

# Application for Funding Development Phase



## About this form

This form enables you to make an application for funding over \$100,000 from the Provincial Growth Fund for activities in the Development Phase of a project.

You will need to use the Express Form if your application is for an activity under \$100,000 or the Standard Form if your application is for an actual Project (i.e. delivery of an asset).

These forms are available on the [Provincial Growth Fund website](#)

## Purpose of the Provincial Growth Fund

The Provincial Growth Fund aims to lift productivity potential in the provinces. Its priorities are to enhance economic development opportunities, create sustainable jobs, enable Māori to reach their full potential, boost social inclusion and participation, build resilient communities, and help meet New Zealand's climate change targets.

## Completing this form

Please complete all sections fully and accurately. Square brackets and italics indicate guides.

Please see the PGF website, or contact your regional relationship manager, for further support.

## Submitting your application

All completed forms must be emailed to [PGF@mbie.govt.nz](mailto:PGF@mbie.govt.nz) with a clear subject heading.

If you are a Trust (or applying on behalf of a Trust), then you must provide a copy of your Trust Deed.

## Next Steps

Applications will be assessed for eligibility, as well as how well they will deliver on the aims of the Provincial Growth Fund. One of our team will be in contact regarding your application.

## Funding Agreement

The template funding agreements can be found on the [Provincial Growth Fund website](#)

## Public disclosure

The Provincial Development Unit is responsible for leading the Provincial Growth Fund's design, administration and monitoring its operation in consultation with other government agencies. In the interests of public transparency, successful applications may be published by the Provincial Development Unit (PDU). Commercially sensitive and personal information will be redacted by reference to the provisions of the Official Information Act 1982. Please identify by highlighting any information in your application that you regard as commercially sensitive or as personal information for the purposes of the Privacy Act 1993.

## Part A: Key Details

Please note that if the funding agreement will not be with the applicant (i.e. applying on behalf of another organisation), then please complete this application from the perspective of that organisation.

1. Proposal Title: N.Z. Future Forest Products Ltd. (NZFFP)

2. Please provide a very brief description of the project/activity:

The completion of a feasibility study to unlock the commercial capital necessary to build an Commercial at scale, with the objective of supplying the Com region construction industry with Com NZFFP intends to sustainably substitute carbon-intensive Commercial in multi-rise buildings using New Zealand forest products, with a specific focus on social and affordable housing in Commercial Information

Commercial Information

3. Please provide the details of the applicant organisation/entity for which funding is being requested:

Legal Name:	N.Z. Future Forest Products Ltd. (NZFFP)
Entity Type:	Company
Registered Offices / Place of Business:	Auckland
Identifying Number:	7329538
Organisation's Website:	TBC

4. Please provide the contact details for a person as a key point of contact:

Contact Name and Role:	David Henry – Director of NZFFP and Partner of Kinleith Continuation LLP (the majority shareholder of NZFFP) Brian Henry – Director of NZFFP and representative of the minority shareholder of NZFFP		
Email Address:	Privacy of Natural Persons Privacy of	Telephone:	Privacy of Privacy of

5. Please describe the principal role or activity of the applicant organisation.

The primary activity of NZFFP is wood processing and manufacturing to deliver Commercial Information

6. This project will be based in the region of: Northland

7. What type of funding is this application for: Loan

[Note: the most appropriate funding type will be determined by the PDU in consultation with the applicant]

8. What is the activity / funding start and end date?

Start Date:	31/03/2019	Completion Date:	TBC
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9. Has this project / activity been previously discussed with any part of Government? Yes: ☒ No: ☐

- If Yes, please describe which part of government, and what the outcome of the discussions were.

