The Manager may also suspend redemptions in certain circumstances.

The majority of the Fund's underlying assets (land and Treecrop) are illiquid. This means your ability to redeem Units is limited, there is a risk that you will be unable to withdraw your investment when you want.

Frequency and amount of distributions

It is the Manager's intention to make distributions each six months beginning 30 June 2024. Distributions are made at the discretion of the Manager and will only be made if the Manager determines it to be commercially sustainable.

There is a risk that distributions may be less frequent than expected if the Fund needs to retain cash for operating expenditure. The amounts distributed will also vary depending on the activities of the Fund. There is also a risk that distributions may be suspended if the Manager determines that the Fund has insufficient cashflow to make distributions.

Interest rate and refinancing risk

The interest rate applied to any Fund borrowings (or the borrowings of any Forestry Fund that the Fund acquires an interest in) may be subject to change depending on the borrowing facility held with the relevant bank. In addition, should the Fund need to refinance, or to borrow additional amounts, the terms of refinancing may vary, or the availability of money may cease.

Property Valuation Risk – Change in Unit Price

Properties owned by the Fund are valued on an annual basis. This means that the unit price may increase or decrease significantly once the annual valuations are complete. The value of any Forestry Fund interests the Fund invests in are likely to experience similar annual adjustments, which will impact the Fund's unit price.

FORESTRY RELATED RISKS

Market risks – log markets

The risk associated with changes in supply and demand for sawlogs & lumber which affects log prices. The log price for all log grades is set by log exporters each month. If demand for New Zealand logs was lower, then there would be a lower log price for all harvesting forests, including the Fund's forests. The Fund will grant leases of the right to harvest the Treecrop to others. A reduction in log price will influence the amount paid to the Fund by the lessee for the right to harvest, thereby impacting the profitability of the investment.

Market risks – Emissions Trading Scheme (ETS)

The risks associated with the ETS, changes to legislation relating to the ETS, and Carbon Credit prices. The Fund intends to derive a material portion of revenue from the sequestration and sale of Carbon Credits via the ETS. If legislation or sentiment diverted from combatting climate change or the ETS ceased to exist then there is a risk to returns from the investment.

Market risks – Identification and Acquisition of Fund Assets

The Fund intends to build a significant and diversified portfolio of forestry assets in addition to the Founding Properties described in this PDS. There is a risk that suitable assets do not present themselves or the Fund fails to acquire those assets. Returns may be negatively impacted if the Fund holds significant amounts of cash pending acquisition of suitable forestry assets.

Crop risks

The risk that the Treecrop yield is less than expected or the risk of unfavourable factors affecting the Treecrop, such as climate, disease, windthrow, fire and erosion, which in turn would affect the amount paid to the Fund by a lessee for the lease of the right to harvest the Treecrop.

Operational risks

The risk that the operational cost of managing and harvesting forests increases, including due to compliance, inflation, and taxation changes.

Counterparty risks

The risk that service providers and related parties will fail to perform their services or make good on contractual obligations.

This summary does not cover all of the risks. You should also read **Section 6 – Risks to returns from the Awatea Forest Fund** and other parts in this PDS that describe risk factors.

The Manager uses its expertise and experience in managing forestry assets to mitigate these risks. Further information on these mitigating factors can also be found in **Section 6**.

1.9 What fees will you pay

The table below summarises the fees and expenses that you will be charged to invest in this Fund. Further information about fees is set out in **Section 7 – What are the fees?** The fees in the table are exclusive of GST, which is payable if applicable.

Fees and expenses payable to the Manager	
Property acquisition fee	2.75% of the purchase price of each property acquired by the Fund.
Fund management fee	0.75% per annum of the Fund's total assets.
Fund performance fee	The Manager is entitled to be paid a performance fee to reflect any out-performance of the hurdle rate return. The hurdle rate of return is calculated as 5% plus Consumers Price Index (CPI) inflation and includes a high water mark. The performance fee is up to 20% of excess performance above the hurdle rate of return. The Trust Deed sets out the detail of how the performance fee is calculated. See Section 7 - What are the Fees? for more information.
Property disposal fee	1.5% of the gross sale price upon any 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	If the Fund is wound up, 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; and For 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	The Fund may invest in Forestry Funds managed by RDNZ. If this occurs, fees will be payable in the Forestry Funds to RDNZ. These are fees payable by the Forestry Funds. They are not directly payable by the Fund.
Secondary market fee	Up to 2.5% of the sale value of any Units sold, where the sale has been facilitated or administered by the Manager through its Secondary Market.
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	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. This fee may be paid to a third party underwriter.
Brokerage fee	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. This fee may be paid to a third party.
Finance expense recovery fee	2% above the borrowing rate charged 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	
<p>Fees and expenses payable to other persons for matters such as forestry expenditure, insurance fees, supervisor's fees, and accounting and audit fees. The key expenses charged by other persons are:</p> <ul style="list-style-type: none"> Supervisor fees: a set establishment fee of \$6,000. An annual base fee which initially will be \$10,000 plus GST up to \$20,000 plus GST based on the Fund's Total Assets of up to \$40 million. Then the annual base fee changes to a percent based fee ranging from 0.05% - 0.02% for \$40,000,001 up to over \$1 billion of the Fund's Total Assets. Regulatory fees: initial registration and other fees and levies charged by the FMA are estimated to be \$10,000. There will be ongoing annual levies required to be paid to the FMA. Legal fees: for establishment of the Fund these are expected to be \$180,000 and for acquisition of the Fund's properties these are estimated to be \$35,000. There will also be ongoing legal fees as further properties are purchased and the PDS and other investor documents are updated. <p>More information about these fees and expenses can be found in Section 7 - What are the fees? of the PDS.</p>	

1.10 How will your investment be taxed?

The Fund is a portfolio investment entity (PIE). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). To determine your PIR, go to <https://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate>. See **Section 8** of the PDS (tax) on page 41 for more information.



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Letter from the Manager

Dear Investor,

We are very excited to offer the Awatea Forest Fund, providing investors access and expertise to New Zealand forestry investment.

Roger Dickie (N.Z.) Limited is a specialist forest manager with a long and established track record, sourcing, acquiring and managing \$1.1 billion of quality forest assets across a 35,000 hectare estate.

The core intention of the Fund is to invest in a diversified pool of forestry assets to provide regular and diversified revenue and disbursements from the sale of logs and Carbon Credits coupled with capital growth.

The Fund will provide a number of advantages over a traditional forest partnership, including:

- greater diversification of revenues, species, age classes, geographies, and climatic conditions; and
- greater liquidity via the pooling of investment assets and investors, the ability to request redemption of Units (if offered), and the ability to seek to sell or transfer Units.
- the Fund is registered as a portfolio investment entity (PIE). This type of investment entity may have tax advantages for you. That's because it has special tax rules. You could benefit from investing in a PIE because you'll pay tax on any investment income based on your prescribed investor rate (PIR), instead of your personal income tax rate.

The two Founding Properties of the Fund have been carefully negotiated and, in RDNZ's view, will be strong cornerstone investments of the Fund. RDNZ seeks to add other high quality greenfield and brownfield forest assets to the Fund.

The Fund will target a 5,000 hectare portfolio of forestry assets with a total expected capital raise in excess of \$70 million over the anticipated offer period.

New Zealand's forestry sector is well placed and experiencing strong demand for a number of reasons:

- high growth rates yielding large amounts of sustainable wood product and sequestered carbon;
- developed forest infrastructure and end-user markets (domestic and export);
- proximity to high economic and population growth regions of the world, strongly correlated to wood demand;
- NZ's climate change initiatives and the strong incentives for afforestation; and
- the ETS allowing forest owners to claim and sell sequestered carbon.

Minimum investment in the Awatea Forest Fund starts from \$20,000 and increases in \$1,000 allotments thereafter.

This PDS contains important information about the Awatea Forest Fund and the offer. We encourage you to read this PDS carefully and give consideration and where necessary, seek advice, before making your investment decision.

We look forward to you joining us in the Awatea Forest Fund. An investment that makes a difference.

Warm Regards,

Roger Dickie (N.Z.) Limited,
Manager of the Awatea Forest Fund



2. What the Awatea Forest Fund invests in

2.1 Key features of the Fund

a) Statement of investment policy and objectives (SIPO)

The Manager has adopted a SIPO for the Fund which sets out the policies, objectives and investment strategy of the Fund. A copy of the SIPO is available on the scheme register at www.disclose-register.companiesoffice.govt.nz by searching for 'Awatea Forest Fund' under "search schemes".

Investment strategy

The Fund's investment strategy is:

- To invest, in the ordinary course of business, in freehold real property and other authorised forestry assets (either directly or via Forestry Funds) to create, over time, a diverse forestry portfolio;
- To leverage the Manager's experience, and public and private networks, to source and acquire quality forestry assets that meet the objectives of the Fund; and
- To manage the Fund and the revenue-generating activities of the Fund in a way intended to allow the Manager to make regular distributions to investors while maximising returns (cash and capital) of the Fund.

The Fund intends to grow its portfolio over time by acquiring further forestry assets and ultimately aims to acquire approximately 5,000 hectares of New Zealand forestry assets. RDNZ may decide to close the Fund to new investment if this aim is achieved.

Investment objectives

The primary objectives of the Fund are to:

- source, acquire, and establish a diversified portfolio of forestry assets throughout the proven forest growth and infrastructure areas of New Zealand by investing in freehold real property and other forestry assets;
- manage those forestry assets with the intention of generating regular returns to investors (and where appropriate, distributing those returns to investors) through granting leases of the right to harvest the trees, trading Carbon Credits, and other forestry-related activities; and
- to the extent returns are not distributed to investors, increase the net asset value of the Fund and as a result generate capital growth in the value of investors' Units.

The Manager targets a long-term average return for the Fund (after all fees and costs but before tax) of between 7% and 10% per annum. This is not a forecast return, and the Manager

does not guarantee that this target return will be achieved.

A secondary investment objective of the Fund is to enhance the environmental aspects of the land through the promotion of activities that benefit the prevention of climate change, increase biodiversity, and enhance soil conservation, clean waterways, and wildlife habitats.

Authorised investments

The SIPO describes the allowable assets held by the Fund, being any assets resulting from the activities outlined in the 'Investment strategy of the Fund' section above (referred to in this PDS as 'forestry assets'), including:

- Land, forests and trees;
- Forestry rights;
- Interests in Forestry Funds (including Forestry Funds managed by RDNZ);
- Cash deposits held with registered New Zealand banks and other fixed interest securities;
- New Zealand ETS or other related scheme units;
- Any other assets which relate directly to, or arise from, investment in and ownership in that land and forests. For example, any improvements or existing dwellings on the land, selling or granting leases of forestry rights or selling or leasing land used in forestry activity.

There are no limits on the proportion of each type of asset the Fund can invest in. However, the Fund must hold certain levels of certain types of assets in order to maintain PIE tax status (see the Taxation Policy in the Fund's SIPO for more information about this).

The tables below set out the Manager's current intentions in relation to the Fund's forestry type and species asset mixes. This is a general guide only and may change over time, including in response to changes in the industry or the economy more generally. The remainder of the Fund will be invested in other forestry assets, including Carbon Credits and cash.

Diversification by Forest Types (within three years of the Fund's launch)	
Forest Type*	Target Forestry Allocation
Greenfield Production Forestry (ETS 'Averaging')	50% to 80%
Greenfield Permanent Forestry (ETS 'Permanent')	0% to 20%
Brownfield Mature Forestry	0% to 20%
Brownfield Early to Mid Rotation Forestry	0% to 20%

* Including interests in forestry rights or leases of forestry rights granted or created in respect of the type of forestry properties.



Diversification by Species Types	
Species Type	Target Forestry Allocation
Radiata Pine	70% to 95%
Other Exotic Softwoods	0% to 20%
Exotic Hardwoods	0% to 10%
Natives	0% to 10%

Investment Performance Monitoring

The Manager has established an Investment Committee, which is made up of senior managers of RDNZ and other persons appointed from time to time. The Investment Committee provides regular reports to the board of the Manager detailing:

- Accounting information over the period including a balance sheet and transaction details;
- Performance against financial covenants such as Loan to Value Ratio (as defined in the bank loan facility) and compliance with other bank covenants;
- Forecast financial information; and
- Key fund metrics.

SIPO and Investment Strategy Review

The SIPO and investment strategy for the Fund will be reviewed at least annually, or as otherwise required, by RDNZ's Board in relation to the Fund's assets and regulatory requirements. The SIPO and investment strategy can be amended or updated with the consent of the Supervisor. Investors will be given at least one month's notice of any material change to the SIPO.

b) Description of Property of the Fund

The Founding Properties of the Fund

The Fund will acquire two forest properties as the Founding Properties of the Fund. After acquisition, the Manager intends to arrange for forestry rights to be created in respect of these properties. Those forest properties are:

'Te Koawa Station' property, a 602 hectare property located at 1131 Whakarau Road, Otoko, Gisborne, just 53 kilometres from Eastland Port.

The property is divided by the Waikohu river, creating a natural separation for production and permanent forestry.

Te Koawa includes more than 103 hectares of mid-rotation and mature forest. Most of the existing forest is registered in the ETS providing the option to lease the right to harvest part of the forested area and to monetise the existing Carbon Credits on the other part.

In addition to the existing forest area, it is anticipated in 2022 that Te Koawa will be planted in an additional 360 hectares including approximately 330 hectares of radiata pine and 30 hectares of redwood. The planted area will be registered in the ETS as Carbon Averaging or Permanent Forest with the intention of leasing the right to harvest part of the forest.

The property contains a homestead, cottage and farm buildings which will be subdivided with approximately 19 hectares of land to be sold as a lifestyle investment.

Te Koawa is a well-located property providing scale, biodiversity and the ability to generate early returns from carbon and leasing the right to harvest the existing forest.

'Matawai Hill' property is a 131 hectare bare land property (subject to survey) on the edge of Te Karaka township at 2433 Matawai Road, just 31 kilometres from Eastland Port.

The property is largely medium contour and contains around 12 hectares of mature pine (1994 and 1997 plantings) forecast to be harvest in 2023.

In addition, there are 98 hectares of greenfield area to be planted in 2022. This area will be registered in the ETS under Carbon Averaging, selling carbon to the average age of the forest, with the intention of leasing the right to harvest all of the forest.

Additional Properties of the Fund

The Fund intends to acquire further forestry assets over time. The Manager will perform due diligence on any asset it proposes to acquire. As part of this, where the Fund proposes to directly acquire forestry property, an independent forestry consultant will be engaged to provide a feasibility study and an independent Treecrop and/ or forestry right and land valuation will be obtained. If the Fund proposes to acquire interests in a Forestry Fund, the Manager will undertake due diligence, taking into account the particular fund structure and associated assets and liabilities.

Please see the SIPO for more information about the principles the Manager applies to the acquisition, establishment, and maintenance of forestry assets. Additional requirements apply in relation to the acquisition of an interest in, or the acquisition of assets from, a Forestry Fund managed by RDNZ (see **Section 4.3 - Related party benefits** for more information).

c) How the Fund property will be managed

Roger Dickie (N.Z.) Limited is the licensed Manager and is responsible for and has the authority to manage and administer the Fund's assets as outlined in the Trust Deed. RDNZ will carry out the day-to-day activities required for the Fund to operate. These duties include managing distributions, redemptions, investor communications, review and purchase of forestry assets, arranging bank financing, forest management, (including arranging for the creation, grant and/ or lease of forestry rights), and compliance with relevant legislation and regulations.

RDNZ is manager of other managed investment schemes, which are structured as forestry partnerships. The Fund may invest in, or acquire property from, these forest partnerships (referred to in this PDS as 'Forestry Funds'). RDNZ's duties as manager to the Fund are separate to its duties to the other schemes and forest investments it manages. When acting as manager of a scheme it has the duty to act in the best interests of the investors of that scheme. For details on how RDNZ will deal with conflicts of interest refer to **Section 4 - Related party benefits** for more information.



RDNZ will continue as manager of the Fund until it retires or is removed from office. See clause 16 of the Trust Deed for full details. In the event the manager is removed, fees equal to 2.25% of the value of the Fund's total assets, as at the date of removal, will be payable.

For further information about the Trust Deed refer to **Section 4 – How the Awatea Forest Fund works**.

For a copy of the Trust Deed, you may visit the scheme register at www.disclose-register.companiesoffice.govt.nz by searching for 'Awatea Forest Fund' under "search schemes".

Key personnel of the Manager

Roger Dickie – Roger is the managing director of the Manager. Roger is a member of the New Zealand Institute of Directors. Roger has established and managed more than 90 rural investment properties with the majority of those investments in the form of forest syndicates (partnerships). Roger's bio is on page 43.

William Dickie – Will is the general manager and a director of the Manager. Will manages the forest administration business which handles the entire range of administrative services for forests under management. Will is also involved with new initiatives and marketing and handles engagement with the regulatory authorities, namely the Financial Markets Authority (FMA). Will's bio is on page 43.

Jefcoate Dickie – Jeff is a director of the Manager. Jeff is head of investments and funds management for the Manager. Jeff leads the structuring, capital management and acquisitions of the Fund. Jeff's bio is on page 44.

Grant Morris – Grant manages investor relations and sales for the Manager and will manage Investor communications for the Fund.

Ingrid Muggeridge – Ingrid manages administration for structured investments for the Manager. Ingrid and her team are responsible for the administering of Fund and property requirements of the Fund.

Other entities responsible in the management process

The Manager currently contracts out the day-to-day management of the forest operations from establishment up until the time that harvest approaches to FMNZ, a related party of the Manager. FMNZ has been involved in forest management for over 50 years and presently manages over 35,000ha of forestry assets.

