

## INVESTMENT STATEMENT FOR PROSPER HILLS (2008) LIMITED

Prepared as at Thursday 22<sup>nd</sup> September 2011, in accordance with the Securities Act 1978 and the Securities Regulations 1983. The information in this section is required under the Securities Act 1978.

### IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978)

**Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.**

#### Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this document, important information can be found in the current registered Prospectus for the investment. You are entitled to a copy of that prospectus upon request.

#### Engaging an investment advisor

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including:

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by 1 or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include:

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

#### What sort of investment is this?

The offer is an offer of shares in Prosper Hills (2008) Limited, a company incorporated under the Companies Act 1993 on 17<sup>th</sup> March 2008. Each share is to be issued for \$6,400.00. The maximum number of shares on offer is 43. Voting rights are not attached to the special class of shares on offer. This means that you will not have the right to vote at a general meeting of the Company or appoint or dismiss directors. Minimum subscription has been achieved and Prosper Hills (2008) Limited has acquired a number of land and forest blocks. Each share provides the shareholder with a right to a proportionate share of the net proceeds from the harvest of the forest at maturity and the net proceeds of sale of the land on completion of the harvest.

There are two parcels of voting shares held by Mr. Ross Anthony Collins and Mr. Anthony Shane Collins. The voting shares have no right to a share in the proceeds of the sale of the forest or the land. Mr. Ross Anthony Collins and Mr. Anthony Shane Collins do not guarantee the securities offered or any returns referred to in this Investment Statement.

**Who is involved in providing it for me?**

Prosper Hills (2008) Limited is the Issuer of the shares. It has its registered office at 4 William Wood Place, Resort Pacifica R.D2, KATIKATI 3178. The Issuer was incorporated 17<sup>th</sup> March 2008. The principal activities of the Issuer have been acquiring the property and forestry, owning and harvesting a Radiata pine forest. All management of the forest will be carried out by a professional forestry manager. The sole Promoter of the investment is NZ Forestry & Land Investments Limited which was incorporated on 18 December 2008. It has its registered office at 4 William Wood Place, Resort Pacifica R.D2, KATIKATI 3178. NZ Forestry & Land Investments Limited has adopted the marketing concept developed by Mr. Ross Anthony Collins and used by NZ Forestry Investments Limited which has promoted a number of forestry projects to the public.

NZ Forestry & Land Investments Limited was formed for two reasons. The new name more closely reflects what is promoted; as land is now included as part of the investments offered and that Mr. Anthony Shane Collins is included as a Director of the Promoter. Mr. Ross Anthony Collins and Mr. Anthony Shane Collins are the directors of the Promoter and are therefore also a Promoter for the purposes of the Securities Act 1978. Mr. Ross Anthony Collins' address is 4 William Wood Place, Resort Pacifica R.D2, KATIKATI 3178 and Mr. Anthony Shane Collins' address is 25 Edgecumbe Road, Tauranga 3110.

**How much do I pay?**

You have to pay the Issuer a total of NZ\$6,400.00 for each share that is allotted to you.

The share price is payable by:

1. A minimum deposit of \$600.00 upon application followed by 29 interest free equal monthly payments of \$200.00 with the first payment due one month after application; or
2. Such other amounts and payment frequencies are acceptable to the Issuer provided a minimum deposit of \$600.00 is paid.

The offer closes on the closing date. The closing date is Wednesday 20<sup>th</sup> June 2012 or, if the offer is fully subscribed before this date, then the date on which it is fully subscribed. If the offer is not fully subscribed by this date then the offer will be closed. All applications are to be made on the application forms accompanying this Investment Statement. Applications will be accepted on a first come first served basis. All payments are to be made to the Issuer and in accordance with the application instructions set out in the application form accompanying this Investment Statement. The payments are required in order to purchase a share in the Issuer. Failure to make payment for the shares will at the option of the Issuer result in the shares being forfeited. If the shares are forfeited, then the affected shares will be resold and the holder of the shares will receive no moneys back from the Issuer. There is no cooling off period. You will be committed to the investment once you have applied for the shares.

**What are the charges?**

Other than the purchase price of \$6,400.00 per share, there are no other charges payable to the Issuer or Promoter for the shares. All costs associated with the forest are intended to be covered by the funds raised by this offer. Any unanticipated or unbudgeted costs associated with the establishment, development, tending and general management of the Forest will come out of the proceeds of the harvest of the forest. The following charges are payable by the Issuer:

1. Reimbursement of the issue expenses of the offer to the Promoter of \$71,500.00. This cost includes legal, accounting, auditing, consultancy fees, document preparation, printing and other costs associated with the issuing of the Prospectus.
2. A management and administration fee is payable to NZ Forestry & Land Investments Limited for managing the administration of the Issuer. The management fee is \$70,000.00 plus GST per annum for the first three years of the term and thereafter reducing to \$10,000.00 plus GST per annum until the forest is harvested and the affairs of the company are wound up. An administration wage is also payable of \$40,000.00 plus GST for the first three years and then reducing to \$6,000.00 per year plus GST until the forest is harvested and the affairs of the Company are wound up. All payments are adjusted by the annual increase in the Consumer Price Index.
3. A Promoter's fee is also payable to NZ Forestry & Land Investments Limited of \$750,000.00 plus GST in addition to the fees set out in paragraph 2 above. The Promoter's fee includes the anticipated costs for advertising this issue of \$180,000.00 plus GST.
4. The charges set out in clauses 1 to 3 above cannot be altered.