The project has been presented to several New Zealand government departments including:

- **Minister of Forestry & Regional Economic Development** – presentation to Minister of integrated forestry and wood processing concept including descriptions of the Applicant and the Commercial Information. This includes description of the Commercial Information being created by Commer as part of the Applicant's Commercial "value added" approach to wood exports. Following this presentation, the Applicant was referred to Crown Forestry and Commercial to continue detailed discussions with respect to various aspects of its strategies.
- **Ministry of Business, Innovation and Employment (MBIE)** – telephonic presentation of the projects and business strategy to Mr Robert Pigou and Mr Ben Dalton.
- **Ministry of Primary Industry (MPI)** – telephonic presentation of the forestry and wood supply chain aspects of the projects and business strategy to Ms. Julie Collins in the context of the New Zealand government's announced One Billion Trees programme.
- **Crown Forestry** – presentation to Privacy of to introduce the Applicant and explore wider synergies given the Applicant's thesis for Commercial of forestry and wood processing supply chains. The Applicant and Crown Forestry agreed to co-ordinate in the Commer region where it might make sense in the future – this could take the form of an off-taker relationship or funding support co-ordination where the Applicant encourages afforestation initiatives and/or Commercial.
- **Commercial** – presentation of project to Commer's regional development agency and application for funding to measure the economic impact of the project on the regional economy. Continuing co-ordination with other Commercial initiatives surrounding Iwi participation in the project.
- **Overseas Investment Office** – a general summary of what the Applicant and Commercial are to do and, in later phases of the project, the need for international project finance to fund construction of different stages of the project. The Applicant and the Office agreed to co-operate as they have done on previous transactions where OIO applications were necessary and the Applicant promised to give significant advanced notice to the OIO ahead of any transaction that might qualify under the Overseas Investment Act being applied for approval.

10. Have you previously received any Government funding for this Project/Activity? Yes: ☐ No: ☒

- If Yes, please list which part of the Government, when the funding was received, and how much under Q11.

11. Please set out the proposed sources of funding for the Project:

Source of funding: <i>[please indicate where all other funding is sourced from, noting who the funder is]</i>	\$ (excluding GST)	Status / Commentary <i>[i.e. received / confirmed / in principle]</i>
Provincial Growth Fund Loan (through this application)	\$15,000,000	Representing c. C % of the total initial risk capital needed to unlock the equity and debt project finance required for Commercial (and C % of c.USD Commer project capital)
Commercial (existing shareholders and new shareholders)	\$Commer	
Total:	\$Commer	

## Part B: Project Description

12. This application is: *"a stand-alone activity"* ☐ or *"in support of a wider project/programme"* ☒

13. Will additional funding likely be applied for in the future?

Yes: ☐

No: ☒

- If Yes, please describe at a high level, what this may include, and when this is likely to be applied for.

*[Insert your commentary here]*

14. What type of activity is this application for?

- |  |                                     |
|--|-------------------------------------|
| Feasibility study                          | <input checked="" type="checkbox"/> |
| Business case                              | <input type="checkbox"/>            |
| Report                                     | <input type="checkbox"/>            |
| Creation of an action plan                 | <input type="checkbox"/>            |
| Research or surveys                        | <input type="checkbox"/>            |
| Workshops or consultation                  | <input type="checkbox"/>            |
| Capability building (Education / training) | <input type="checkbox"/>            |
| Other (please specify)                     | <input type="checkbox"/>            |

*[If other, please describe here]*

15. Please provide a detailed description of this activity for which funding is being applied:

The PGF loan being applied for is to complete a bankable feasibility study for NZFFP's proposed **Commercial Information**

Additionally, the study will map proposed beachhead markets **Commercial Information** to **Commercial Information**), technical options, optimal scales of production, level of integration across the value chain and precise budget requirements ahead of packaging the USD **Commercial** finance for **Commerc**. For the avoidance of doubt, the PGF loan will not be required for **merc** **Commerci** of the **Commercial Information**.

For example, technical decisions that still need to be made on the recommendation of the feasibility study include:

- the exact staging of **Commerci** and hence staged capacity of the **Commercial** production line;
- **Commercial Information**
- **Commercial Information**; and
- **Commercial Information**

Furthermore, raw material, energy, and logistics requirements need to be evaluated at each step in order to determine the optimal combination.