FMNZ has joint CEOs of Sally Sisson and Steve Bell. Both Sally and Steve have been with FMNZ for more than 25 years.

For more information on the Manager and FMNZ please refer to **Section 9 – About Roger Dickie (N.Z.) Limited and others involved in the Awatea Forest Fund**.

d) Purpose of the offer and how money raised will be used

The purpose of the offer is to raise capital via investor subscriptions in order to acquire a diversified portfolio of investment grade forestry assets and to pay the costs and expenses incurred in relation to the acquisition and establishment of these investments.

It is intended that the funds raised will be used to:

- 1) Acquire the Founding Properties (as described on pages 15 to 19), including by paying down debt incurred by the original contracting party (which is associated with the Manager) in relation to the acquisition of the Founding Properties;
- 2) Grow the Fund's portfolio by acquiring further forestry assets for the Fund;
- 3) Meet working capital requirements of the Fund for expenditures (such as the costs of establishing and maintaining forestry assets and repaying bank borrowings), redemptions (once available), and in some circumstances, distributions; and
- 4) Pay the fees owed to the Manager, its related parties, and third-party service providers.

Entities associated with the Manager have purchased the Founding Properties from the vendors for a total purchase price of \$8,660,000. The Fund will take ownership of the Founding Properties for the purchase price, reflecting a valuation increase of (24.7% for the Te Koawa Station property and 15.0% for the Matawai Hills property)*. Awatea Forest Fund Trustees Limited or another custodian appointed in accordance with the Trust Deed and relevant law (the 'Custodian') will hold title of the Founding Properties, and any further properties acquired, on trust for the Fund.

There is no minimum amount to be raised since the offer is continuous in nature. If less than \$10,000,000 (which is the amount needed to acquire the Founding Properties and to pay the fees and expenses associated with establishing the Fund) has been raised as at the initial issue date, the shortfall will be satisfied by:

- 1) Underwriting from a related party of the Manager of up to \$6,000,000 (6,000,000 Units); and
- 2) Bank funding of up to \$4,000,000.

The below table indicates how underwriting and bank funding will be utilised under various scenarios of investor subscription amounts.

After the acquisition of the Founding Properties, funds raised under this offer will be used to acquire further forestry assets for the Fund, meet the working capital requirements of the Fund, and to pay fees associated with the Fund. Bank funding may be used to assist with acquiring further properties and to

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Investor Subscriptions (as at initial issue date)	\$0	\$4,000,000	\$8,000,000	\$12,000,000
Bank Funding	\$4,000,000	\$4,000,000	\$2,000,000	\$250,000
Underwriting	\$6,000,000	\$2,000,000	\$0	\$0
Total	\$10,000,000	\$10,000,000	\$10,000,000	\$12,250,000

* Based on the market valuations for the two Founding Properties, as set out in **Section 3** and before fees and expenses have been applied. This figure does not provide any indication of the ongoing level of returns for the Fund or valuation percentage increase for the Founding Properties or any other properties acquired in future. The Manager reserves the right to sell future properties to the Fund at market valuation.



assist with the Fund's working capital requirements (including for the purposes of funding distributions or fees), provided the Fund's total borrowings do not at any time exceed 50% of the Fund's total assets. Further issues of Units may also be underwritten if required to acquire further forestry assets for the Fund.

The Underwriter will endeavour to actively sell any Units underwritten. To assist, the Manager may elect to satisfy new application requests by selling underwritten Units to subscribers, instead of issuing subscribers with new Units. Any Units underwritten will be issued on the same terms as all other Units offered under this PDS. Any underwritten Units sold to investors will be sold at the relevant Unit Price or, if the Underwriter agrees, a price below the relevant Unit Price at the Manager's discretion.

The general use of money raised under this offer (together with other sources of finance) will not change depending on the total amount of money that is raised. However, the Manager may decide to reject subscriptions and/ or close or suspend this offer if it determines it appropriate to do so. For example, if the Fund has sufficient working capital and there are no further properties currently earmarked for acquisition. In addition, if the Fund holds a significant level of cash pending acquisition of suitable further properties, the Manager may determine to utilise that cash as it determines appropriate. For example, by repaying bank borrowings.



- e) Current and future aspects of the Fund that have, or may have, the most impact on financial performance and returns and key strategies and plans for those aspects.

The table below sets out a brief description and the key strategies and plans of those aspects of the Fund that have, or may have, the most impact on the Fund's financial performance.

Land & Treecrop price	<p>Land and Treecrop price when acquiring and selling planted or plantable land, and any change to the value of land, Treecrops or forestry rights held by the Fund. In particular, the price paid for plantable land and Treecrop for any further properties the Fund acquires.</p> <p>Key strategies and plans</p> <p>The price paid for the Founding Properties (land and Treecrop), the price paid for any further properties the Fund acquires (land and Treecrop), any change to the value of the land, Treecrop or forestry rights, and the price received if the Fund sells properties will have an impact on financial performance. Logan Stone will assess the value of the land and PF Olsen will assess the value of any Treecrop on properties to be acquired by the Fund.</p> <p>The Manager will use its significant expertise to source and acquire further properties via its public and private networks that meet the strategy and objectives of the Fund.</p>
Growth rates	<p>The growth rates achieved by the forests held by the Fund on both the Founding Properties and any further properties the Fund acquires.</p> <p>Key strategies and plans</p> <p>The Manager leverages its knowledge and experience on growth and performance and engages an independent forest consultant to produce a full forest feasibility for each property to be directly acquired by the Fund. The feasibility study analyses the growing conditions (site, soil, rainfall etc), growth rates in nearby forests, and models the subsequent log grade outturns for each property.</p> <p>The Manager, and the Forest Manager ensure best industry standard management processes are followed to maximise growth and grade recovery.</p>
Carbon Credits earned and sold	<p>Carbon Credit sales including the number of Carbon Credits earned, changes in legislation and price of Carbon Credits sold.</p> <p>Key strategies and plans</p> <p>The New Zealand Government announced the Climate Change Response (Zero Carbon) Amendment Act 2019 and has since made a number of reforms to the ETS that have materially impacted the price of Carbon Credits (also called NZ Units). The reforms include lifting the price floor from \$20/Carbon Credit to \$30/Carbon Credit and simultaneously lifting the Cost Containment Reserve (CCR) from NZ \$50/Carbon Credit to \$70/Carbon Credit in 2022. The floor is then scheduled to increase by 7% per annum, while the CCR is scheduled to lift by 12% per annum between 2022 and 2026. This material upward trajectory is accompanied by the forecasts from the Ministry for Primary Industries that suggest a shortage of Carbon Credit supply for emitters wishing to offset their emissions.</p> <p>The Manager is confident of the long-term benefits of exposure to carbon however, employs an investment strategy which creates exposure to both carbon and log markets in order to hedge risks to the carbon market.</p>
Log prices	<p>The price received by the Forest Manager (or any other harvester) for log or lumber sales at harvest.</p> <p>Key strategies and plans</p> <p>Log prices will impact the amount paid to the Fund by the Forest Manager for the lease of the right to harvest the Fund's Treecrop. The lessee of each forestry right (primarily expected to be the Forest Manager) controls the harvest of the Treecrop. However, the Manager has the ability to intervene in certain circumstances if it considers it necessary or desirable.</p>
The value of Forestry Fund interests	<p>The value of any Forestry Fund interests the Fund acquires.</p> <p>Key strategies and plans</p> <p>The Fund may acquire interests in Forestry Funds from time to time, including Forestry Funds managed by RDNZ. The Manager shall only acquire interests in a Forestry Fund using up to date Net Asset Value information and, where it deems necessary, may engage an independent consultant for valuation and/or investment performance advice. Any investment made indirectly via any Forestry Fund will only be made if it is in the best interests of the Fund's investors and in keeping with the Fund's investment strategy. Any related party transactions will be conducted on arm's-length terms.</p>



Administrative, operational and harvest costs	<p>Costs associated with the operational management and harvesting of land and Treecrop. Harvest-related costs will impact the amount paid to the Fund by the Forest Manager for the lease of the right to harvest the Fund's Treecrop.</p> <p>Key strategies and plans</p> <p>The Manager pays close attention to key financial measures and controls including budgeting for activities across the assets held in the Fund. The market presence of the Manager and FMNZ provide economies of scale.</p>
Forest location	<p>Land ideally located with respect to site, climate and proximity to forest infrastructure.</p> <p>Key strategies and plans</p> <p>The Manager has purposefully selected the Founding Properties with regard to location, and within the meaning of location, respect to site, climate, contour and proximity to domestic processing and export ports. The Manager will apply the same methodology to selecting further properties for the Fund. All of these factors combine to result in strong growth rates, and low harvesting and cartage rates, which all impact on the financial performance of the forest properties and the Fund.</p>
Lease payments	<p>The price paid to the Fund by lessees for the right to harvest the Treecrop.</p> <p>Key strategies and plans</p> <p>Lease payments will be calculated based on gross log sale revenue and harvest-related costs (with the lessee also receiving a margin). The Manager's key strategies on growth rates and log prices will influence the value of the right to harvest, and therefore the lease payments made to the Fund for this right.</p>
Asset sales	<p>The price received for the subdivision and sale of any unwanted land parcels and dwellings included in any further property the Fund acquires.</p> <p>Key strategies and plans</p> <p>If any further property includes unwanted land and/or dwellings, the Manager intends to engage an independent property valuer and appropriately qualified real estate agent to help define the best subdivision of the unwanted assets and improvements and to appraise the asset sales. The Manager will also endeavour to time any asset sales to capitalise on any seasonal highs.</p>
Allocation of Capital	<p>The ability of the Manager to allocate capital pledged by its investors for quality forest investments that meet the investment strategy and objectives of the Fund.</p> <p>Key strategies and plans</p> <p>The Manager has a long and successful history of forestry investment including the sourcing and acquisition of more than 100 forest properties. The Manager is confident of its ability to acquire assets of suitable quality to build the Fund under its intended strategy and to its intended size.</p>



f) Nature of returns and key factors that may affect returns

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

Distributions

It is the Manager's intention to make distributions each six months beginning 30 June 2024. Distributions are made at the discretion of the Manager and will only be made if the Manager determines it to be commercially sustainable.

In determining the amount of the Fund (if any) to be distributed for any period the Manager will take into account the following, in order of priority:

- Liquidity needs of the fund.
- Cashflow requirements (fund level and property level included) for the operation of the fund in keeping with forecast expenses and revenues. This would include provisions for tax or auditor requirements.
- Cashflow for redemptions
- Cashflow for distributions

Adjustments to the operating profit may be made for reasons such as building cash reserves, meeting working capital requirements, funding an acquisition, repaying bank borrowings, and funding redemptions. The Manager can borrow up to 20% of the value of its total assets for day to day operating of the Fund, including funding distributions. The Manager may borrow to fund distributions if it considered it was appropriate having regard to cashflow timing or smoothing of distributions that are deemed sustainable with respect to future forecast revenues and expenses of the Fund.

If the Manager decides to make a distribution, the distribution will be paid in the quarter following the relevant review date. The Manager may also, at its discretion, make distributions ahead of 30 June 2024.

Distributions are expected to primarily arise from operating cashflows in the form of:

- The sequestration and sale of Carbon Credits from the forestry assets that are eligible under the ETS for either Carbon Averaging or 'permanent' carbon forestry; and
- Income in the form of lease payments for granting leases of the right to harvest forests held by the Fund.

While the Fund is open, investors may elect to have their distributions reinvested (and be issued with additional Units in the Fund in lieu of a cash distribution). The Manager reserves the right to discontinue the distribution reinvestment programme ('DRP') at any time.

Capital growth

The change in value of a Unit in the Fund is linked to the change in value of the Fund's assets. Any change in the value of a Unit will be realised when an investor redeems Units.

The key factors that might affect these returns are the purchase price for any subsequent properties or other forestry assets the Fund acquires or creates, Treecrop growth rates, Carbon Credit prices, log prices, lease payments received by the Fund, the Fund's available cashflow (which will influence the extent to which distributions can be made) and Fund costs.

g) Other key features of the Fund

New Zealand ETS – Sale of Carbon Credits

The Fund intends to sell Carbon Credits under the New Zealand ETS.

The ETS is the New Zealand Government's main tool for meeting domestic and international climate change targets. The ETS aims to encourage people to reduce greenhouse gas emissions.

The ETS puts a price on greenhouse gas emissions. It creates a financial incentive for:

- sectors and businesses to reduce their emissions
- landowners to plant forests that absorb carbon dioxide as the trees grow.

One emission unit, the New Zealand Unit (referred to in this PDS as a 'Carbon Credit'), represents one metric tonne of carbon dioxide or carbon dioxide equivalent. The Government gives eligible forest owners Carbon Credits for carbon dioxide that has been sequestered by their forest. The forest owner can sell these Carbon Credits in the NZ ETS market.

Some industries or businesses that produce emissions have surrender obligations (legal obligations to hand over Carbon Credits). These industries or businesses must purchase enough Carbon Credits to cover their emissions. These Carbon Credits are then surrendered to the Government.

It is up to the emitter to decide whether they wish to reduce their emissions or purchase Carbon Credits. The price which the emitter pays for Carbon Credits, sometimes called the carbon price, is set by supply and demand via government auctioning and the secondary market with the inclusion of price controls. In 2020 the Climate Change Response (Emissions Trading Reform) Amendment Act 2020 (the 'Emissions Trading Reform Act') positively changed those price controls to prevent unacceptably low or high Carbon Credit prices. The most recent update in August 2021 includes the following price settings for 2022 to 2026:

- Price floor shifts from \$20/Carbon Credit in 2021 to \$30/Carbon Credit in 2022, then rising by 7% per annum through to 2026;
- The Cost Containment Reserve (CCR) moves from \$50/Carbon Credit in 2021 to \$70/Carbon Credit in 2022, then rising by 12% per annum through to 2026; and
- Auctioning of government allocated Carbon Credits via a quarterly auction with annual Carbon Credit allocations decreasing, as well, the reserve (CCR) units decreasing.

The Ministry for the Environment (MFE) forecasts the demand for Carbon Credits to exceed supply by 2023 and with that shortfall of supply to become more pronounced through to 2025. This forecast by MFE can be found at <https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa/Inaia-tonu-nei-a-low-emissions-future-for-Aotearoa.pdf>. It is the Manager's opinion that the shortfall of supply into the market is likely to be more pronounced as not all forecast forestry allocations will be sold as per the MFE's forecast. Recent market pricing of Carbon Credits (via government auctions and the secondary market) suggest a shortfall of Carbon Credit supply is already prevalent.



How Forestry Participates in the ETS

In 2019 the Government announced the inclusion of the 'Carbon Averaging' and 'Permanent' (PP89) forest framework in the ETS. Eligible land with respect to the ETS can be entered into the ETS as either production forestry under the 'averaging' framework, or as permanent forestry under the 'permanent' framework.

The carbon stored in a forest is measurable. That stored carbon can be claimed and sold under the 'averaging' or 'permanent' framework and comes with a set of criteria and obligations under that framework, these are:

- Averaging – Land afforested with the intention of harvesting in the future may sell stored carbon up to the 'average' age of the forest in perpetuity without the requirement to surrender any sold carbon as long as the forest is replanted after harvest; and
- Permanent – Land afforested with the intention of remaining permanently in forestry may sell the maximum amount of stored carbon as it is stored in the forest. Stored carbon above the 'averaging' amount has a liability associated with it if harvested.

The ability to sell stored carbon under each framework provides significant revenues across part of or all of the life of the forest. It is the ETS that provides the ability to generate regular and material operating revenues that may in turn be distributed to investors.

Under the Fund's investment strategy, the Manager currently intends to invest 50% - 80% of the Fund in Greenfield Production Forestry (ETS 'Averaging') and 0% to 30% of the Fund in Greenfield Permanent Forestry (ETS 'Permanent') within the next three years. The significant weighting of the Fund towards these carbon eligible investments provides an alternative revenue stream to traditional harvest and will be used in conjunction with each other to achieve the Fund's investment objectives of providing both regular distributable returns and capital growth.

Forestry rights and lease of forestry rights

Upon acquisition of any land, the Manager intends to arrange for the Custodian to create a forestry right in respect of the land. A forestry right is established pursuant to the Forestry Rights Registration Act 1983, and grants the right-holder a right to establish, maintain, and harvest, or maintain and harvest, a crop of trees on the relevant land.

The Fund does not intend to harvest the Treecrop itself. Instead, a lease of the relevant forestry right will be granted as the time of harvest approaches, and the Fund will receive lease payments from the lessee. It is anticipated that these leases will primarily be granted to the Forest Manager. The lessee will then harvest the Treecrop and sell the proceeds for its own account. Any harvesting undertaken by the Forest Manager under the lease of a forestry right will be conducted in the Forest Manager's own right, and not in its capacity as forest manager for the Fund.

The terms of the lease will give the leaseholder the right to occupy and use the land and to exercise the rights and remedies under the forestry right. The lessee will also have certain obligations, including the obligation to maintain public liability cover for fire and other incidental damage.

The lessee of each forestry right controls the harvest of the Treecrop. However, the Manager has the ability to intervene in certain circumstances if it considers it necessary or desirable. For example, by directing the Forest Manager not to harvest during times of adverse log prices and to instead leave the forests to grow.

Please see **Section 2 - What the Awatea Forest Fund invests in** for more information about forestry rights and the lease of forestry rights.

2.2 Acquisition of key property

The Fund will acquire the two Founding Properties and, following this, intends to identify and acquire further forestry assets.