The majority of the forest's development and associated costs have taken place during the first ten years of the forest's life. All services the Issuer will require for the duration of the forest's life to develop and maintain its forest in accordance with good industry standards will be funded from the shareholder funds. There is a risk of cost escalations caused by inflation and poor management regimes. However, the Issuer will endeavour to reduce the risk of poor management by choosing a manager that the Issuer considers to be experienced, reputable and competent in terms of the forestry industry. Costs incurred in harvesting, the legal and accounting costs of the winding up of the Company and any unanticipated and unbudgeted costs associated with the establishment, development, tending and general maintenance of the Forest and not covered by the funds raised by this issue will be deducted from the harvest proceeds prior to distribution of returns to the shareholders.

**What returns will I get?**

Each share (other than the voting shares) entitles the holder to a proportionate share in the net proceeds from the harvest of the forest and sale of the land. It is anticipated that the forest will be mature and ready for harvest between 2022 and 2024. It is anticipated that the returns will be paid in one sum following harvest of the trees, sale of the land and winding up of the Issuer's affairs. You will receive no return until then. Your returns will depend upon the price obtained at harvest and sale of the forest and the land. The returns cannot be quantified at the date of the prospectus and are not fixed or assured. Neither; the Forest Manager, the Promoter, the directors, nor shareholders of the Issuer, the Issuer, nor any other person, involved with this offer promises or guarantees that the subscription price or any part thereof, will be returned upon the harvest of the Forest. The Issuer (Prosper Hills (2008) Limited) is the only entity legally liable to pay the returns.

### **What are my risks?**

No investment is without risk. There are risks inherent in the acquisition and ownership of shares in the Issuer. Some of these are set out below. However, investors should examine the full contents of this Investment Statement and the Prospectus and consult with their professional advisers before deciding to invest in this project. Participation in this venture should be viewed as being made for a long term. As this venture is a long term primary production activity, the risks involved in the participation in the venture include the long term nature of growing and harvesting commercial Radiata pine trees.

There are risks associated with a commercial forestry plantation. The Issuer has identified the following risks which could affect any returns:

- Increased competition from other producers of Pinus Radiata or similar soft wood producers either in New Zealand or worldwide.
- Physical risks such as wind, fires, other acts of God, insect infestation, pests, disease, flood, storm damage, land subsidence, herbicide damage and drought.
- Changes in the costs associated with the forest. All costs are intended to be covered by the funds raised under this offer. Any unanticipated or unbudgeted cost could affect the return to investors. The investors will not be asked for further funds during the term but any such costs will be deducted from the harvest returns.
- Changes in Government legislation which may affect the viability or profitability of the forest.
- Changes in exchange rates could affect the forest value although harvest can be brought forward or delayed to capitalise on market conditions.
- Access to infrastructure including transport.
- Any changes to the basis of taxation during the life of the forest or any other significant levies, tax or imposts on the forest and/or the Issuer.
- Changes in technology in the construction industry such as the replacement of timber with steel or composite materials.
- Both real and nominal movements in timber prices including growing and handling processes.
- Changes in future costs which may make the harvesting of the trees unprofitable.
- The supply and demand for Radiata pine trees.
- A change or changes in the management of the project over its term.
- The shares have no voting rights.
- Unknown effects from the Kyoto protocol on global carbon emissions. Existing and future governments approach to carbon credits may have a bearing on some decisions for forest companies and could affect the investment.
- Investors may lose their \$6,400.00

The actions that can be taken to mitigate the risks involved in forestry and specifically this investment are as follows:

- The Issuer holds comprehensive Fire, Wind and Third Party insurance and also Public liability insurance in accordance with industry standards.
- The Issuer has taken care to select contractors, forestry management teams and Consultancy firms that the Issuer considers to be experienced, professional and well qualified to carry out services.

The likelihood of an investor recouping their investment and receiving a return on their investment depends on the Issuer realising more revenue from the sale of the logs than it spends on management and the harvesting of the forest. If management and harvesting costs exceed projections, there is a risk that the investor will receive less than the amount paid for the shares. If the Issuer becomes insolvent and is put into liquidation you will not have to pay any more money than the cost of your shares. However, you will not get any money back unless there are monies over after the Forest assets have been realised and its liabilities and the costs of the liquidation have been paid in full. If there are monies over after the liabilities and costs have been paid they will be divided among the non-voting shareholders in proportions to their shareholdings.