NZFFP will engage **Commerc**, the leading New Zealand-headquartered engineering group, to complete the

## APPROACH



### Commercial Information



This project is economically or physically linked to the following other projects:

- Commercial Information



16. How does this project demonstrate additionality within the region?

NZFFP intends to establish New Zealand as the **Commercial Information** in the **Commerc** region, maximising the country's natural competitive advantage in forestry and wood processing, and repositioning it as a critical supplier within the low carbon economy of the future.

In terms of direct additionality:

- NZFFP recognises that **Co** and **Com** are new but well-established structural **Commercial** products, which have significant and under-exploited market potential within the **Commercial** market;
- The Applicant believes that **Co** and **Com** can be combined in a **Commercial Information** and the resulting intellectual property will be highly commercial and exportable from New Zealand (the focus of the Applicant's research project with **Commercial Information**);
- Most existing wood processors in New Zealand currently operate at a small scale, produce conventional products for domestic consumption and, consequently, enjoy limited exports sales. There are a limited number of exceptions such as **Commercial** producing high value (albeit still conventional) wood export products;
- **Commercial Information**
- **Commercial Information**
- **Commercial Information**
- **Commercial Information**
- **Commercial Information** The Applicant's feasibility study will also include these complementary options for the use of its wood residues.
- NZFFP's plans also include operating **Commercial** with other regional stakeholders e.g. **Commercial**, and these collaborations should expand and improve our partners own exportability of information suite of products.

17. How is the project connected to regional (and sector) stakeholders and frameworks?

PROACTIVELY RELEASED

NZFFP believes in a culture of collaboration with mission-aligned local partners. These local partners currently include:

Iwi

- Commercial Information [REDACTED]
- [REDACTED]

Existing Operators

- Commercial Information [REDACTED]
- [REDACTED]

Infrastructure Operators

- Commercial Information [REDACTED]
- [REDACTED]

Education

- Commercial Information [REDACTED]

Regional Framework

The project aligns well with regional priorities given that this type of investment has been identified as an opportunity in both the Commercial Information [REDACTED] and the Commercial Information [REDACTED]

Commercial Information [REDACTED]

Commercial Information [REDACTED]



18. How will your project lift productivity potential in the regions?

PROACTIVELY RELEASED

PGF Outcome	✓	How will the project positively or negatively impact this outcome in the region(s) identified?
1. Increase economic output	✓	<p>The development of the proposed engineered timber complex in Commercial will lift the productivity potential of these regions by:</p> <ul style="list-style-type: none"> <li>Increasing the volume of Commercial manufactured in New Zealand, Commercial Information</li> <li>Designing patent protected modular solutions specifically for high growth Commercial export markets;</li> <li>Replacing a volume-based raw log commodity with a Commercial Information that is sold as a unitised solution to replace Commercial in mid-rise building construction;</li> <li>Collaborating with local stakeholders to expand their existing capacity e.g. Commercial Information</li> </ul>
2. Enhance utilisation of and/or returns for Māori assets	✓	<p>Long-term mutually beneficial partnerships with Iwi are an essential characteristic of NZFFP's approach. These include:</p> <ul style="list-style-type: none"> <li>Location of complex on Commercial Information</li> <li>Location of Commercial Information</li> <li>Proposed equity participation within NZFFP of C (and the use of the model to incentivise iwi in other regions where NZFFP builds processing facilities).</li> </ul>
3. Increase productivity and growth	✓	<p>NZFFP will increase economic productivity by increasing both the volume and value of economic goods produced in the region and underwriting the expansion of local C operations. NZFFP's work with Commer O has the potential to significantly increase the productivity of New Zealand's Commercial Information</p>
4. Increase local employment and wages (in general and for Maori)	✓	<p>NZFFP's Commercial wood processing business will generate significant sustainable jobs throughout the supply chain, in general and for Māori.</p> <p>These include direct jobs within the Commercial itself (for which this PGF application has been submitted), as well as jobs created along the entire NZFFP value chain e.g. Commercial Information</p> <p>jobs generated by headquartering a large-scale export company in the region.</p>