The Manager has commissioned an independent valuation of the land and improvements and the Treecrops on the Founding Properties.

The Founding Properties of the Fund will be acquired into the Fund at the original purchase price. Independent valuations for the Founding Properties, as at 17 January 2022, are jointly 22.7% higher than the original purchase price, representing a material capital valuation advantage to the Fund. The Manager's entitlement to receive a performance fee is based on the increase in the value of the Fund. The increase in the valuation of the Founding Properties will be taken into account when determining the performance fee payable to the Manager. Please see **Section 7 - What are the fees?** for more information.



The Founding Properties of the Fund are as follows:

Te Koawa Station

Description

A well located and high productivity property offering scale and variety of cashflow.

The property has more than 85 hectares of existing Treecrop across a variety of species and age classes, a large portion of the existing trees are registered in the ETS providing immediate gratification from carbon credits. Another 350 hectares is to be planted predominantly in radiata pine. The southern area of the property (across the Waikohu River) is to be grown as permanent forestry under the ETS and the northern part of the property will be grown and the right to harvest leased, and where possible will participate under Carbon Averaging in the ETS.

Address	1131 Whakarau Road, Otoko, Gisborne
Distance to Port/Mills	53 kilometres Eastland Port
Size	602 hectares
Purchase Price	Land \$4,500,000 Dwelling, Curtilage, House & Farm Chattels \$1,050,000 Treecrop/Carbon Credits \$1,400,000 Total Purchase Price \$6,950,000
Registered Valuation as 17 January 2022	Land \$5,043,000 Dwellings & Improvements & Chattels \$699,000 Treecrop \$37,000 Carbon Credits \$2,338,000 Carbon Premium \$550,000 Total Valuation \$8,667,000 (plus GST, if any)
Percentage change between Purchase Price and Registered Valuation	24.7%* <i>* Before fees and expenses have been applied. This figure does not provide any indication of the ongoing level of returns for the Fund or the ongoing valuation percentage change for this property or any other properties acquired by the Fund in the future. The Manager reserves the right to sell future properties to the Fund at market valuation.</i>
Forest Feasibility (Forecast Internal Rate of Return)	10.9%** <i>** This forecast has been provided by PF Olsen for the Te Koawa Station property only and does not provide any indication of the forecast performance for the Fund.</i>

Waikohu River

The Waikohu river separates the northern and southern areas of the property. The river separation hinders access and provides for a large area of the property and existing forest area to be retired as permanent forestry for the sequestration and sale of carbon. A swing bridge on the property was used by the vendor to cross the river when swollen. The swing bridge is unconsented. The purchaser has indemnified the vendor to

claims and shall immediately upon settlement of the property, decommission the swing bridge.

Carbon Accounting Area (CAAs)

Te Koawa has 15 registered CAAs on the property encompassing 86.8 hectares including Radiata pine, Douglas Fir, Blackwood and mixed exotics. The Manager has assessed that all 15 CAAs encompassing 86.8 hectares and 25,014 Carbon Credits will be transferred with the settlement of Te Koawa, to be retired as permanent forest. Those existing CAAs will generate early revenues from the sale of Carbon Credits.

Access Arrangement

The property is subject to an access arrangement over the main track of Te Koawa Station in favour of the vendor while the vendor is the lessee of an adjacent property.

Afforestation Agreements

Parts of the property are subject to a Conservation Forest Agreement and the East Coast Forestry Project where the vendor received grants for the planting of forestry. The material points of those grants are that the land must remain in forestry and be replanted following harvest while the agreements are in effect. Since the Fund invests in forestry assets, these arrangements are not expected to impact the decisions or activities of the Fund.

Dwellings, Improvement and Property Inspections

The Te Koawa property includes two dwellings and other farm improvements. The improvements on the property were inspected by the Manager and its Forest Manager to ascertain the quality and state of the dwellings/buildings for resale purposes only. The property has been inspected by the Manager, its Forest Manager, and other independent experts for afforestation, valuation and feasibility purposes. However, the dwellings have not been subject to a certified builder's inspection.

Grazing

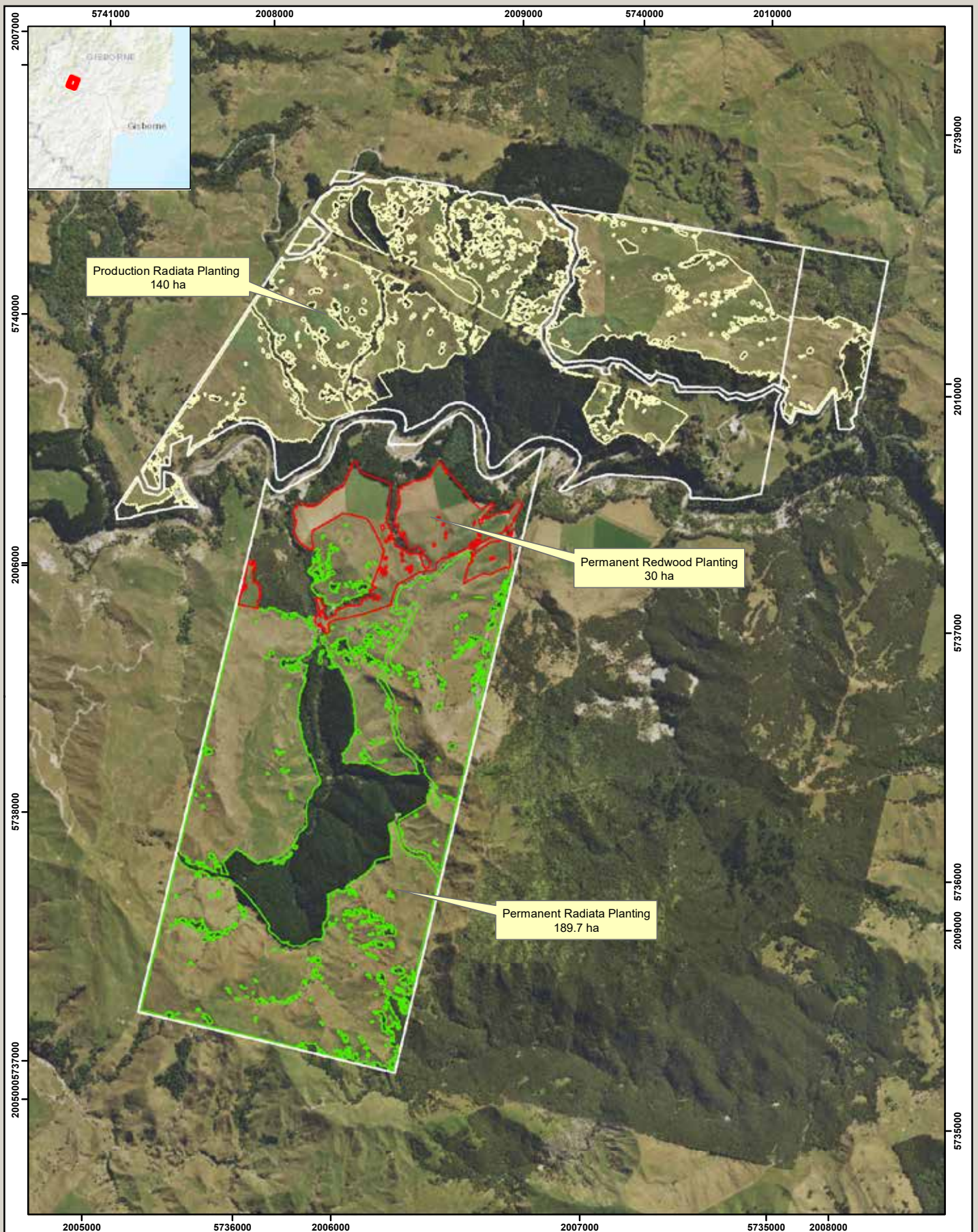
The vendor has the right to graze livestock on the property not planted in trees, the use of the farm buildings and to occupy the dwellings from the date of settlement to 31st May 2022 or a later date to be agreed between the parties, free of charge, provided the land and buildings are kept in a similar state as presented at the time of sale. The Forest Manager retains complete control of the grazing during this period and may introduce additional stock if required to prepare the land for planting.

A copy of the sale and purchase agreement, which includes the grazing right, is available on the offer register.

There are no other material rights or obligations held over the Te Koawa Station property, except a first ranking security interest granted to BNZ in respect of Fund borrowings (see **Section 2.3** below), should they arise.

The Te Koawa Station property is not subject to any option, buyback or similar arrangement.



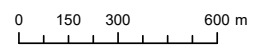


Te Koawa Station



- Production Radiata
- Permanent Radiata
- Permanent Redwood
- Cadastral

Gross legal - 602.7037 ha
Average Altitude - 304m



1:15,000

Coordinate System: NZ transverse mercator 2000

Map Printed: 12/10/2021



Matawai Hills

Description

Located very close to Eastland Port and other forest infrastructure, lending itself as a small but high performing property.

The property contains approximately 12 hectares of 1994 and 1997 plantings, forecast to be harvest in 2023. The remaining area of the property will be planted in almost 100 hectares of radiata pine for production forestry. The property will participate in the ETS under Carbon Averaging.

Address	2433 Matawai Road, Te Karaka, Gisborne
Distance to Port/Mills	31 kilometres Eastland Port
Size	131.31 hectares (subject to survey)
Purchase Price	Land & Improvements \$1,537,500 Treecrop \$172,500 Total Purchase Price \$1,710,000
Registered Valuation as at 17 January 2022	Land & Improvements \$1, 690,000 Treecrop \$277,000 Total Valuation \$1,967,000 plus GST, if any
Percentage change between Purchase Price and Registered Valuation	15.0%* <i>* Before fees and expenses have been applied. This figure does not provide any indication of the ongoing level of returns for the Fund or the ongoing valuation percentage change for this property or any other properties acquired by the Fund in the future. The Manager reserves the right to sell future properties to the Fund at market valuation.</i>
Forest Feasibility (Forecast Internal Rate of Return)	7.9%** <i>** This forecast has been provided by PF Olsen for the Matawai Hills property only and does not provide any indication of the forecast performance for the Fund.</i>

Access Arrangements

The vendor of the property has granted permanent access over the entrance way to the vendor's land (being retained) to offer substantial cost savings during the harvesting of the existing mature Treecrop and any subsequent harvest of the property. The property is subject to a formal Right of Way easement in favour of the vendor that creates access over the main track to a telecommunications tower that has been retained by the vendor. The easement is on standard terms and the vendor is obliged to maintain the track, reducing the expenses of the property.

Archaeological Sites

The Matawai property includes two identified archaeological sites on the property. Consents must be obtained if our forestry operations were to modify the sites. The areas are not significant in size and appropriate set-backs have been applied in the afforestation plans and the investment model places a contingency in case an archaeological survey is required.

Dwellings, Improvement and Property Inspections

The Matawai property does not include any dwelling. The improvements on the property do not attribute to the feasibility of the property for forestry purposes and therefore no building inspection was obtained. The property has been inspected by the Manager, its Forest Manager and other independent experts for afforestation, valuation and feasibility purposes.

Grazing

The property is purchased with vacant possession however, the Manager is in discussions with the vendor regarding the grazing of the land between settlement and the proposed planting of the land in the winter of 2022. The resulting negotiated grazing of the property may result in a rental paid to the Fund.

There are no other material rights or obligations held over the Matawai Hills property, except a first ranking security interest granted to BNZ in respect of Fund borrowings (see **Section 2.3** below), should they arise.

A copy of the sale and purchase agreement is available on the offer register.

The Matawai Hill property is not subject to any option, buyback or similar arrangement.

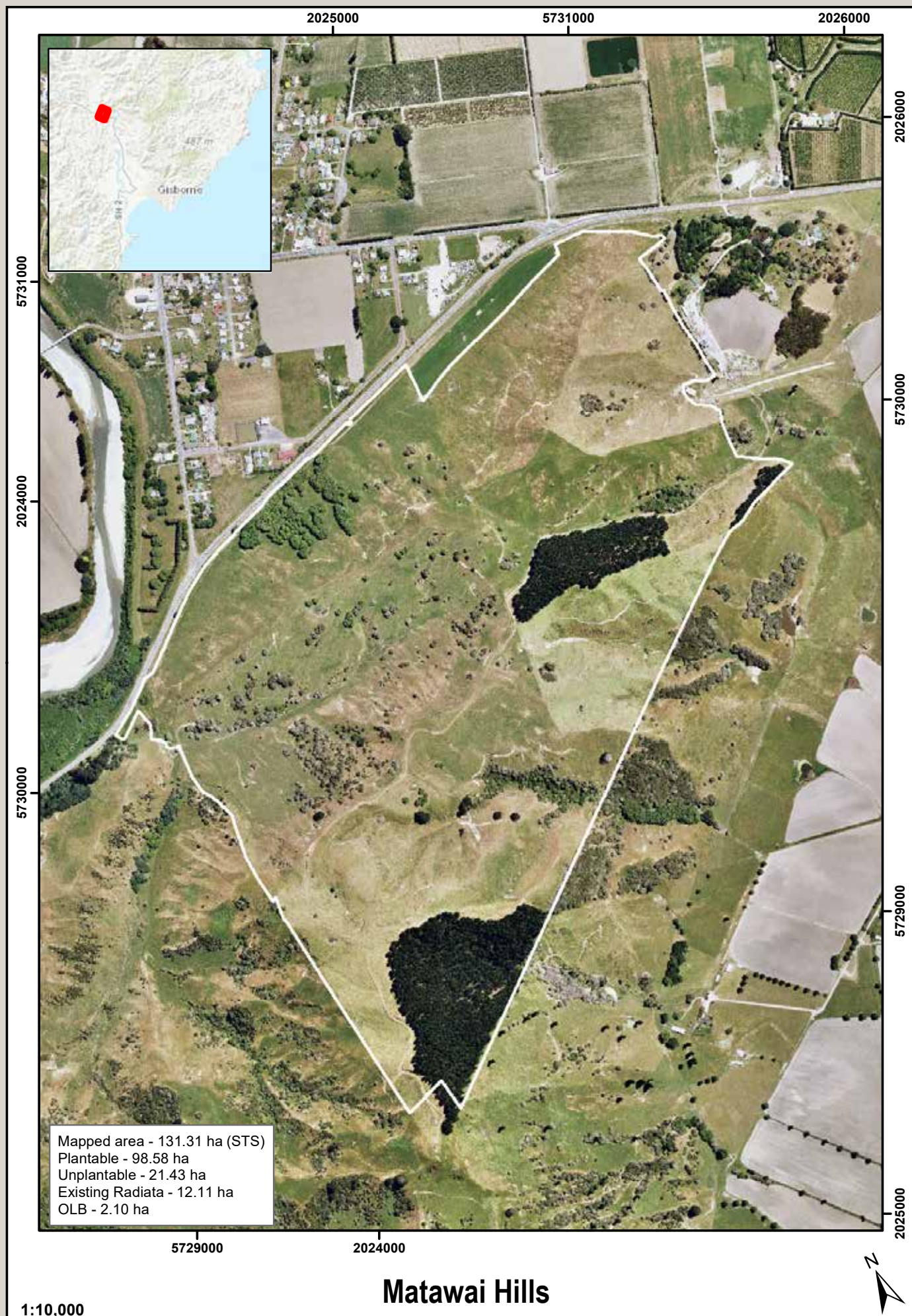
Forestry rights

As described on page 15, the Manager intends to arrange for the Custodian to create forestry rights in respect of the Founding Properties. The forestry right grants the Custodian, as holder, a right to establish, maintain, and harvest, or maintain and harvest, a crop of trees on the relevant land. The Custodian will generally act on the direction of the Manager when exercising these rights. The forestry rights will be granted for a period of 99 years, commencing on or about 1 April 2022. The terms of the forestry rights are available on the Fund's Disclose register.

As the time of each harvest approaches, the right to harvest the relevant Treecrop on the Founding Properties will be leased, and the Fund will receive lease payments from the lessee. Deeds of lease will be entered into with lessees at the relevant time.

The expected terms of lease are available on the Fund's Disclose register. Please also see **Section 4 - Related party benefits** for more information.





Independent Experts

The land and improvements of the Founding Properties have been valued by independent valuer, Logan Stone. Logan Stone adheres to International Valuation Standards.

The Te Koawa Station property valuation was prepared by Logan Stone adopting a value in-line with an 'Income (Discounted Cash Flow – DCF) Approach' described in the valuation report. This valuation assumes that there are no carbon liabilities associated with the land (on the basis that Carbon Credits associated with the land will be transferred with the land on sale) and that certain plantings will be entered into a permanent forest sink.

The Matawai Hills property valuation was prepared by Logan Stone adopting a value in-line with an 'As If Complete/ As Proposed' approach as described in the valuation report. This valuation assumes the subdivision to be completed by the vendor will be completed to the standard outlined and understood by Logan Stone and having regard to the current market conditions prevailing at the date of valuation. It is also based on the land being held within its own record of title and assumes that additional matters in respect of access rights and the eligibility of the land to be entered into the ETS will be satisfied.

Additional assumptions for the valuations were made by the valuers in undertaking the valuation and are set out in the Logan Stone reports. The Manager does not consider any of the assumptions made to be unreasonable or unusual market practice, based on its significant experience obtaining and considering such valuation advice.