### **Can the investment be altered?**

The financial contribution payable by subscribers to the Issuer cannot be altered. The rights attached to the shares, can be altered only by special resolution of the non-voting shareholders

### **How do I cash in the investment?**

You can sell your shares provided you can find a buyer for them. However, there is no established secondary market for the shares. The Issuer will not charge you for transferring your shares to someone else.

### **Who do I contact with enquires about my investment?**

Shareholders should contact:

Mr. Ross Anthony Collins

NZ Forestry & Land Investments Limited

4 William Wood Place

Resort Pacifica R.D2

KATIKATI 3178

Free phone: 0800 746 325.

Email: [investors@nzfil.co.nz](mailto:investors@nzfil.co.nz)

**Is there anyone to whom I can complain if I have problems with the investment?**

If you should experience or have any problems with this investment you should, outline your concerns or the problem you are experiencing and in the first instance write to:

Mr. Ross Anthony Collins  
NZ Forestry & Land Investments Limited  
4 William Wood Place  
Resort Pacifica R.D2  
KATIKATI 317  
Free phone 0800 746 325  
Web [www.nzfil.co.nz](http://www.nzfil.co.nz)  
E-mail [investors@nzfil.co.nz](mailto:investors@nzfil.co.nz)

(please read the *next* paragraph before contacting FDR)  
Freeport 231075  
Financial Dispute Resolution (FDR)  
P.O. Box 5730  
WELLINGTON 6145  
Free phone 0508 337 337  
Fax 04 918 4901  
Web [www.fdr.org.nz](http://www.fdr.org.nz)  
E-mail [enquiries@fdr.org.nz](mailto:enquiries@fdr.org.nz)

In order to comply with the Financial Service Providers (Registration & Dispute Resolution) Act 2008, NZ Forestry & Land Investments Limited, Prosper Hills (2008) Limited, Ross Anthony Collins and Anthony Shane Collins have registered with the Financial Services Providers Register (FSPR) and Financial Dispute Resolution (FDR) as scheme members. FDR is an independent, privately owned, government approved scheme which may facilitate the resolution of a complaint or dispute. Note: You MUST have contacted NZ Forestry & Land Investments Limited first AND either you have had NO response within 90 days OR the proposed resolution(s) remains unacceptable to either party.

There is no Ombudsman to whom complaints can be made concerning this investment.

**What other information can I obtain about this investment?**

A copy of the Prospectus, Financial Statements and other documents relating to the Issuer may also be inspected at the offices of:

NZ Forestry & Land Investments Limited  
4 William Wood Place  
Resort Pacifica R.D2  
KATIKATI 3178  
Free phone: 0800 746 325  
Email: [investors@nzfil.co.nz](mailto:investors@nzfil.co.nz)  
OR:  
Jackson Reeves Lawyers  
14 Willow Street  
P.O. Box 243  
Tauranga 3140  
Telephone: (07) 578 2129

In addition to this Investment Statement, a person may obtain a copy of the Registered Prospectus together with any additional information that may be attached to the Prospectus (at no cost) from the Issuer at the above addresses. The Constitution and material contracts can be viewed on the Companies Office website at [www.companies.govt.nz](http://www.companies.govt.nz) where relevant documents are not available on the website; a request for the documents can be made by contacting Searchlink at [info@searchlink.co.nz](mailto:info@searchlink.co.nz)

An annual report complying with the Companies Act 1993 will be made available to all holders of Shares.

The Issuer must keep, and make available for inspection by the Shareholders, minutes of all meetings and resolutions passed by Shareholders, copies of all written communications to Shareholders (including annual reports and financial statements), certificates given by Directors and the interests register. These documents can be inspected on working days at the offices of:

NZ Forestry & Land Investments Limited  
4 William Wood Place  
Resort Pacifica R.D2  
KATIKATI 3178  
Free phone: 0800 746 325  
Email: [investors@nzfil.co.nz](mailto:investors@nzfil.co.nz)

Under section 54B of the Securities Act 1978 the Issuer is required to supply a Shareholder with the following documents on request:

- A copy of the most recent annual report and financial statements of the Issuer, together with all documents that are required to be registered with those financial statements under the Financial Reporting Act 1993;
- A copy of the most recent Prospectus relating to Shares in the Issuer;
- A copy of the most recent Investment Statement relating to the Shares in the Issuer.

Such a request should be made in writing to the Issuer and posted to:

Prosper Hills (2008) Limited  
4 William Wood Place  
Resort Pacifica R.D2  
KATIKATI 3178  
Free phone: 0800 746 325  
Email: [investors@nzfil.co.nz](mailto:investors@nzfil.co.nz)