		<p>Based on peer comparative plants put together with the assistance of the Applicant's engineers, direct FTE employment at NZFFP's Commercial site is expected to be Comm for the Stage 1 Project, rising to Comm by the time Com is implemented.</p> <p>Since the Comm is planned to be in either or both of the Commercial regions, the demographics of these regions and our iwi partnership model, NZFFP expects to fill many of its employment vacancies with local Māori workers.</p>
<p>5. Increase local employment, education and/or training opportunities for youth (in general and for Māori)</p>	✓	<p>NZFFP anticipates that Commercial will become a critical resource for the global low carbon economy of the future and those who are knowledgeable and skilled in the sector will enjoy significant job demand and growth for many decades to come (leading to enhanced economic development opportunities relative to the forestry and wood processing status quo).</p> <p>There is an opportunity, therefore – especially given NZFFP's research partnerships with Commercial Information to introduce a training programme for young people (in general and Māori) interested in building careers in this new and innovative sustainable industry, throughout the value chain.</p> <p>Since NZFFP is Commercial Information products to customers, there will be significant international training opportunities available for young people (in general and Māori).</p>
<p>6. Improve digital communications, within and/or between regions</p>	□	<p>Digital communications are an essential aspect of operating complex supply chains involving forest planting, silviculture, harvesting, log transport, processing and port exports, however, as a primary extractive industry operator, telecommunications are not a core business activity of NZFFP.</p>
<p>7. Improve resilience and sustainability of transport infrastructure, within and/or between regions</p>	✓	<p>The development of an Commercial products business of the scale that NZFFP proposes will require substantial transport infrastructure investment to ensure that the business units operate efficiently.</p> <p>This will include optimising road, regional bridges, and rail interconnections between various facilities and regions, including forestry estates, wood processing facilities, and container ports.</p> <p>The increased and constant use of this infrastructure will encourage dedicated maintenance, building resilience and sustainability that should drive positive externalities in terms of efficiency and productivity for local communities and businesses.</p>

<p>8. Contribute to mitigating or adapting to climate change</p>	<p>✓</p>	<ul style="list-style-type: none"> <li>According to the independent research group, Chatham House, concrete is the source of approx. 8% of global CO<sub>2</sub> emissions, while steel is responsible for approx. 7-9%;</li> <li>NZFFP's Commercial Information [REDACTED]</li> <li>Commercial Information [REDACTED]</li> <li>The most recent Intergovernmental Panel on Climate Change (IPPC) Report stated that forestry has a critical role to play in keeping the world temperature under 1.5°C;</li> <li>Commercial [REDACTED] estimates that for each dwelling constructed from engineered wood rather than concrete and steel, approximately 16 tonnes of CO<sub>2</sub> is avoided.</li> <li>The UK's Royal Society and Royal Academy of Engineering believe the potential greenhouse gas reduction potential of building with biomass is in the range 0.5 to 1 GtCO<sub>2</sub> pa. It has been claimed that this could save 14-31% of global CO<sub>2</sub> emissions and 12% to 19% of global fossil fuel consumption</li> <li>Therefore, by designing a mass-market Commercial [REDACTED] and producing it at scale, NZFFP's Commercial Information [REDACTED]</li> </ul>
<p>9. Increase the sustainable use of and benefit from natural assets</p>	<p>✓</p>	<ul style="list-style-type: none"> <li>The CO<sub>2</sub> absorption rate of <i>Pinus Radiata</i> trees is highest during its early growth years and plateaus as the tree reaches maturity;</li> <li>From a carbon mitigation perspective, it makes most sense to harvest the tree near maturity, to process it into a value-added wood product to lock-in the carbon, and to replant with new saplings;</li> <li>The increased use of Commercial [REDACTED] as a mid-rise construction material will drive an increase in the demand for <i>pinus radiata</i> trees and encourage both afforestation and reforestation;</li> <li>Increased demand for certified Commercial [REDACTED] should also drive adoption of sustainable forestry management practices, such as efficient</li> </ul>