The Treecrop valuation and feasibility for the Founding Properties has been provided by independent forest consultant, PF Olsen. PF Olsen follows the New Zealand Institute of Forestry (NZIF) Forest Valuation Standards. The valuations were prepared adopting a value in-line with an 'Income (Discounted Cash Flow – DCF)' approach described in the valuation reports. Assumptions for the valuations were made by the valuers in undertaking the valuation and are set out in the PF Olsen reports (including assumptions regarding costs to be incurred in connection with harvest, as set out in **Section 6** of the reports).

The forest feasibilities conducted by PF Olsen use market information, assumptions and forecast modelling to determine the costs, revenues and Internal Rate of Return across each Founding Property's expected life. The Internal Rates of Return contained in this PDS relate to each Founding Property only and do not provide any measure of the Fund's expected performance. The Manager does not consider any of the assumptions made to be unreasonable or unusual market practice, based on its significant experience obtaining and considering such valuation advice.

Logan Stone and PF Olsen have each consented in writing to their respective valuation reports and feasibility reports being used in this PDS and included in the Offer Register at www.disclose-register.companiesoffice.govt.nz (by searching 'Awatea Forest Fund').

2.3 Borrowings

Under the Trust Deed the Fund has the ability to borrow money. The level of borrowing is determined by the intended use of the funding. The Manager has split this into two categories:

→ 'Acquisition' borrowing: The Fund can borrow for the purposes of acquiring forestry properties, so long as total borrowings do not exceed 50% of the value of the Fund's total assets; and

→ 'Working Capital' borrowing: The Fund can borrow up to 20% of the value of its total assets for the purposes of funding the day-to-day expenses (including for the purpose of funding distributions, redemptions or paying fees) so long as total borrowings do not exceed 50% of the value of the Fund's total assets. This allows effective use of the Fund's capital and can assist with smoothing short term cashflows where the Fund has adequate forecast revenues. The Manager may determine to borrow to fund distributions or redemptions if it considered it was appropriate having regard to cashflow timing or smoothing of distributions or redemptions that it deemed sustainable with respect to future forecast revenues and expenses of the Fund. For example, there could be a large one-off expense such as thinning costs where it absorbs much of the revenues of the Fund in any one year. These costs would be forecast and the Manager may consider it appropriate to borrow to continue to fund distributions or redemptions across that period.

Any increase of principal borrowed by the Fund beyond the above limits will require the approval of the Supervisor. Borrowing may not exceed the amount specified in the SIPO for the Fund from time to time.

The Fund may borrow up to \$4 million to assist with acquiring the Founding Properties. A three-year facility for this amount, expiring on 20 November 2024, has been obtained through BNZ ('BNZ Facility'). Under the BNZ Facility, borrowings can be drawn down in portions bearing floating, capped, range or fixed interest rates, with interest charged as a single rate (the weighted average of the rates of the various portions). The indicative rate for borrowing, as at the time of the BNZ Facility offer is 3.29% p.a. The BNZ Facility provides for BNZ to be granted a perfected first ranking security interest over all properties of the Fund to secure borrowings. This means that repayment of the borrowings will rank in priority to the Units on a winding up of the Fund. BNZ will also be granted a first ranking mortgage over the Founding Properties. The Manager considers that refinancing after the three-year term of the BNZ Facility is likely to be needed for working capital requirements only.

The BNZ Facility is subject to a financial covenant requiring EBITDA (earnings before interest, taxes, depreciation, and amortisation) interest cover to be maintained at a minimum of 1.5x gross interest expense on an annual basis. It is also subject to reporting covenants and general standard conditions.

The level of borrowing under the BNZ Facility in respect of the acquisition of the Founding Properties will depend on the level of subscriptions received as at the initial issue date. However, the terms of the BNZ Facility require the Fund to, at minimum, hold borrowings of \$250,000 until November 2022. See **Section 2.1d - Purpose of the offer and how money raised will be used** for more information.

The Fund may borrow additional amounts or enter into other borrowing facilities from time to time provided it complies with the borrowing limits set out in the SIPO, as described above.

The details of any additional borrowings (including the size, term, lender, security, interest rate, and financial covenants) would be determined at the time of borrowing. Repayment of those borrowings would rank in priority to the Units on a winding up of the Fund.





3. Terms of the offer

Product on offer	Units in the Awatea Forest Fund, a Managed Investment Scheme which invests in forestry assets
Offeror	RDNZ
Opening Date	9 March 2022
Initial Issue Date	On or about 1 April 2022. Units issued on this date will be issued at the initial Unit price of \$1.00. After this, Units will be issued on a monthly basis at the most recently determined Unit Price prior to the issue date. See 'Unit Pricing' below for details.
Closing Date	There is no closing date as this is a continuous issue PDS. However, there may be times when no investor capital is sought. The Manager may close or suspend this offer or reject applications at any time. If the offer is closed or suspended the Manager will update the offer register. The most common reason for temporarily suspending the offer will be where the Fund has a surplus of cash awaiting investment. A permanent suspension may occur if the Manager believes the assets held have met the long-term investment strategy of the Fund where the forest area, and the long-term forecast cashflows of the Fund are such to generate regular disburseable income. This may happen between 3 and 5 years following the launch date.
Number of Units available for issue	Not limited. However, the Manager may determine to cease accepting applications and issuing Units at any time. Most commonly, this will be for the reasons set out above.
Units for sale	The Underwriter may be issued with Units in its capacity as underwriter of the offer. If this occurs, the Underwriter will actively endeavour to sell down its Units. To assist, the Manager may satisfy application requests by selling Units held by the Underwriter to subscribers, instead of issuing them with new Units. Units will be sold at the relevant Unit Price or, if the Underwriter agrees, a price below the relevant Unit Price at the Manager's discretion. The number of Units offered for sale by the Underwriter will depend on the level of underwriting in place from time to time.
Minimum investment	The minimum investment is NZ\$20,000, but you can invest in any number of additional Units in increments of NZ\$1,000.
Minimum Holding	The minimum holding is NZ\$20,000. Transfers and redemptions will not be processed if it will result in an Investor holding a number of Units that have a value of less than \$20,000.
Minimum Raise	There is no minimum amount to be raised under this offer. This is a continuous offer PDS and the Founding Properties of the Fund are fully underwritten by the Underwriter and third party borrowing.
How to invest	You may invest by completing the application form contained in this document after Section 12 .
Payment date	100% of the subscription amount is to be paid at the time the PDS application form is signed and returned to the Manager.
Subscriptions and issue of units	Subscriptions received by 5pm on 31 March 2022 will be processed and Units issued with effect on or about 1 April 2022. After this, any subscriptions received during a calendar month will generally be processed, and Units issued with effect on, the first business day of the following month. See below for more information. Investors will not receive interest on their subscription monies pending issue of Units.



How an investor can withdraw their investment from the Fund

The Fund has no fixed term and redemptions are limited in each quarter. The ways that an investor can withdraw from the Fund are as follows:

- 1) **By redeeming Units** – From 31 March 2024 (or another date determined by the Manager), the Fund may offer quarterly redemptions of Units. The Manager may, at its discretion, allow early redemptions if it is reasonably satisfied that an investor has suffered, is suffering, or is likely to suffer from financial hardship.

If redemptions are offered, they will be limited to the Quarterly Available Funds, which is:

- a) 1% of the Adjusted Net Asset Value per quarter (as calculated at the business day immediately before the date of the payment of the withdrawal request); or
- b) any other lower or higher amount, as determined by the Manager from time to time having regard to the future requirements of the Fund.

Withdrawal requests must be received before 5:00pm three business days prior to the end of the relevant quarter. Requests received after this time will be held over for processing in the next quarter.

If the aggregate value of withdrawal requests received during a quarter exceeds the Quarterly Available Funds, requests will be processed on a pro rata basis up to the Quarterly Available Funds limit. Any unsatisfied redemption requests will be carried over to the next quarter and will take priority over any new redemption requests received. This means that you cannot redeem your Units on demand and there may be delays in redeeming your Units if redemption requests exceed the Quarterly Available Funds or if there are outstanding redemption requests yet to be satisfied.

Withdrawal payments will be made within thirty business days of the relevant quarter end. The withdrawal amount paid will be calculated based on the Unit Price for the redeemed Units (see 'Unit Price' below).

The Manager may borrow up to 20% of the value of its total assets for the day to day operating of the Fund, including funding withdrawals. As withdrawals are not available until March 2024 there is no current borrowing facility in place to fund withdrawals. The Manager may enter into borrowing facilities from time to time provided it complies with the borrowing limits set out in the SIPO, as described in **Section 2.3 - Borrowings**. The details of any additional borrowings (including the size, term, lender, security, interest rate, and financial covenants) would be determined at the time of borrowing. Repayment of those borrowings would rank in priority to the Units on a winding up of the Fund.

The Manager may suspend redemptions at any time. If the Manager suspends redemptions, any outstanding withdrawal requests as at the date of suspension will be deemed to be cancelled. Subject to relevant law, the Manager may also 'side-pocket' certain assets of the Fund if it considers it is in the interests of investors generally to do so. For example, side-pocketing may be used to address liquidity or pricing issues in relation to a particular asset that might otherwise lead to the Manager suspending redemptions.

- 2) **Transfer or Sale of Units** - With consent of the manager an Investor may transfer their Units or offer them for sale to a third party, so long as minimum holding and other requirements set out in the Trust Deed are met.

Transfers and sales will be processed on a quarterly basis and will, unless the manager determines otherwise, be treated as an application for a withdrawal of Units and a subsequent application for an equal number of Units in the Fund.

If requested, the Manager may assist by facilitating the sale of Units to its wider investor base (known as the 'Secondary Market'). There is no established or guaranteed market for such sales and the Manager has no obligation to provide any such assistance.

- 3) **A Special Resolution of the Fund is passed to terminate the Fund and sell all investment related assets**

In addition, the Manager may require an investor to use their best efforts to sell their Units to a third party if the investor's participation in the Fund might have a material adverse effect on the Fund or might become or is likely to become illegal. In those circumstances, the Manager could alternatively redeem or void the investor's Units.

For further information about withdrawing from the Fund, refer to **Section 4 - How the Awatea Forest Fund works** and **Section 7 - What are the Fees?**.



Redemptions - Quarterly Available Funds	May be offered from 1 April 2024 (or any other date determined by the Manager) and will be limited each quarter to the Quarterly Available Funds (see 'How an investor can withdraw their investment from the Fund' above for more information).
Unit Pricing	<p>Unit Prices are generally determined quarterly, as at the last business day of each calendar quarter using the Net Asset Value of the Fund plus or minus any adjustments to take into account the Fund's policy of spreading establishment costs, capital raising costs and the cost of acquiring assets over time.</p> <p>The Net Asset Value of the Fund is calculated by subtracting the Fund's liabilities determined in accordance with Generally Accepted Accounting Principles (GAAP) from the value of the Fund's assets determined in accordance with GAAP.</p> <p>The Net Asset Value is adjusted to take into account the Fund's policy of spreading establishment costs, capital raising costs and the cost of acquiring assets over time, as set out in the Trust Deed. These adjustments are not reflected in the Fund's audited financial statements and management accounts.</p> <p>This results in the Adjusted Net Asset Value of the Fund which is then divided by the number of Units on issue to create a Unit Price.</p> <p>The Manager will generally determine the value of the Fund's assets on the basis it considers to be fair and equitable having regard to New Zealand's generally accepted accounting practice. See the Trust Deed for more information about the valuation methodology for specific types of assets.</p> <p>The Manager must determine the Adjusted Net Asset Value and the Unit Price more frequently if it or the Supervisor determines it to be necessary or desirable as a result of a material change to the Fund's assets and/or liabilities.</p> <p>The Unit Price will be set within 20 business days of the relevant valuation date, once valuation information has been received. Units will generally then be issued within five business days of the Unit Price being set, but with effect on the issue date. In practice, this means that where the Fund operates on a quarterly valuation cycle:</p> <ul style="list-style-type: none"> → where an issue date falls immediately after a quarter end date, Units will generally be issued within five business days of the Unit Price for that date being set; and → where an issue date falls on either of the other two months of the quarter, Units will generally be issued within five business days of the issue date. <p>More information on valuation and Unit Prices can be found in the Trust Deed.</p>
Distribution of Returns of the Fund	<p>It is the Manager's intention to make distributions each six months beginning 30 June 2024. Distributions are made at the discretion of the Manager and will only be made if the Manager determines it to be commercially sustainable. The Manager may also, at its discretion, make distributions ahead of this date.</p> <p>It is the intention of the Manager to acquire assets into the Fund in line with the strategy and objectives of the Fund in order to make six-monthly distributions from its core forest and carbon related activities.</p> <p>Distributions are expected to primarily arise from the lease payments at harvest and sale of logs and the sequestration and sale of Carbon Credits.</p> <p>Distributions may also be paid from surplus capital of the Fund or from borrowings, taking into account any future working capital requirements of the Fund and provided the Manager considers paying distributions from these sources is commercially sustainable over the life of the Fund.</p>



	<p>In determining the amount of the Fund (if any) to be distributed for any period, the Manager will take into account the following, in order of priority:</p> <ul style="list-style-type: none"> • Liquidity needs of the fund; • Cashflow requirements (fund level and property level included) for the operation of the fund in keeping with forecast expenses and revenues. This would include provisions for tax or auditor requirements; • Cashflow for redemptions; and • Cashflow for distributions. <p>The Manager can borrow up to 20% of the value of its total assets for day to day operating of the Fund, including funding distributions. The Manager may borrow to fund distributions if it considered it was appropriate having regard to cashflow timing or smoothing of distributions that are deemed sustainable with respect to future forecast revenues and expenses of the Fund.</p> <p>If the Manager determines that a cash distribution can be made, a distribution will be paid in the quarter following the relevant review date. In practice, this means that the Manager will review the Fund's position in June and December each year and that any distributions will be paid in Q1 and Q3 each year.</p> <p>Cash distributions will be paid to the investor's nominated bank account.</p> <p>The amount of cash distribution you receive will vary each period depending on the activities of the Fund and the mix of the operating profit and capital to be distributed, and the tax deducted at your Prescribed Investor Rate (PIR).</p> <p>The operating profit of the Fund is determined by the operating income less the operating expenses for the period in accordance with GAAP. Adjustments to the operating profit may be made for reasons such as building cash reserves, meeting working capital requirements, funding an acquisition, repaying bank borrowings, and funding redemptions.</p> <p>It is the Fund's policy to distribute up to 100% of the Fund's adjusted operating profit, as determined by the Manager, to investors over the medium term. The Fund may pay less than 100% of the adjusted operating profit when monies are required to fund redemptions, or cash reserves are required to be built up for a future event, such as planned capital expenditure for a directly owned property.</p> <p>When there are short term fluctuations in the Fund's income and expenses, in some circumstances the Fund may pay more than 100% of adjusted operating profit in a particular distribution period and/or fund cash distributions from the Fund's working capital. The Manager will only do so where this is commercially sustainable over the life of the Fund.</p> <p>The Fund has a DRP which allows you to have your cash distribution reinvested as Units while the Fund remains open. Details of the DRP will be provided to you once your subscription has been processed. A current copy of the DRP can be found on the offer register at www.disclose-register.companiesoffice.govt.nz. The Manager reserves the right to discontinue the DRP at any time.</p>
Trust Deed	<p>Further details on the key terms of the Fund and the Units can be found in the Trust Deed which can be found in the scheme register at www.disclose-register.companiesoffice.govt.nz.</p>



4. How the Awatea Forest Fund works

4.1 How the Fund works

Awatea Forest Fund is a Managed Investment Scheme. The Fund is structured to provide access to a commercial scale and diversified portfolio of New Zealand forest assets, generating regular returns from granting leases of the right to harvest the Fund's forests and/or the sale of Carbon Credits.

The Fund invests in forestry assets in line with its SIPO.

Bank funding may be used to assist with the acquisition of forestry property or for working capital requirements. In addition, an underwriting facility may be used to assist with the acquisition of forestry property.

Investors will acquire Units in the Fund. The Fund leverages the expertise and extensive track record of the Manager (RDNZ) and its related parties for sourcing, acquiring, and managing forest investments.

It intends to manage those assets with the intention of generating regular returns to investors and, to the extent returns are not distributed to investors, generate capital growth in the value of investors' Units.

Trust Deed

The Fund is established under a Trust Deed. The Trust Deed covers important matters relating to the functioning of the Fund. We recommend you read the Trust Deed and other important documentation, these documents can be found on the scheme register at www.disclose-register.companiesoffice.govt.nz.

The Manager

The Manager is responsible for the sourcing and acquisition of key Fund property and the day-to-day management and investment administration of the Fund. The Manager has appointed a forestry manager, FMNZ, to manage the day-to-day operations of the Fund's assets. The Manager's responsibilities and duties are set out in the Trust Deed which also sets out the rights and obligations of the investors, Custodian, and Supervisor.

Supervisor and Custodian

The Supervisor is appointed Supervisor of the Fund and agrees to act in respect of the Fund as trustee for the investors, and to hold the Fund's assets as the exclusive property of the Fund in trust solely for the investors, upon and subject to the terms and conditions expressed or implied in the Trust Deed and any legislation governing the Fund. The Supervisor has nominated Awatea Forest Fund Trustees Limited to be the Custodian and to hold the assets of the Fund.

Unit Holders

Investors are offered the opportunity to invest and hold Units in the Fund.

Each Unit confers equal rights and obligations on each investor, and each investor has the same voting rights per Unit in respect of matters that investors are entitled to vote on under the Trust Deed.

For more information about investor voting rights, please refer to the Trust Deed (which is available on the Scheme register at www.disclose-register.companiesoffice.govt.nz by searching 'Awatea Forest Fund' under 'search schemes').

4.2 Significant benefits of investing in the Fund

The significant benefits of investing in the Fund are:

- The ability to invest in a diversified portfolio of forestry assets of commercial scale targeting regular investment revenues that may not otherwise be available for the investor's level of investment;
- The ability to invest in forestry assets managed by RDNZ, with considerable experience and a long track record;
- Investor liquidity, in comparison to a forestry partnership, via the pooling of investment assets and investors, the ability to request redemption of Units, and the ability to seek to sell or transfer Units (including through the Manager's Secondary Market);
- A passive investment where the Manager and other key entities and personnel of the Fund manage the day-to-day management of the Fund, including administrative and operational requirements; and
- Economies of scale, the Manager and the Forest Manager manage a material amount of forest assets which allows for economies of scale when contracting forest Tending operations.

4.3 Related party benefits

Margin paid to FMNZ in relation to harvest

It is anticipated that FMNZ will harvest the Fund's forests under a lease of forestry rights granted to it. Once the time for harvest approaches, the lease will be entered into and FMNZ will make lease payments to the Fund in exchange for the right to harvest the Fund's Treecrops. The lease payments are expected to be calculated by subtracting the costs of harvest-related activity from the gross sale revenue received from the sale of the harvested Treecrop. FMNZ will also be entitled to keep a margin. The margin is currently expected to be 4.25% of net sale proceeds.

Fees potentially paid to Harvest Logistics Limited (HLL)

During the harvesting of the Founding Properties and any further properties harvested by FMNZ, FMNZ will engage certain contractors or service providers to facilitate harvesting. Fees payable to those contractors and service providers will be deducted from the proceeds of harvest, and



will therefore impact the calculation of the lease payments to the Fund. FMNZ may engage HLL, a related party of the Manager, for the coordination and transport of harvested logs. The fee for HLL's services is charged per tonne of logs and is expected to be between \$0.70 and \$1.00 per tonne depending on the complexity/scale and requirements of each individual forest.

Fees paid to RDNZ (or related parties) in relation to Forestry Funds

The Fund may invest in Forestry Funds issued or managed by RDNZ or a related party of RDNZ. RDNZ and its related parties may receive management and other fees from these Forestry Funds. The fees received are set out in the governing documents for each Forestry Fund. Copies of the governing documents can be requested from RDNZ.

Acquisition of property from Forestry Funds managed by RDNZ

The Fund may acquire property from Forestry Funds managed by RDNZ or a related party of RDNZ. This means that RDNZ or a related party may be involved in a transaction as both buyer for the Fund and seller for a Forestry Fund, and receive fees in connection with any such acquisition.

Acquisition of property from RDNZ (or related parties)

The Manager or a related party of the Manager may initially buy, or agree to buy, properties, which the Fund then purchases (either directly from the Manager or related entities or from the vendor by being nominated as purchaser) following satisfactory completion of the Manager's due diligence process. The Fund will acquire the Founding Properties from entities associated with the Manager for the purchase price.

The Manager reserves the right to sell any such properties to the Fund at market value, as assessed by an independent valuer. In these circumstances, the Manager or its related party will receive a benefit if the market value paid by the Fund is higher than the initial purchase price.

The Manager conducts all transactions with related parties on arm's-length terms and in accordance with the restrictions set out in the FMCA. The FMCA restricts managers from entering into transactions that provide for related party benefits to be given, unless they come under any of the permitted exemptions. In addition, RDNZ's Investment Committee has established a process designed to ensure compliance with those restrictions. Those processes include a requirement for any such transaction to be reviewed and confirmed by the members of the Investment Committee. **Please see the SIPO available on the scheme register at www.disclose-register.companiesoffice.govt.nz, for more information about related party transactions.**



5. Awatea Forest Fund’s financial information

The Awatea Forest Fund was registered on 1 March 2022, therefore there is no historical financial information available. The first period that the Fund will be reporting on will be the period to 31 March 2023. The Fund will provide six monthly updates to investors, this will include unaudited financial statements.

This section provides selected financial information about the Awatea Forest Fund. If you do not understand this sort of financial information, you can seek professional advice.

The Manager has not provided any prospective financial information for this offer. The Manager has, following careful consideration and after due enquiry, concluded that the provision of prospective financial statements would be likely to mislead or deceive potential investors with regard to particulars that are material to the offer. The Manager believes that it is not practicable to formulate reasonable assumptions on which to base prospective financial statements. The Manager has determined that for the reasons below it is not practical to provide prospective financial information:

- It is unknown how much money the Fund will raise under this continuous offer and when the money will be raised. At the end of the next 12-month period the Fund could be the same size or it could have grown. The amount of money raised will depend on factors out of the control of the Manager. It is very difficult to predict with any certainty the amount of money that will be raised.
- One of the purposes of this offer is to raise monies to purchase further forestry assets and pay the acquisition costs for these assets. The size and number of further forestry assets that will be acquired by the Fund will depend on the amount of money raised under this offer and the availability of suitable assets. However, the Manager’s intention is to acquire further forestry assets during the next two financial years, which are the periods for which prospective financial information would usually be required to be provided. It cannot be predicted at this time the size or return from these future forestry assets.
- As this is a continuous offer any prospective financial information would need to be updated whenever there are any material changes to the Fund. These would include investments in new forestry assets or substantial changes in the Fund’s income, expenses or the value of its assets.

Taking all the factors above into consideration the Manager believes that there are no reasonable assumptions on which the future expenses, income and assets of the Fund can be forecast. Therefore, the provision of prospective financial information would be likely to mislead or deceive Investors.

Gearing ratio

The gearing ratio tells you how much the Fund has borrowed (debt) as a portion of what it owns (assets). The gearing ratio is calculated by dividing the total interest-bearing liabilities of the Fund by total Fund assets. The higher the gearing ratio, the higher the risk to the Fund as it implies a higher portion of Fund assets will need to be applied to repay Fund borrowings. The gearing ratio has been calculated from information determined in accordance with GAAP. For the purpose of the gearing ratio, the aggregate valuation of the Founding Properties of \$10,634,000 has been used, consisting of the Logan Stone registered land, Carbon Credits and improvements valuation of \$10,320,000 and the PF Olsen registered Treecrop valuation of \$314,000.

Gearing ratio	
As at date the Initial Properties are settled into the Fund (expected to be on or about 1 April 2022)	37.6%

At the date of the Fund’s registration, the Fund will not yet own the Founding Properties and therefore will not have any borrowings. At the time both Founding Properties have settled into the Fund, scheduled on or about 1 April 2022, borrowings may rise to a maximum of 37.6% of the value of the Fund’s assets.

Borrowing profile

Refer to borrowings in **Section 2.3 - Borrowings** for more information on Fund borrowings, both in relation to the acquisition of the Founding Properties and more generally. If the maximum amount of \$4,000,000 is borrowed to assist with the acquisition of the Founding Properties, the Fund’s borrowing profile (which shows when these borrowings are due for repayment) is as follows:

	As at the date the Founding Properties are settled into the Fund (expected to be on or about 1 April 2022)	20 November 2024 (Facility termination date)
Borrowings	\$4,000,000	\$0
Repayments	\$0	\$4,000,000

The Fund’s actual borrowing profile and the time at which borrowings are repaid will be subject to change depending on the level of investor subscriptions and the acquisition of additional Fund property. However, total borrowings cannot exceed the value of 50% of the Fund’s assets.



6. Risks to returns from the Awatea Forest Fund

No investment is without risk. The following table outlines the risks that the Manager is aware of that exist or are likely to arise that significantly increase the risk to returns for investors.

The circumstances described below do not take into account the personal circumstances, financial position or investment requirements of any prospective Investor. Therefore, it is important for you to consider the suitability of an investment in the Fund in light of your individual risk profile for investments, investment objectives, personal circumstances (including financial position and taxation issues).

The Manager strongly recommends that you consider the following risk factors thoroughly, in conjunction with the other information in the PDS, before investing in this Fund.

Risk Management Philosophy	
Risk	Risks in relation to the Fund
Liquidity Risk	<p>Investors may have the ability to redeem Units on a quarterly basis after 31 March 2024 (or another date determined by the Manager). Any redemptions offered will be limited to the Quarterly Available Funds (as defined on page 23).</p> <p>If redemption requests exceed the Quarterly Available Funds, redemptions will be processed on a pro-rata basis up to the limit of the Quarterly Available Funds. Any remaining redemptions will be processed in the following redemption period (to the extent possible given the Quarterly Available Funds limit).</p> <p>If the Manager deems there is insufficient funds or the future obligations of the Fund are such that it does not warrant making redemptions, the Manager may suspend redemptions. Units would not be redeemed until the suspension was lifted.</p> <p>The majority of the Fund's underlying assets (land and Treecrop) are illiquid. This means that your ability to redeem Units is limited and there is a risk that you will be unable to withdraw your investment when you want to.</p> <p>Mitigating Factors</p> <p>A Fund, by nature, and when compared to a forestry partnership, establishes liquidity through the pooling of assets and the pooling of investors' money. The Fund has the ability to borrow to smooth operating cashflows or to pay distributions or redemptions if the Manager deems this to be sustainable over the life of the Fund. The Manager may also choose to help facilitate sales of Units via its Secondary Market.</p>
RDNZ assessment of the likelihood of circumstances arising	<p>MODERATE RISK</p> <p>Investors may seek a large amount of redemptions in a short period that could exceed the Quarterly Available Funds</p>
RDNZs assessment of the impact should the circumstance arise	<p>MINOR IMPACT</p> <p>Investors request to redeem may be transferred to a later redemption period. Alternatively, the Manager has the ability to borrow to fund redemptions if it considers it commercially sustainable. The Manager can also assist facilitate sales via the Secondary Market.</p>



Reduction in distributions	<p>It is the Manager's intention to make distributions each six months beginning 30 June 2024. Distributions are made at the discretion of the Manager and will only be made if the Manager determines it to be commercially sustainable.</p> <p>There is a risk that distributions may be less frequent than expected if the Fund needs to retain cash for operating expenditure. The amounts distributed will also vary depending on the activities of the Fund. There is also a risk that distributions may be suspended if the Fund has insufficient cashflow to make distributions.</p> <p>Mitigating Factors</p> <p>While it is part of the Fund's investment objective to generate regular returns to investors; forestry investment, traditionally, generates lumpier returns than other asset classes. The target asset allocation across forestry and carbon eligible investments provides the ability to manage operational revenues and cashflows on a much more consistent basis. The Manager intends to source and acquire assets with the intention of continual revenue generation. At times where it is not possible to pay distributions, the Fund's performance may remain positive due to natural biomass growth of the forests, likely resulting in capital enhancement.</p>
RDNZ assessment of the likelihood of circumstances arising	<p>MODERATE RISK</p> <p>Cashflows from carbon and harvest are not fixed and the net income of the fund may vary from cashflow assumptions and forecasts, determining the way in which cashflows are utilised across the funds activities.</p>
RDNZs assessment of the impact should the circumstance arise	<p>MODERATE IMPACT</p> <p>It is a primary objective of the fund to pay regular (six monthly) distributions. In some instances distributions may be less or non-existent. However, forestry includes natural biomass growth which tends to result in asset appreciation (capital enhancement), another primary objective of the fund.</p>
Bank funding, Interest rate and refinancing risks	<p>The Fund may have exposure to the following types of bank funding (borrowing):</p> <ol style="list-style-type: none"> 1) Acquisition borrowing to fund the initial capitalising of the Fund and subsequent key property acquisitions; and 2) General Business borrowing to fund the day-to-day activities of the Fund and to smooth cashflows. <p>If insufficient investor capital is raised to repay bank funding, then the Manager may need to renegotiate the terms of the loan. The gearing of the Fund may in turn remain higher than anticipated or interest rates may move, giving risk to the Fund's ability to repay any funding held, as well, adverse movements to the value of the Fund may put banking covenants in jeopardy.</p> <p>Mitigating factors</p> <p>The Fund intends, on a day-to-day basis (post-establishment phase), to carry a relatively low amount of gearing. The Manager draws on its experience when considering the potential impact of changes to the Fund's financing requirements. Active management of the Fund's finances with respect to obligations and future cashflows helps to minimise those potential impacts.</p> <p>The Manager has the ability to fix or float interest rates on borrowed money and may take advice on interest rate strategies. The Manager may use interest rate hedging to partially mitigate interest rate risk.</p> <p>In the unlikely situation that the Fund was unable to refinance its debt, it could sell some of the Fund's investments to cover those obligations.</p>
RDNZ assessment of the likelihood of circumstances arising	<p>MODERATE RISK</p> <p>These risks are hard to determine for the Fund. However, the Manager has a strong track record for the management of financing, as well, working capital borrowings are restricted to a relatively low gearing (20% of the value of the Fund's total assets).</p>



RDNZs assessment of the impact should the circumstance arise	MINOR IMPACT Working capital borrowing is restricted to a relatively low gearing alleviating the impact of higher interest rates or the risk of bank funding and refinancing.
Property Valuation Risk – Change in Unit Price	Properties owned by the Fund are valued on an annual basis. This means that the unit price may increase or decrease significantly once the annual property valuations are complete. The value of any Forestry Fund interests the Fund invests in are likely to experience similar annual adjustments, which will impact the Fund's unit price. Mitigating Factors This is a timing factor that investors need to be aware of when making decisions about applying for, or redeeming, Units.
RDNZ assessment of the likelihood of circumstances arising	HIGH RISK Investment in forestry is an investment in land and tree assets. The Fund targets a high percentage of land that is eligible under the Emissions Trading Scheme. The sale of carbon credits results in a depreciating carbon premium applied to the land. Despite this, the Fund targets capital appreciation and subsequent Unit price appreciation via the growth of tree assets.
RDNZs assessment of the impact should the circumstance arise	MODERATE IMPACT Depreciating land valuations are factored into investment models and valuations, and so a depreciating land value is expected over time. However that depreciation in land value is realised in the sale of carbon credits and likely distribution of funds. As well, the natural biomass growth of the forests are expected to more than offset the impact on Unit price over the medium term.
Forestry related risks	
Market risk – log markets	There is the risk that the demand for logs decreases over time, which would decrease the price paid to the Fund by harvesters for the right to harvest the Treecrops. The log price for all log grades is set by log exporters each month. If demand for logs was lower, then there would be a lower log price for all harvesting forests, including the Fund's forests. A reduction in log price (and corresponding reduction in lease payment) will directly influence the profitability of the investment. Two possible risks affecting log prices are the events of Covid-19 and the supply of salvaged European Spruce from windstorms and the Spruce Bark Beetle into markets where New Zealand predominantly exports. Mitigating factors The Manager's view is that changes in log prices are driven by supply and demand and it is also possible that prices will increase equating to a better than estimated return on your investment. World population growth and increasing GDP per capita often correlate with higher demand for wood products. In the near term the Manager is mindful of the impact from Covid-19 and supply of European Spruce (wind and disease damaged) into export markets that New Zealand supplies to. The lessee of each forestry right (primarily expected to be the Forest Manager) controls the harvest of the Treecrop. However, the Manager has the ability to intervene in certain circumstances if it considers it necessary or desirable. For example, by directing the Forest Manager not to harvest during times of adverse log prices and to instead leave the forests to grow.
RDNZ assessment of the likelihood of circumstances arising	LOW RISK Forestry investment is long term by nature. Demand for wood products is tied to GDP per Capita, population growth, and urbanisation. As well, the long-term outlook for log supply is diminishing globally.
RDNZs assessment of the impact should the circumstance arise	MODERATE IMPACT Over the long term the Fund will source approximately half of its income from the harvest of logs. A sustained downturn in log prices would impact present and future harvest returns.