		<p>rotations.</p> <ul style="list-style-type: none"> <li>Sustainable forest management will ensure the local region and wider country / community maximise their natural resource for truly sustainable economic benefits.</li> </ul>
10. Enhance wellbeing, within and/or between regions	✓	<p>NZFFP will enhance the wellbeing of those both directly and indirectly involved in the business.</p> <p>Increased economic output and productivity coupled with increased local employment opportunities and NZFFP's positive impact on climate change (reinforcing New Zealand's central role in combating it globally) should all contribute to an increased sense of regional and national wellbeing.</p>
Total number of outcomes project contributes to	9/10	

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## Part C: Project Delivery

19. Please provide an overview of the project management approach / plan for this activity.

The Board of NZFFP will oversee a 'phased approach' to project management, implemented by the very experienced New Zealand engineering firm, **Commerci**. This will include breaking down the project into distinct, sequential steps as illustrated by the diagram below.

Project Development Process Overview

Commercial Information

- *What involvement is required by the Provincial Development Unit?*

In addition to loan funding, NZFFP would welcome any input on how to best align the project plan with the goals and objectives of the Provincial Development Unit.

- *What other partners are required for successful delivery?*

Refer to question 17 above for a full list of partners and stakeholders.

- *What project management practices will be in place?*

**Commerci** as the chosen engineering firm for this project, has put in place project management practices described in the diagram above. The board of NZFFP will oversee that these practices are adhered to throughout the project.

- *Who are the key personnel within the organisation relating to this project? Please include bio's and provide an organisational/project structure where possible.*

Please refer to NZFFP business plan attached with this application for a full organisational chart.

- **David Henry – Director, NZFFP and Partner, Kinleith Continuation LLP (London-based)**

David is a New Zealand national and previously founded Medea Capital, a natural resources investment manager with offices in London and Singapore. He has over 15 years' experience in natural resources investments and finance across several institutions, specialising in mining and forestry. Prior to founding Medea, he established the Mining Capital & Consultancy business at Oriel Securities and before that was Vice President in the Mining Finance division of Société Générale in London and Sydney. He was analyst for the bank's principal investments book and sat on its Investment Committee from 2008. Before joining Société Générale, David worked for the Forestry & Primary Industries team at Bank of New Zealand and,

before that, at Goldman Sachs JBWere.

- **Brian Henry – Director, NZFFP (Auckland-based)**

Brian is a New Zealand national and was admitted to practice as a Barrister & Solicitor in the High Court of New Zealand in 1975, working initially for the law firm of Wilson Henry (now Hesketh Henry), before entering private practice as a Barrister Sole, specialising in commercial litigation. He has been involved in the New Zealand funds management industry for the past 15 years and has a strong background in legal compliance and corporate governance. Brian was a director of the local holdings' companies of Medea Future Forest Products Fund No.1 and is responsible for corporate governance, OSH and ESG.

- **John Hepburn – Partner, Kinleith Continuation LLP (Auckland-based)**

John is a New Zealand national and, prior to joining Kinleith Continuation, was an Associate Director at Medea Capital, focused on its New Zealand forestry strategy. Prior to this, he was an investment analyst at Stamford Associates in London, focusing on investment due diligence and fundamental portfolio analysis on behalf of institutional investors. Before that, he worked as a natural resources equity analyst for a London-based boutique investment bank and, prior to this, was at the ANZ Bank in their Auckland wealth management business. John is a CFA Charterholder.

- **Jay Barrymore – Partner, Kinleith Continuation LLP (London-based)**

Jay is a British national and, prior to joining Kinleith Continuation, was Head of Special Projects at Medea Capital. He led Medea's sustainability work responsible for driving social and environmental value creation across the portfolio. Jay has 13 years of investment experience, most recently as Managing Partner at Impact Investment Partners, an impact investment and advisory firm with offices in London and Mumbai. Prior to Impact Investment Partners, Jay worked at Acumen Fund in Hyderabad and managed a cleantech and alternative energy portfolio within a \$1.4bn award-winning hedge fund at RWC Partners. Jay is a CFA Charterholder, and a graduate of University College London (UCL).