Market risk - Emissions Trading Scheme (ETS) risks	<p>The risk associated with the ETS, legislation relating to the ETS, and Carbon Credit prices. The Fund is forecast to sell Carbon Credits on the Founding Properties. It also expects to sell Carbon Credits on any further Greenfield Production Forestry property or Greenfield Permanent Forestry property it acquires. If the market changed or ceased to exist, then there is a risk to returns from the investment. If there was no market to sell Carbon Credits (i.e. legislation changes) then the value of the Fund's assets, and the revenue generated from its assets, would decrease significantly however, most of the Fund's forests would still be harvested and receive revenue from log sales.</p> <p>Mitigating factors</p> <p>The Fund has flexibility of timing of Carbon Credit sales and options available to forward sell Carbon Credits. The New Zealand Government has also made global commitments, via the Paris agreement, to reduce emissions and plan to be carbon neutral by 2050. In addition, the Emissions Trading Reform Act received royal assent on 22 June 2020, which will result in the changes outlined on page 14. These changes confirm the current Government's strong commitment to the ETS and more certainty around the longevity of an ETS.</p> <p>It is the Manager's view that both New Zealand's and the international push for environmental reform and emissions management will benefit the forestry sector which is proven as the most cost effective sequester of carbon dioxide.</p>
RDNZ assessment of the likelihood of circumstances arising	<p>MODERATE RISK</p> <p>Despite the Emissions Trading Scheme being political, there are clear long-term goals to reduce emissions and afforestation plays a key role. The Climate Change Commission suggests further carbon price appreciation is required to create behavioural change to reduce emissions.</p>
RDNZs assessment of the impact should the circumstance arise	<p>MODERATE IMPACT</p> <p>Over the long term the Fund will source approximately half of its income from the sequestration and sale of carbon. That income is expected across the first 15 to 20 years of the life of the Fund and if the carbon market changed or ceased to exist that would materially impact the ability of the Fund to make distributions.</p>
Identification and Acquisition of additional Properties for the Fund	<p>The Fund intends to build a significant and diversified portfolio of forestry assets in addition to the Founding Properties described in this PDS. There is a risk that suitable assets do not present themselves or the Fund fails to acquire those assets. Returns may be negatively impacted if the Fund holds significant amounts of cash pending acquisition of suitable forestry assets.</p> <p>Mitigating factors</p> <p>The market for additional forest properties is considered to be large with approximately 1.7 million hectares of plantation forestry in New Zealand and around 8 million hectares of other farmland in New Zealand. This provides a large pool of potentially available assets to the Fund.</p> <p>The Manager also has considerable experience with identifying and acquiring forest properties and will leverage this experience when making investments on behalf of the Fund.</p> <p>In the event that the Manager cannot source forest properties that meet the investment strategy and objectives as set out in the SIPO, the Manager may temporarily close or suspend the issue of Units in the Fund while additional capital is being placed.</p> <p>If a significant amount of cash is held, the Manager may determine to utilise that cash by, for example, repaying any Fund borrowings.</p>
RDNZ assessment of the likelihood of circumstances arising	<p>LOW RISK</p> <p>There is a deep pool of plantation forest assets and farmland suitable for afforestation. The Manager has a strong track record for sourcing properties suitable for its many investor and investment categories.</p>



RDNZs assessment of the impact should the circumstance arise	<p>MODERATE IMPACT</p> <p>In the event the Fund could not acquire additional properties then it can temporarily close or suspend the issue of Units so to minimise the impact to its Investors returns. The inability to acquire further properties could however impact the nature of cashflows relative to the overall intention of the Fund.</p>
Crop risks	<p>There is a risk that the yield from the Treecrops will be less than expected, which in turn would reduce the amount paid to the Fund by a lessee for the lease of the right to harvest the Treecrop. As well, the risk of unfavourable factors such as climate changes, storm damage, disease, erosion, site contamination, pest, fire, and natural disasters can all impact on investor returns.</p> <p>Mitigating factors</p> <p>Some of these risks are minimised by careful and comprehensive forest management in line with conditions of resource consent and/or best practice guidelines under the National Environmental Standards for Plantation Forestry (NES-PF). The forest feasibilities provided by the independent consultant include attrition factors (5% of yield) to allow for loss of volume that could be caused by risks associated with storm damage, erosion, disease etc.</p> <p>In addition, the Manager currently ensures that substantial insurance cover is in place to reduce the risk in respect of fire and wind damage to the Treecrop. The Manager will continue to ensure that the Fund's forests are insured for so long as it considers doing so to be appropriate, taking into account the nature and scale of the Fund's operations and the availability and pricing of relevant insurance cover. The Manager may utilise group self-insurance or collective insurance arrangements, including with related parties, for this purpose.</p> <p>New Zealand's border control and risk mitigation strategies for threats of disease lower the risk of a disease spreading throughout New Zealand plantation forests. The stabilising factor that tree root systems generally have on the land also assists in mitigating erosion risk.</p>
RDNZ assessment of the likelihood of circumstances arising	<p>MODERATE RISK</p> <p>The analysis of forest growth rates are handled independently and assessed relative to the Managers own analysis and experience. In the absence of unforeseen circumstances the Manager expects the treecrops will perform in line with expectation. It is also the Manager's experience that unforeseen circumstances do not arise often.</p>
RDNZs assessment of the impact should the circumstance arise	<p>LOW IMPACT</p> <p>While there could be varying degrees of treecrop risk to impact a forest, the Fund invests across a diversified range of assets so as to decrease the risk of a treecrop to the Fund as a whole.</p>
Operational risks	<p>There are many operating costs involved in managing forests. Increased costs could be payable as a result of inflation, changes to compliance, regulations, and taxation. Any of these changes can influence the future funding requirements and returns of the Fund. In addition, harvest-related costs will impact the lease payments received by the Fund from harvesters.</p> <p>Mitigating factors</p> <p>Changes in operational costs are inevitable due to the long-term nature of forestry investment.</p> <p>The scale of the Manager's forestry investments and the strong relationships that the Manager has with service providers across all facets of forest investment ensure that operational risks are minimised for the Fund.</p> <p>More efficient monitoring technologies will help mitigate the increasing compliance costs. In addition, rights to harvest are leased to parties the Manager considers are able to conduct harvesting in an efficient manner.</p> <p>Cost inflation will likely be mitigated by revenue inflation.</p> <p>The Manager adheres to strict investment criteria to minimise risk and maximise investor returns. For more information on the Manager's investment criteria, see the SIPO available on the Offer Register.</p>



RDNZ assessment of the likelihood of circumstances arising	<p>MODERATE RISK</p> <p>The risk of cost, compliance, regulatory and tax increases are felt across most investment classes including primary industry.</p>
RDNZs assessment of the impact should the circumstance arise	<p>LOW IMPACT</p> <p>While there is a moderate risk to operational cost increases, careful management and the ability to utilise windows of strong log prices can offset the impact of those operational risks.</p>
Counterparty risks	<p>The risk that service providers and related parties will fail to perform their services or make good on contractual obligations. For example, lease payments owed to the Fund will be paid by lessees monthly in arrears.</p> <p>Mitigating factors</p> <p>The Manager only deals with well reputed service providers and harvesters. Under the FMCA the Manager remains liable for the performance of the functions and services it contracts out to FMNZ.</p>
RDNZ assessment of the likelihood of circumstances arising	<p>LOW RISK</p> <p>The Manager remains actively involved in the day to day fund operations, and where possible, reduces the risk by using multiple counterparties.</p>
RDNZs assessment of the impact should the circumstance arise	<p>LOW IMPACT</p> <p>Only a small proportion of the Fund (the Funds' assets) will be subject to counterparty risk at any one time.</p>

Should the risks stated above eventuate and not be properly managed, they may have the potential to adversely affect returns.

The Manager has taken, and will continue to take, all reasonable steps to minimise these risks.

Potential investors should consider all the information in this PDS, including those risks stated above, before deciding whether to invest in the Fund.



7. What are the fees?

The fees and expenses charged in respect of the Fund are set out below. All fees are listed exclusive of GST, which is payable if applicable.

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 unders 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 data-bbox="544 1198 1370 1541"> <tr> <th>Total Assets</th><th>Annual Base Fee, plus any GST (per annum)</th></tr> <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> </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	<p>Initial registration and other fees and levies charged by the relevant government department and the FMA, estimated to be \$10,000.</p> <p>Annual fees charged by relevant authorities for filing annual reports and financial statements estimated to be \$3,000 per annum.</p>
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 FMCA. 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	<p>→ 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.</p> <p>→ 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;</p> <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.

The ‘Fund fees and expenses’ outline the fees and expenses that are incurred by the Fund on a recurring or when applicable basis. As described in ‘Unit Pricing’ on page 24, adjustments to Fund’s Net Asset Value are made to take into account the Fund’s policy of spreading establishment costs, capital raising costs and the cost of acquiring assets over time. This means that these costs, including the acquisition fee, brokerage fees, due diligence costs, and legal costs will be gradually written off on a “straight line” basis over five years from the time an asset is acquired. Please see the Trust Deed for further detail.

A brief description of some of the fees in the above table can be found below:

Manager’s fees

- Property acquisition fee – Fees paid to the Manager in respect of every property acquired by the Fund.
- Administration Fees and Expenses: A fixed fee payable to the Manager on a monthly basis for administering the Fund, and an hourly charge for out-of-the-ordinary work undertaken.
- Management Fee: A recurring fee calculated on the aggregate value of the Fund’s assets, paid quarterly in arrears to the Manager for managing the Fund and the assets held by the Fund.
- Performance Fee: The Manager is entitled to be paid a performance fee to reflect out-performance of the hurdle rate.



The hurdle rate of return is 5% per annum plus CPI inflation. CPI inflation will be applied on a quarterly basis upon publication of the relevant CPI data. The hurdle rate of return will be adjusted accordingly where any relevant period is less than 12 months. The performance fee is of an amount equivalent to 20% (plus any GST) of any outperformance. The relevant periods over which performance will be measured for the purpose of calculating any performance fee payable are:

- the period commencing on the date of settlement of the Fund's first property and ending on 31 March 2023; and
- after the above initial period, each financial year.

If the Fund is wound up part way through a relevant period, the relevant period will instead end on the date of termination of the Fund.

The Fund applies a high water mark. A 'high water mark' is the highest value that the Fund has achieved on previous performance fee calculation dates (after taking into account any distributions paid). The Fund's performance must reach the high water mark before the Manager can charge a performance fee. A high water mark ensures that if a manager loses money over a period, they must achieve investment returns above the high water mark before receiving a performance fee.

No market indexes for unlisted forestry schemes are currently available to be used to measure the Fund's performance. If an appropriate market index is published in the future, the Manager may use that market index with the Supervisor's agreement. In the absence of a market index, the Manager believes that a hurdle rate of return of 5% per annum plus CPI inflation per Unit is an appropriate benchmark to measure the Fund's performance as it is in line with the long term discount rates applied by independent forest consultants when valuing forestry assets and, in the Manager's considerable experience, reflects a typical Internal Rate of Return aspired to by the Manager when offering forestry investments.

Performance fee example

This example is provided for information purposes only, to illustrate the calculation of the performance fee. Actual results are likely to vary significantly from those set out in this example.

The performance fee is calculated based on the change in Unit value as at the last business day of the relevant period ('Closing Unit Value') when compared to the Unit value as at the last business day of the previous relevant period ('Opening Unit Value'). Any distributions paid over the relevant performance period are added to the calculation for the purpose of determining the Unit value. The percentage capital return is determined by dividing the difference between the Opening and Closing Unit Values by the Opening Unit Value.

The example below assumes that the Fund has met or exceeded the high-water mark.

Performance Hurdle Rate of Return Calculation:

- Performance fee base rate of return 5.0%
- Consumer Price Index (CPI) Inflation adjustment for relevant period 2.0% (being the aggregate of the CPI inflation adjustment for each quarter)
- Total performance fee hurdle rate of return for relevant period 7.0%

Performance fee percentage of excess return above hurdle 20%

Opening Unit Value \$1.00

Closing Unit Value \$1.04

Distributions within performance period (per Unit) \$0.04

Average monthly Adjusted Net Asset Value over the relevant performance period \$20,000,000

Fund Performance Formula: (Closing Unit Value – Opening Unit Value + Distributions) / Opening Unit Value

Fund Performance Example: $(\$1.04 - \$1.00 + \$0.04) / \$1.00 = 8\%$

Performance in excess of Hurdle: $8\% - 7\% = 1\%$

Performance Fee: $1\% \times \$20,000,000 \times 20\% = \$40,000$



Any performance fee will be paid in arrears within 20 business days after the date that the Fund's audited financial statements for the relevant period are lodged. If the Fund is unable to pay the performance fee in cash, borrowings may be used or the fee may be satisfied in whole or in part by the issue of Units to the Manager.

- **Property disposal fee** – A percentage fee charged based on the gross sale price upon a sale of a property or any part of a property (including as a result of a subdivision). This fee is only charged if property is sold.
- **Fund wind up fee and manager termination fee** – A percentage fee charged based on the aggregate value of the Fund's assets. This fee is only payable if the Fund is wound up or if RDNZ is removed as manager.
- **Fees payable in Forestry Funds** – These fees represent the Fund's share of any fees payable under the governing documents of any Forestry Fund the Fund invests in. These fees are not directly payable by the Fund.

Associated person's fees

- **Carbon Credit Sales Commission fee** – Payable to FMNZ for administering the sale of Carbon Credits.
- **Administration Reimbursements** – Payable to FMNZ for out-of-the-ordinary work undertaken.
- **Brokerage fee** – 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. This fee may be paid to a third party.
- **Finance expense recovery** – 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.
- **Underwriter's fee and expenses** – this fee will vary depending on the number of Units agreed to be underwritten from time to time, and the length of time it takes the Underwriter to sell down underwritten Units.

Other persons' fees and expenses

- **Forestry expenditure** – Payable in respect of costs associated with establishing and maintaining the forest. The amount of expenditure varies considerably depending on the operations being carried out in the forest – especially in years where forest establishment and Tending take place.
- **Insurance fees** – Payable in connection with insurance to cover fire, windthrow and public liability.
- **Supervisor fees** – Payable to the Supervisor for acting as the Fund's supervisor and monitoring the Fund against the Trust Deed. The annual base fee is calculated and accrued quarterly on the basis of the Fund's total assets as at the last business day of each quarter, and is paid quarterly in arrears.
- **Accounting and audit fees** – Accounting and audit requirements for the Fund.
- **Interest charges and bank loan facility fees** – Payable to BNZ and any other lender under the terms of the Fund's banking facilities in place from time to time.
- **Regulatory fees** – Annual fees charged by relevant authorities for filing annual reports and financial statements.
- **Council rates and levies** – Payable to local councils and authorities for land ownership and other operational requirements.
- **Legal fees** – Legal fees are paid by the Fund for legal advice in relation to the Fund. Fees are also paid for legal advice in connection with legal due diligence, conveyancing and settling of Fund properties.
- **Independent consultancy fees** – Fees will be paid to consultants for forest feasibility including inspections, modelling and cashflow analysis. These fees will be incurred each time the Fund seeks to acquire properties.
- **Valuation fees** – Fees will be paid to consultant(s) for valuing the land, dwellings, improvements and any tree crop on land owned by, or to be acquired for, the Fund.
- **Other possible fees and expenses** – These fees and expenses (as disclosed in the above table) may be incurred from time to time depending on the activities of the Fund.

The Manager may incur and pay fees, expenses and disbursements meant for the Fund from its own account and claim recovery of those fees or expenses from the Fund. Common practice is for the Fund to be invoiced for fees and expenses in the month that the service occurred and to pay such fees and expenses in the following month. Any deferral of payment by the Fund to the Manager or its associated persons may be charged for at a fair and reasonable rate.



Other fees chargeable to Investors

'Other fees' are fees charged to Investors in respect of specific actions, irregular processes, or occurrences involving the relevant investor's Units. A description of these fees can be found in the table below.

Other fees – charged to Investors if applicable	
Secondary market fee	Up to 2.5% of the sale value of any Units sold, where the sale has been facilitated or administered by the Manager through its Secondary Market process.

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

The fees detailed above are all payable under the Trust Deed. These fees 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.

In addition to the above, the Manager may adjust its Fund management fee and/ or its administration fees and expenses to reflect any change in the Consumer Price Index (CPI) for the 12 month period ending 30 June each year. Any such adjustments will take effect from 1 July in the relevant calendar year.

The fees charged by the Forest Manager 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.

The Manager may elect to receive Units instead of payment in cash of any fees payable to it from the Fund. Any such issue of Units will be issued on the basis agreed with the Supervisor from time to time.

The fees payable in relation to any Forestry Funds the Fund invests in can be changed by amending the relevant Forestry Funds' governing documents.

How other person's fees can be changed

The Supervisor may adjust its annual base fee to reflect any change in the CPI for the 12 month period ending 30 June each year. Any such adjustments will take effect from 1 July in the relevant calendar year. The Supervisor may also increase its fee with the agreement of the Manager and after giving investors at least 90 days' prior notice.

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.



8. Tax

Tax can have significant consequences for investments. If you have any questions relating to the tax consequences of this investment, you should obtain professional advice on those consequences.

The Fund is a portfolio investment entity (PIE). The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to the Inland Revenue Department's Internet site www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates.

If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. It is your responsibility to tell the Manager your PIR when you invest, or if your PIR changes. If you do not tell the Manager, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR, you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

You must also provide the Fund with your Inland Revenue Department (IRD) number in order for the Manager to be able to process your application.

PRESCRIBED INVESTOR RATE (PIR)

Your advised PIR is the tax rate that the Fund will use to calculate the PIE tax payable on the income the Fund allocates to you. For natural persons, your PIR is based on your net taxable income in one of the two previous tax years, if you are a NZ tax resident. If you are investing jointly, with another investor, you will need to provide each joint investor's IRD number and PIR to the Fund. There are also special PIR rules for new and transitional tax residents.

There are four PIRs available to New Zealand resident investors, being 28%, 17.5%, 10.5% or 0%. By way of brief summary, the following PIRs are available for different entities:

Companies – 0%

Trusts – 28%, 17.5%, 10.5%, 0%

Individuals – 28%, 17.5%, 10.5%

Charities and PIEs – 0%

Non-New Zealand residents – 28%
(subject to certain exceptions)

DISTRIBUTIONS

As the Fund is a PIE status, distributions from the Fund would not separately be subject to tax on the basis that the Fund will calculate and pay tax to the Inland Revenue on Investors' advised PIRs (discussed below). Further, there should be no withholding tax on distributions to non-resident investors. If the Fund does not maintain its PIE status then any distribution will be a taxable distribution. In such a scenario, for New Zealand resident investors, any imputation credits attached can be used to reduce or offset the Investor's tax liability. And in the case of non-resident investors, distributions would be subject to the non-resident withholding tax regime (including the supplementary distribution and foreign investor tax credit and any applicable Double Tax Agreement rates).

DEDUCTION OF PIE TAX

The Fund will calculate and pay tax to the Inland Revenue based on Investors' advised PIRs. Secondary market Unit sales are restricted to the end of each month to enable PIE income to be attributed to, and PIE tax to be calculated, based on an Investor's unitholding for the entire month. Any PIE tax calculated will generally be deducted from Investors' distributions, to discharge the Investor's tax liability.

Investors will be advised of their allocation of PIE taxable income and PIE tax paid on their behalf each year by the Fund.

MAINTAINING PIE STATUS

To ensure that the Fund maintains its PIE status, the Fund must, among other things:

- have a minimum of 20 Investors (this minimum requirement does not apply if an Investor is a PIE or is a certain other qualifying investor type);



- ensure that no Investor owns 20% or more of the Fund (unless an Investor is a PIE or is a certain other qualifying investor type);
- not hold voting interests in a company of 20% or more (unless that company is a PIE or land investment company, or other qualifying investment type, and subject to certain exceptions);
- ensure that 90% of the income is derived from a lease of land (i.e. rental income from unrelated tenants, including leases of forestry rights), interest, distributions and / or the proceeds from the disposal of property; and
- ensure that 90% of the asset value is held in either land (i.e. property assets), financial arrangements or rights or options to acquire property.



9. About Roger Dickie (N.Z.) Limited and others involved in the Awatera Forest Fund

About Roger Dickie (N.Z.) Limited

Roger Dickie (N.Z.) Limited (RDNZ) is the Manager of the Fund and is a licensed manager of forestry Managed Investment Schemes under the FMCA.

RDNZ is a market leader and specialist in New Zealand forestry investment. Formed in 1971, the company has sourced, established and manages more than 100 forests for more than 2,500 investors worldwide with forestry assets under management in excess of \$1.1 billion with a combined forest area greater than 35,000 hectares.

RDNZ has a strong track record when it comes to investing in forestry, including portfolio investment management.

Only quality properties are selected, and a forestry feasibility study and valuations are completed by independent consultants to validate our acquisitions and afforestation, silviculture, and management plans. This leads to lower risk forest development and verifies the expected performance of the forest.

RDNZ is serious about its environmental impact, through its forest investment and management activities it aims to promote greater biodiversity, cleaner waterways, soil conservation, wildlife habitats, as well, an underlying objective to create a positive climatic change. RDNZ is a member of the United Nations Principles for Responsible Investment (UN PRI).

RDNZ's subsidiary, FMNZ, manages the establishment of each forest and ensures the forest is managed and maintained to best industry standard through to harvest. FMNZ directly employs more than 40 forest management staff and typically contracts more than 400 contractors for planting and silviculture activities in the forest.

As Manager, RDNZ aims to acquire and optimally manage the forest assets to ensure the best returns and outcomes to the Investor.

The number of forests managed by RDNZ brings considerable benefits. Forests managed by RDNZ have a combined area in excess of 35,000 ha. These forests combine their marketing and logistics operations, which equate to lower costs for properties held by the Fund.

RDNZ is a family business, established by Roger Dickie who is the Managing Director of the business. The other directors of RDNZ are William Dickie and Jeff Dickie, sons of Roger. William and Jeff will manage the RDNZ investments for the next generation, continuing the highest level of quality and integrity across the unique opportunities they see in the forestry and carbon markets.

Management Approach

Accountability is the cornerstone of our business. Close attention to financial controls, whilst maintaining the highest standards of forest management, has resulted in proven forestry investment. The Manager supervises and approves the collation of forest consultant's reports and valuations, forest manager's reports, employment of contractors, cash flow forecasts, sale of unwanted assets, grazing leases, negotiations with local authorities, general newsletters, field days and conferences.

Roger Dickie Director of RDNZ

B. Ag. Sc. Forester, Farmer, Developer, and Company Director.



Roger is married to Mary-Ann and they have four adult sons. Through his family interests he owns farming and forestry land in the North and South Island.

Since 1971 Roger Dickie has led the coordination and development of 90 forestry and agriculture investment syndicates for New Zealand and overseas investors.

Roger is an Executive Director and spokesman for the Kyoto Forestry Association (KFA) which represents growers of 250,000 ha of Kyoto compliant forest in New Zealand.

He is a Director of FMNZ, our forest management company and is involved in developing opportunities that arise as the first rotation of the RDNZ forests begin harvest.

William Dickie Director of RDNZ

B. B.Com, Canterbury University. Manager, Director.



William is Director and General Manager of Roger Dickie (N.Z.) Ltd and a Director of other family run companies including Forest Management New Zealand, a related party.

Will joined the business full time in 2009 in a marketing and sales role where he assisted in promotion of new offers and website management.

Since then, he has grown with all facets of the business and is now responsible for the day-to-day operation of the company and led the licensing transition for RDNZ to a Managed Investment Scheme provider under the FMCA.

He is a Director of FMNZ, our forest management company and is involved in the management and running of all current structured investments and developing new initiatives.



Jeffcoate Dickie Director of RDNZ

B. For. Sc (Forestry Science) and B. B. Com with Finance, Canterbury University. Director.



Jeff is a Director of Roger Dickie (N.Z.) Ltd and a Director of other family run companies including Forest Management New Zealand, a related party.

Jeff joined the business in 2019 and has become a Director in 2021, focusing on private and structured investment including forest fund initiatives with experience in institutional investment and deal structuring.

Jeff was previously involved in finance as a director at ANZ Bank in the global market's division for 11 years. Jeff's time in banking has been largely apportioned to financial institutions, namely fund managers, specialising in sales of foreign exchange and fixed income products.

For more information on the Manager refer to our website <http://rogerdickie.co.nz>

The Manager can be contacted in the following ways:

Roger Dickie (NZ) Limited Forestry and Carbon Investments

P O Box 43, Waverley 4544, New Zealand

Ph: +64 6 346 5329

<http://www.rogerdickie.co.nz>

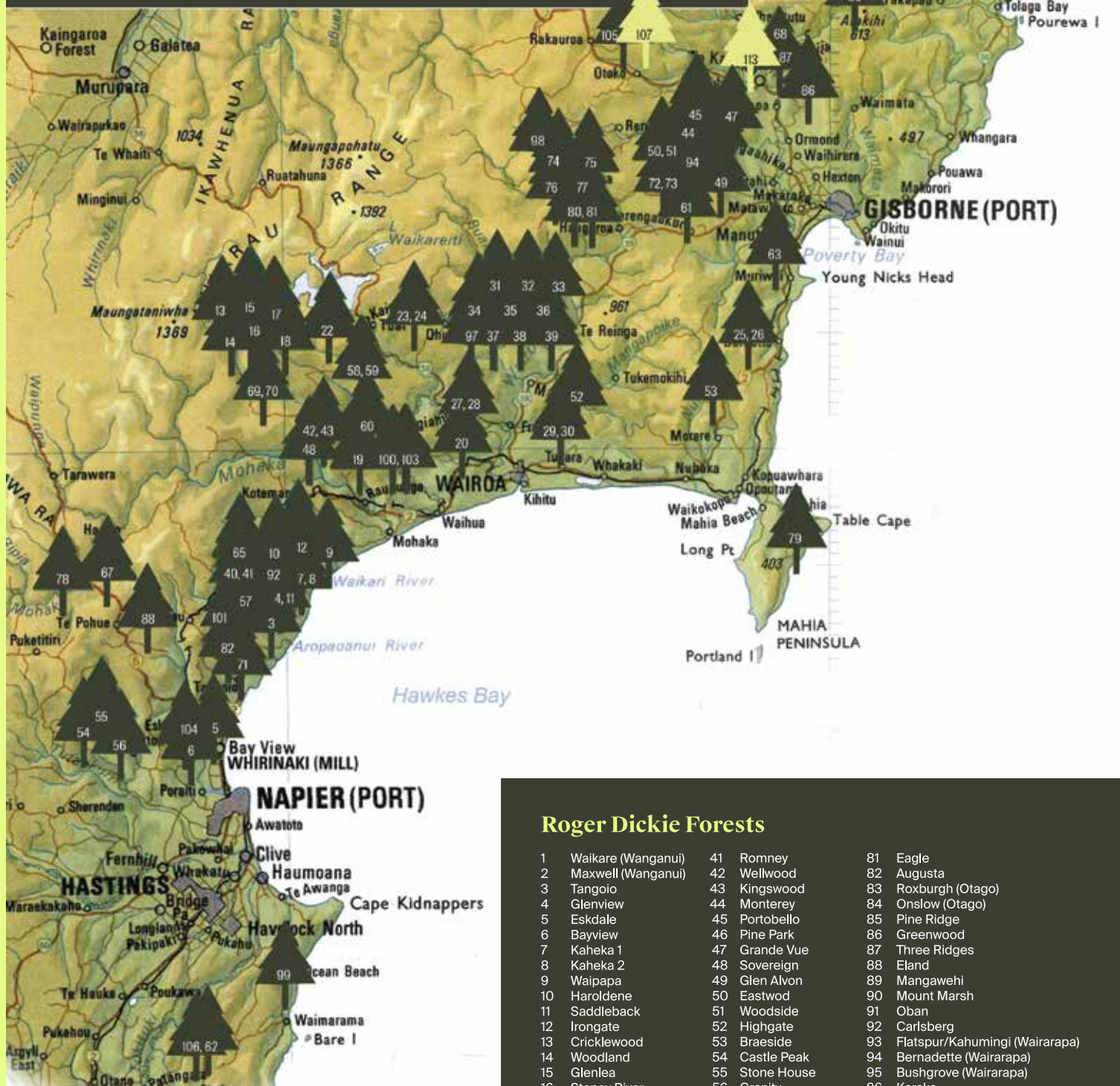
invest@rogerdickie.co.nz

Who else is involved?

Party	Name	Role
Supervisor and Custodian	Covenant Trustee Services Limited	<p>Covenant Trustee Services Limited is the Supervisor and Custodian of the Fund.</p> <p>As the Supervisor, its role is to monitor compliance with the Trust Deed and fulfil the role of supervisor under the FMCA and Financial Markets Supervisors Act 2011.</p> <p>As the Custodian, Covenant Trustee Services Limited will hold on trust, via a nominee company, all Fund property (unless the property is held in another manner permitted by the FMCA and the Trust Deed).</p>
Forest Manager	Forest Management (NZ) Limited (FMNZ)	FMNZ is the operational Forest Manager, responsible for the coordination and supervision of all field work relating to the land and Treecrop until the point of harvest.
Financial Accountant	Moore Markhams Limited	Moore Markhams Limited is responsible for preparing financial accounts, general accounting work and attending meetings.
Financial Auditor	Silks Audit	Silks Audit is responsible for financial and compliance audits in accordance with the FMCA and the Fund's Trust Deed.
Independent Forest Consultant	PF Olsen Limited	PF Olsen is responsible for analysing the property and other RDNZ and FMNZ assumptions for the Fund's investments. The full feasibility study prepared by PF Olsen for the Fund's Founding Properties can be found on the Offer Register. As well, PF Olsen will undertake the annual Treecrop and/or forestry right valuation for the Fund.
Underwriter	Roger Dickie Awatea Forest Holdings Limited	Roger Dickie Awatea Forest Holdings Limited, related party of Roger Dickie (N.Z.) Limited is responsible for underwriting any shortfall of Units required to fund the purchase of the Fund's Founding Properties and any further properties it agrees to underwrite from time to time. Other parties, including third parties, may also underwrite the acquisition of further properties.



Forest established by Roger Dickie New Zealand



Roger Dickie Forests

- | | | |
|----------------------|-----------------------|-----------------------------------|
| 1 Waikare (Wanganui) | 41 Romney | 81 Eagle |
| 2 Maxwell (Wanganui) | 42 Wellwood | 82 Augusta |
| 3 Tangoio | 43 Kingswood | 83 Roxburgh (Otago) |
| 4 Glenview | 44 Monterey | 84 Onslow (Otago) |
| 5 Eskdale | 45 Portobello | 85 Pine Ridge |
| 6 Bayview | 46 Pine Park | 86 Greenwood |
| 7 Kaheka 1 | 47 Grande Vue | 87 Three Ridges |
| 8 Kaheka 2 | 48 Sovereign | 88 Eland |
| 9 Waipapa | 49 Glen Alvon | 89 Mangawehi |
| 10 Haroldene | 50 Eastwood | 90 Mount Marsh |
| 11 Saddleback | 51 Woodside | 91 Oban |
| 12 Irongate | 52 Highgate | 92 Carlsberg |
| 13 Cricklewood | 53 Braeside | 93 Flatspur/Kahurangi (Wairarapa) |
| 14 Woodland | 54 Castle Peak | 94 Bernadette (Wairarapa) |
| 15 Glenlea | 55 Stone House | 95 Bushgrove (Wairarapa) |
| 16 Stoney River | 56 Granity | 96 Karaka |
| 17 Quail Ridge | 57 Ridgemount | 97 Riverina |
| 18 Oak Bridge | 58 Hyde Park | 98 Ngapuke |
| 19 Millbrook | 59 Buzawa | 99 Seaview |
| 20 Belmont | 60 Woodleigh | 100 Ponui |
| 21 Nottingham | 61 Fletwood | 101 Aropaoanui |
| 22 Sherwood | 62 Arborfield | 102 Huntingwood |
| 23 Dashwood | 63 Young Nicks | 103 Haliburton |
| 24 Ormsby | 64 Valley | 104 Poplar Grove |
| 25 Windermere | 65 Tutira | 105 Toromiro |
| 26 Grassmere | 66 Black Hill | 106 Silver Range |
| 27 Hunter Valley | 67 Bushmills | 107 Te Koawa |
| 28 Castle Rock | 68 Windsor | 108 Motukawa (Taranaki) |
| 29 Malthouse | 69 Totara Valley | 109 Te Maire (Wairarapa) |
| 30 Crosswood | 70 River Pine | 110 Earlyhurst (Wairarapa) |
| 31 Long Ridge | 71 Kirikiri Bay | 111 Birch Hill (Wairarapa) |
| 32 Winchester | 72 Chatswood | 112 Te Papa |
| 33 Ashdown | 73 Heywood | 113 Matawai |
| 34 Hereford | 74 Fairway | |
| 35 Turnbridge | 75 Greens | |
| 36 Brentwood | 76 Woods | |
| 37 Richmond | 77 Links | |
| 38 Old Mill | 78 Mohaka River Ranch | |
| 39 Salmon River | 79 Te Kahika | |
| 40 Aberdeen | 80 Stableford | |



Roger Dickie
NEW ZEALAND



10. How to complain

All problems and complaints should initially be directed to the Manager;

The Managing Director
Roger Dickie (N.Z.) Ltd
SH 3, P.O. Box 43
Waverley 4544
New Zealand

Ph: +64 6 346 5329

Email: invest@rogerdickie.co.nz

In the event of this being unsatisfactory, or the complaint being unresolved, please contact the Supervisor:

Covenant Trustee Services Limited Address:
Level 8, 191 Queen Street
Auckland, 1010
Freephone: 0800 268 362
Email: team@covenant.co.nz

As a registered financial service provider (FSP512246), RDNZ is a member of the Financial Dispute Resolution Service (FDRS). FDRS is a dispute resolution scheme operated by Fairway Resolution Limited.

There is no charge for using the service of FDRS to investigate or resolve a complaint. Contact details for FDRS are:

Financial Dispute Resolution Service
Level 4, 142 Lambton Quay
Wellington 6011
Telephone: 0508 337 337
Email: enquiries@fdrs.org.nz



11. Where you can find more information

Further information relating to the Fund and Units in the Fund is available on the Disclose offer register and scheme register at www.disclose-register.companiesoffice.govt.nz. A copy of the information on the offer register and scheme register is available on request to the Registrar of Financial Service Providers. The information available on the Disclose Register includes:

Offer Register	Scheme Register
<ul style="list-style-type: none"> → Full forest feasibility reports conducted by independent consultant, PF Olsen. → Independent land valuation reports conducted by Logan Stone. → Independent forest valuation reports conducted by PF Olsen. → Sale and Purchase Agreements for Matawai Hills (2433 Matawai Road, Te Karaka, Gisborne and Te Koawa Station (1131 Whakarau Road, Otoko, Gisborne). → Product Disclosure Statement (PDS). → Directors' consents. → Independent report and other expert consents. → Terms of the DRP. → Forestry rights. → Expected deed of lease of forestry rights. 	<ul style="list-style-type: none"> → Trust Deed. → Statement of Investment Policy & Objectives (SIPO).

All the information that is available on the offer and scheme registers is also available, on request, free of charge from the Manager. The Manager will also provide investors with the following free of charge:

- Semi-annual Fund reports
- Draft financial statements
- Audited financial statements
- Quarterly updated Adjusted Net Asset Value and Unit pricing

Requests for information can be made by contacting the Manager as follows:

The Managing Director,
Roger Dickie (N.Z.) Ltd,
SH 3, P.O. Box 43, Waverley 4544, New Zealand.
Ph: 06 346 5329, 0800 367378 (FOREST).
Email: invest@rogerdickie.co.nz

Otherwise contact the following people directly:

Name	Contact Details
Grant Morris	Sales and Marketing Phone: +64 (0)6 3465 329 Email: invest@rogerdickie.co.nz , or grant@rogerdickie.co.nz
Sophie Gardiner (Soph)	Sales and Marketing Phone: +64 (0)27 372 0594 Email: invest@rogerdickie.co.nz , or sophie@rogerdickie.co.nz
Jefcoate (Jeff) Dickie	Director of the Manager and our Sales and Marketing Manager Phone: +64 (0) 274 762 669 Email: jeff@rogerdickie.co.nz
William (Will) Dickie	Director of the Manager and the General Manager for forest administration Phone: +64 (0) 274 587 957 Email: will@rogerdickie.co.nz



12. How to apply

How to Apply

You must fill out an application form, including associated documentation, in order to invest in Awatea Forest Fund. The application forms can be found at the back of this PDS. Prospective investors will be required to provide the following:

- Application Form - A completed and signed application form - see page 51.
- Customer Due Diligence - Verified identity and other anti-money laundering (AML) due diligence information (this is a requirement of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009).
- Payment - Payment of 100% of the application amount.