- **Dennis Gates – Head of Stakeholder & Land Management, NZFFP (New Zealand based)**

Dennis worked for Medea's New Zealand forestry portfolio companies since 2016. He was admitted to practice as a Solicitor in the High Court of New Zealand in 1981. He has been in private practice as a solicitor since 1986 and is qualified as a Licenced REAA. Dennis has been responsible for the "on-ground" roll-up operations liaising with local land owners, district council, iwi and other community stakeholders. He is a New Zealand national and graduated from the University of Canterbury with an LLB and the University of Waikato with a Bachelor of Social Science.

- **Hon Michael Rann AC CNZM – Director, NZFFP**

Mr Rann served as Premier of South Australia from 2002–2011 where his significant achievements included job creation, investment in health & education, the expansion of the mining industry, and the growth of Australia's renewable energy industry – making South Australia the leader of wind and solar power in the country.

Post his parliamentary career, Mr Rann was appointed Australian High Commissioner to London from 2012-2014. He was also Co-Chair of the Australia-Canada Economic Leadership Forum and a member of the Australian Government's Urban Policy Forum until his appointment as Australian High Commissioner to London. In addition to roles as Australian Ambassador to Italy, San Marino, Albania and Libya, he was Australia's Permanent Representative to the UN World Food Programme, the UN Food and Agricultural Organisation and the UN's International Maritime Organisation. In 2012, Mr Rann was appointed Chair of Low Carbon Australia and then Australia's 'green bank' by the Federal Government, providing finance to companies to reduce carbon emissions.

Mr Rann is also a member of the UK, US and Global boards of The Climate Group which operates on six continents. In 2012, Mr Rann was Professorial Fellow in Social and Policy studies at Flinders University and was Visiting Senior Research Fellow in Political Studies at the University of Auckland.

He is adjunct Professor in Public Policy at Carnegie Mellon University and was a Senior Fellow for Democracy and Development at the Centre for National Policy, Washington DC. Mr Rann is also a Visiting Professor at the Policy Institute of King's College London and a member of the King's Commission for London chaired by Lord Adonis.

Mr Rann was previously a Commonwealth War Graves Commissioner and Trustee of the Imperial War

Museum, London. Mr Rann is now the CEO of Rann Strategy Group, a private consulting business, and Chair of the international charity Power of Nutrition. He has been awarded honours by the governments of Australia, Greece, Poland and New Zealand.

- **Health and safety**

NZFFP and Kinleith Continuation strongly believe that meeting its objective of responsible stakeholder engagement begins with keeping its workers safe.

According to Statistics NZ and MBIE, the forestry industry is the most dangerous sector in which to work in New Zealand. The injury rate is double that of other sectors and the fatality rate is 15 times the overall rate for all sectors.

This is an appalling track record which we believe correlates directly to lack of uptake of technology as well as infrastructure and equipment investment over the past 30 years. The directors of NZFFP and Kinleith Continuation are committed to a Zero LTI (Lost Time Injury) across all their natural resources businesses globally.

Internationally, the current track record of the New Zealand forestry industry is also unacceptable and a core objective of our firm is to set a "best practice" example for other New Zealand forest operators to follow by implementing international standards and applying technology that keep workers safely "at distance" from stump.

20. Please provide us with a project plan, where possible please attach a schedule (i.e. Gantt chart):

#	Project Activity	Responsible:	Date / Period:
1	Initial Bridging Study	Commer	Comme
2	Pre-feasibility Study	Commer	Commerci
3	Feasibility Study	Commer	Commerci
4	Completion of Research Project	Commer cial Informati	Commer
5	Financial Model suitable for project financing	NZFFP management	Comme
6	Indicative Commitments from Commercial Lenders	Commercial banks	Comme
7	Long Lead Items ordered (C % Deposit Payment)	NZFFP management	Comme
8	Strategic Options Paper	NZFFP management	Comme
9	Credit-approved commitments from Commercial Lenders	Commercial banks	Commer
10	Decision to proceed with Stage 1 construction	NZFFP board	Commer
11	Completion of legal documentation with Commercial Lenders		Commer
12	Completion of Commercial from Institutional Investors		Commer
13	Repayment / Conversion of PGF Feasibility Loan (senior security released to Commercial Lenders)		Commercial
14	Drawdown of Commercial (CPs to first drawdown fully satisfied)		Commer



21. Please provide a complete breakdown of the costs of the project:

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The project capital expenditure is expected to be US\$**Commercial**. The Applicant expects this **Commercial** amount to be financed by international capital markets through a combination of equity and project finance debt from international institutional investors.