Permitted Investors

You may choose to invest as an Individual, Joint Individuals, Company, Partnership, Fund or Trust. The Manager recommends seeking professional advice regarding the best structure to suit your circumstances.

Return of Forms

Completed forms can be;

- scanned and emailed to invest@rogerdickie.co.nz
or
- posted to:
Awatea Forest Fund
C/O Roger Dickie (N.Z.) Ltd,
P.O. Box 43, Waverley 4544
New Zealand

For any enquiries:

Please phone 0800 367 378 (FOREST) or +64 (0)6 346 5329 to speak with Grant Morris.

Otherwise phone Will Dickie +64 (0)274 587 957, or Jeff Dickie +64 (0)274 762 669



Glossary of Terms

‘CARBON AVERAGE AGE’ refers to the age at which the Treecrop is determined to have reached its average carbon stock under the Carbon Averaging framework. The Carbon Average Age may be determined by such things as forest type/species and rotation age.

‘CARBON AVERAGING’ refers to government legislation for the accrual and sale of Carbon Credits as part of the ETS. Land afforested with the intention of harvesting in the future may sell stored carbon up to the ‘average’ age of the forest in perpetuity without the requirement to surrender any sold carbon as long as the forest is replanted after harvest.

‘CARBON CREDIT’ refers to one emission unit that represents one metric tonne of carbon dioxide or carbon dioxide equivalent. The Government gives eligible forest owners Carbon Credits for carbon dioxide that have been sequestered by their forest. The forest owner can sell these Carbon Credits on the ETS.

‘CPI’ means the Consumer Price Index, as published by Statistics New Zealand.

‘CUSTODIAN’ means the Supervisor (or its nominee) appointed to hold and safeguard the assets of the Fund.

‘DRP’ means the distribution reinvestment programme under which investors may elect, while the Fund is open, to be issued with Units in the Fund in lieu of a cash distribution.

‘EMISSIONS TRADING REFORM ACT’ means the Climate Change Response (Emissions Trading Reform) Amendment Act 2020.

‘EMISSIONS TRADING SCHEME’ (ETS) is the Government’s main tool for meeting domestic and international climate change targets. Forests that are eligible to participate in the ETS will sequester carbon and may sell that sequestered carbon in the form of Carbon Credits.

‘FMA’ means the Financial Markets Authority.

‘FMCA’ means the Financial Markets Conduct Act 2013.

‘FOREST MANAGER’ or **‘FMNZ’** refers to Forest Management (NZ) Limited, the operational forest manager, which is responsible for the day to day Tending and supervision of the forest, and any forest manager who may be appointed to replace FMNZ.

‘FOUNDING PROPERTIES’ means the initial properties to be acquired by the Fund, being the Te Koawa Station property and the Matawai Hill property.

‘FOREST TYPES’ means the different categories of forest assets that the Fund targets:

- ‘Greenfield Production Forestry (ETS ‘Averaging’)’ means conversion of pastureland to forestry for the sale of carbon credits and production harvest.

- ‘Greenfield Permanent Forestry (ETS ‘Permanent’)’ means conversion of pastureland to forestry solely for the sale of Carbon Credits without harvest.

- ‘Brownfield Mature Forestry’ means Forestry which is within 10 years of harvest.

- ‘Brownfield Early to Mid-Rotation Forestry’ means forestry either in the state of cutover or aged 1 through to 10 years prior to harvest.

‘FUND’ or **‘SCHEME’** means Awatea Forest Fund, the Fund established pursuant to the Trust Deed and described in this PDS.

‘INTERNAL RATE OF RETURN’ (IRR) is a metric used in capital budgeting to estimate the profitability of investments. The percentage return on a forestry investment is the calculated IRR.

‘MANAGED INVESTMENT SCHEME’ (MIS) is an arrangement where investors’ money is pooled and invested in a range of assets, managed by another person under the scheme to generate financial benefit for its investors.

‘MANAGER’ or **‘RDNZ’** means Roger Dickie (N.Z.) Limited, a duly incorporated company (company number 5625185) or any other person designated as the manager of the Fund in accordance with the Trust Deed from time to time.

‘NET STOCKED AREA (NSA)’ refers to the area of land on the property that has trees on it. This is the productive land of the investment.

‘OFFER REGISTER’ refers to the Disclose Offer Register, which contains information about financial products, issuer details and documents such as disclosure documents and any other documents considered material to the investment.

‘ORDINARY RESOLUTION’ means a resolution approved by investors at a meeting duly convened and held in accordance with the Trust Deed and carried by a majority of not less than 50% of the votes cast on the resolution.

‘PRODUCT DISCLOSURE STATEMENT’ (PDS) is the name of this registered disclosure document for prospective investors as required under the FMCA.

‘QUARTERLY AVAILABLE FUNDS’ means:

- 1% of the Adjusted Net Asset Value per quarter (as calculated at the business day immediately before the date of the payment of the withdrawal request); or
- any other lower or higher amount, as determined by the Manager from time to time having regard to the future requirements of the Fund.

‘RADIATA PINE’ or **‘PINE’** refers to Pinus Radiata, the species of tree grown for production on the Fund land. Radiata Pine is a softwood, known for its superior growth traits and the most commonly grown tree in NZ plantation forestry. Native to California, USA.



‘RELATED PARTY’ refers to a scheme-related party such as the Manager, FMNZ, and any other person to whom the Manager has contracted out some or all of its management functions.

‘SECONDARY MARKET’ is the market that the Manager may facilitate for the sale and purchase of Units in the Fund.

‘SIPO’ means the statement of investment policy and objectives for the Fund.

‘SPECIAL RESOLUTION’ means a resolution approved by a majority of no less than 75% of the Units entitled to vote and voting on the question.

‘SUPERVISOR’ means Covenant Trustee Services Limited a duly incorporated company (company number 2194946) or any other person appointed as the supervisor of the Fund in accordance with the Trust Deed from time to time.

‘TENDING’ is the collective term for various forest activities, such as pruning or thinning, undertaken to improve the growth and form of the Treecrop.

‘THINNING’ refers to a tending process, removing stems at an age or level of growth to help promote further growth and form of the Treecrop.

‘TREECROP’ refers to the forest or trees that grow on the land. The main assets of the Fund are land Treecrop, and/or any forestry right created over the land.

‘TRUST DEED’ means the trust deed governing the Fund, as agreed between the Manager and the Supervisor from time to time.

‘UNDERWRITER’ means any person who agrees, and who the Manager approves from time to time, to underwrite Units. The Underwriter may be the Manager or an associated person of the Manager. Roger Dickie Awatea Forest Holdings Limited is responsible for underwriting any shortfall of Units required to fund the purchase of the Founding Properties.

‘UNIT’ means a unit in the Fund held by an investor which, together with all other Units held by the investor, represents that investor’s interest in the Fund.

‘UNIT PRICE’ means the price per Unit, as determined in accordance with the Trust Deed.



Application Form

SECTION 1: APPLICATION FORM

Before completing this Application Form, please read and consider the Awatea Forest Fund Product Disclosure Statement dated 1 March 2022 to which this application relates. If you have any questions, please contact our office on (06) 3465 329.

Roger Dickie (N.Z.) Limited ('RDNZ') does not provide any financial, tax or other professional advice. Before making any financial or investment decisions, we recommend that you seek professional advice from a financial advice provider which considers your personal investment objectives, financial situation, and individual needs.

APPLICATION FORM INSTRUCTIONS

Please complete sections 1A to 1E then complete the relevant Identity Verification Sections as set out in the table below.

Investment Entity	Sections to Complete
Individual	1A-1E & 4 & 5
Joint Individuals	1A-1E & 4 & 5 (for each Individual)
Company, Partnership or Fund	1A-1E & 2 & 4 & 5
Trust	1A-1E & 3 & 4 & 5

Please return your completed Application Form and relevant Identity Verification Sections to Roger Dickie (N.Z.) Ltd

email: **invest@rogerdickie.co.nz**

or post to: **Awatea Forest Fund
C/O Roger Dickie (N.Z.) Limited
PO Box 43, Waverley 4544, New Zealand**

SECTION 1A: INVESTOR INFORMATION

Investment Entity Name _____
(Full legal name that will hold the Units)

Address _____

Primary Contact Person _____ Phone _____

Email _____

Is the entity tax resident in New Zealand ☐ Yes ☐ No

NZ IRD (Tax) Number/s _____

If Units are to be held by more than one individual, please list all IRD numbers. If you do not have a NZ tax number, please contact us.

SECTION 1B: APPLICATION FOR UNITS IN THE AWATEA FOREST FUND

Each unit ('Unit') in the Awatea Forest Fund ('Fund') is offered at an initial subscription price of NZD \$1 per Unit. Applications received by 5pm on 31st March 2022 must be for a minimum of 20,000 Units (for a total initial investment of NZD \$20,000).

Applications received after 5pm on 31st March 2022 must also be for a minimum investment of NZD \$20,000, and Units will be issued at the relevant Unit Price, as described in the PDS. Additional Units may be purchased in NZD \$1,000 increments.

100% of the initial subscription price is payable on submitting this application form.

This application is for a total investment of NZD \$ _____



SECTION 1C: PAYMENT INSTRUCTIONS

Payment must be made to the Awatea Forest Fund Bank Account, as follows:

Account name				Awatea Forest Fund Trust															
Bank	0	2	Branch	0	7	9	2	Account Number	0	1	4	0	1	3	1	Suffix	0	0	0
Payment Reference				Please insert [the name of the applicant] into the reference field															

Payments must be made by and identified as coming from the applicant i.e. The investment entity name.

For payments from overseas banks please use the following; SWIFT CODE; BKNZNZ22 / BSB; 020792 Account No; As Above

INVESTMENT RETURNS

Please supply a bank generated document showing your account name and number. e.g. A bank statement or screen shot from internet banking. It is a requirement that you provide this information before your investment returns are paid into your bank account.

Prescribed Investor Rate (PIR):

☐ 0% ☐ 17.5% ☐ 10.5% ☐ 28%

Please refer to the Inland Revenue website or your accountant or tax adviser to determine your PIR.

Do you wish to participate in the Awatea Forest Fund Distribution Reinvestment Plan? ☐ Yes ☐ No

If yes, we will send you a copy of the DRP for completion.

SECTION 1D: DECLARATION

By signing this Application Form, you confirm that:

- you have received and read the Product Disclosure Statement dated 1st March 2022 ('PDS') for the Awatea Forest Fund ('Fund'), and understand that additional information about this Fund is available on the Fund's online disclose register entry;
- you agree to be bound by the terms contained in the Trust Deed, the PDS, this Application Form including the relevant Sections, and the Fund's online register entry (as each may be amended from time to time);
- if you are an individual, you are aged 18 years or over and are of full legal capacity;
- you have the authority to provide the information in this Application Form and accompanying Sections, and all information you have provided is true and correct;
- the offer of Units in the Awatea Forest Fund was made to you in New Zealand;
- you understand that RDNZ reserves the right to accept or decline any application at its sole discretion;
- you understand that your information disclosed in this Application Form will be collected and held by RDNZ and the Supervisor and that they (and their related entities) may use your information and any other information you provide for the following purposes:
 - to arrange and manage your investment in the Fund;
 - to send you further information in respect of your investment in the Fund and other general information relating to the Fund;
 - to verify your identity and address in accordance with the requirements of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.



- you authorise us to disclose your information to third parties as needed to perform services on your behalf, to any regulator or law enforcement agency, and to meet our legal and regulatory obligations; and
- you understand that you can access or correct your personal information by calling RDNZ on +64 6 346 5329 or by emailing us at invest@rogerdickie.co.nz.

SECTION 1E: ACKNOWLEDGEMENT, CONFIRMATION, AND SIGNATURE(S)

Each person or authorised personnel needed to legally bind the entity is required to sign below to acknowledge the requirements and content of this application form and relevant Sections, and to confirm that it is complete and accurate.

Signed for and on behalf of Investment Entity Name: <small>Full legal name that will hold the Units</small>
Date:

Name of Authorised Signatory _____

Signature _____ *Role:* _____

Name of Authorised Signatory _____

Signature _____ *Role:* _____

Name of Authorised Signatory _____

Signature _____ *Role:* _____

Name of Authorised Signatory _____

Signature _____ *Role:* _____

SECTION 2: COMPANY, PARTNERSHIP OR FUND DETAILS

Beneficial Owner Name (Shareholder/Director/Partner)	Acting on Behalf	Shareholding %
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	

All persons listed in this section must also complete Sections 4 & 5



SECTION 3: TRUST DETAILS

Settlor/Trustee Names	Acting on Behalf	Role
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	

All persons listed in this section must also complete Sections 4 & 5

Trust Type ☐ Family ☐ Discretionary ☐ Charitable ☐ Other

In the case of a Charitable Trust, please describe the object of the Trust.

TRUST DOCUMENTS

As per section 6 of the Anti-money Laundering and Countering Financing of Terrorism Regulations 2011 please provide

- a copy of the Trust Deed and
- documents to show source of wealth or source of funds for the trust, e.g. Financial statements, pay slip, written confirmation from your solicitor or accountant

TRUST BENEFICIARIES

Please complete the following for each individual beneficiary and/or each general class of beneficiary.

Please list the full name and date of birth of each beneficiary.

Full name	_____	Date of Birth	_____
Full name	_____	Date of Birth	_____
Full name	_____	Date of Birth	_____
Full name	_____	Date of Birth	_____
Full name	_____	Date of Birth	_____
Full name	_____	Date of Birth	_____
Full name	_____	Date of Birth	_____
Full name	_____	Date of Birth	_____
Full name	_____	Date of Birth	_____

If the Trust is a discretionary trust or has more than 10 beneficiaries please outline the class or classes of beneficiaries.



SECTION 4: IDENTITY VERIFICATION FORM

INDIVIDUAL DETAILS

Full Name _____

Preferred Name _____

Residential Address _____

Contact Phone _____

Email _____

Date of Birth _____

Place (town/city) and Country of Birth _____

Residency Country _____

NATURE AND PURPOSE OF YOUR INVESTMENT

This information is being requested for the purpose of section 17 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009. It is not being requested for the purpose of assessing the suitability of this investment for your personal financial circumstances, financial needs or goals.

The purpose of my investment is: (explain your investment objectives and what you wish to achieve by investing in the Fund)

POLITICALLY EXPOSED PERSON

A 'Politically Exposed Person' is an individual who holds a 'Prominent Public Function', including:

- Head of State or head of a country or government;
- Government minister or equivalent senior politician; or
- Supreme Court Judge or equivalent senior Judge; or
- Governor of a central bank or any other position that has comparable influence to the Governor of the Reserve Bank of New Zealand; or
- Senior foreign representative, ambassador, or high commissioner, or
- High-ranking member of the armed forces; or
- Board chair, chief executive, or chief financial officer of, or any other position that has compare influence in, any State enterprise; and

If you, or any of the persons listed above in this Section 4, or any immediate family member (including spouse, partner, child, child's spouse or 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:



SECTION 5: IDENTITY AND ADDRESS CERTIFICATION

A Confirming identification

Please choose **ONE SET** (i.e. either Set A, Set B, or Set C), as identified in the table below, and tick the Primary Identification Document and the Supporting Identification Document (if Set B or Set C is chosen) that you are sending us. We require these documents to be certified or verified as per Section C below.

	Choose one Primary Identification Document	Choose one Supporting Identification Document (if Set B or Set C is chosen)
Set A	<input type="checkbox"/> Passport (NZ or overseas); or <input type="checkbox"/> New Zealand Firearms Licence	<input type="checkbox"/> Not required
Set B	<input type="checkbox"/> New Zealand Drivers Licence	<input type="checkbox"/> Credit or debit card with matching signature and embossed name; <input type="checkbox"/> SuperGold card; <input type="checkbox"/> Bank statement; or <input type="checkbox"/> Government agency statement
Set C	<input type="checkbox"/> Birth Certificate (NZ or overseas); or <input type="checkbox"/> Citizenships certificate (NZ or overseas)	<input type="checkbox"/> New Zealand Drivers Licence; or <input type="checkbox"/> 18+ Card

B Confirming Residential Address

Please provide ONE DOCUMENT from either List A or List B as identified in the table below, and tick the Document that you are sending us. We require this document to be certified or verified as per Section C below.

	Choose one Document from either List A or List B	Important Note
List A	<input type="checkbox"/> Bank Statement <input type="checkbox"/> Government agency statement <input type="checkbox"/> IRD correspondence	These documents should be no older than 12 months old. They must show your residential (not P.O. Box) address.
List B	<input type="checkbox"/> Local rates or water bill <input type="checkbox"/> Utility bill (gas, power, SKY TV) <input type="checkbox"/> Current insurance policy	These documents should be no older than 3 months old.

C Certification or verification of documents

We require the copies of your Primary Identification Document, Supporting Identification Document, and Residential Address to be certified or verified by a Trusted Referee as identified in the table below.

Trusted Referees who can verify	Important Note
<ul style="list-style-type: none"> ✓ Member of the police ✓ Justice of the peace ✓ Registered medical doctor ✓ Registered teacher ✓ Minister of religion ✓ Lawyer ✓ Notary Public ✓ Member of Parliament ✓ Chartered accountant 	<p>The original documents must be sighted by the referee and they must make a statement to the effect that the documents provided are a true copy. The verification must be dated and include the referees name, occupation and signature.</p> <p>The referee cannot be related to, be a spouse or partner of or live at the same address as the person named in the documents to be verified.</p> <p>The referee cannot be involved in the transaction of business requiring the verification.</p>





Roger Dickie

NEW ZEALAND

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