The Applicant's shareholder has already undertaken extensive engagement with such investors (including three non-deal roadshows in mid/late 2018 and January 2019) to assess market capacity for the project – this engagement process resulted in significant positive indications of interest for funding construction of the project. It has also guided the Applicant as to what international capital markets will require/consider "bankable" in terms of feasibility study completion. This is important to ensure that **Commercial** workstreams, including the feasibility study, deliver the necessary detail to satisfy the conditions precedent of international institutional investors who fund construction of the project.

In keeping with the scale of a project such as this, the pre-construction budget is expected to amount to between **0-0%** of the project capital expenditure.

In addition to expenditure already incurred at the date of this application (c.US\$**Comme**), on various aspects of the project, the Applicant's **Comme** forward looking budget is as follows, broken down into PGF Loan Use of Proceeds (Tranches 1 and 2) and the Applicant's directly funded items:

Cost Description:	TOTAL PGF LOAN NZ\$ (excl. GST)	Tranche 1 PGF LOAN NZ\$ (excl. GST)	Tranche 2 PGF LOAN NZ\$ (excl. GST)	<b>Commercial</b> Balance of Project Costs NZ\$ (excl. GST)
Initial Bridging Study Workstream <b>Comm</b>	\$ <b>Comm</b>	\$ <b>Comm</b>	-	-
Pre-feasibility Study Workstream <b>Comm</b>	\$ <b>Comme</b>	\$ <b>Comme</b>	-	-
Feasibility Study Workstream <b>Comm</b>	\$ <b>Comme</b>	-	\$ <b>Comme</b>	-
Environmental Baseline Studies	-	-	-	\$ <b>Comme</b>
Environmental & Social Impact Assessment	-	-	-	\$ <b>Comme</b>
Modular Building Solution research workstream <b>Commercial</b> <b>Information</b>	\$ <b>Comme</b>	\$ <b>Comme</b>	\$ <b>Comme</b>	-
Customer Contract Origination <b>Commercial</b>	-	-	-	\$ <b>Comme</b>
Customer Contract Execution <b>Commercial</b>	-	-	-	\$ <b>Comme</b>
Joint Venture Contributions	-	-	-	\$ <b>Comme</b>
Long-lead items deposit payments ( <b>0%</b> of Stage 1 Capex)	-	-	-	\$ <b>Comme</b>
<b>Commercial</b> Preparation (consultant reports, <b>0%</b> upfront fees, legal)	-	-	-	\$ <b>Comme</b>

structuring costs &c.)				
Working Capital	\$Comme	\$Comm	\$Comm	\$Comme
<b>Sub Totals</b>	<b>\$15,000,000</b>	<b>\$Comme</b>	<b>\$Comme</b>	<b>\$Commer</b>
			<b>TOTAL BUDGET</b>	<b>Commerci</b>

22. Please provide a description of why Government funding is required to deliver this project?

- New Zealand's capital markets are not set-up to fund the feasibility of large industrial projects like NZFFP's **Commercial**, since market participants only have appetite for construction-ready/operating assets
- Meanwhile, the international capital markets are not focused on New Zealand national interest projects, such as the one proposed by NZFFP. In fact, international capital markets have actively sponsored/incentivised the current low margin, low prosperity log export model currently operating in New Zealand – including both foreign forest owners and foreign institutions supporting foreign log traders to export these low-value exports.
- The requested loan, alongside the Applicant and its shareholders' forestry and capital markets expertise, will sufficiently de-risk the project to attract the foreign direct investment necessary to finance its construction.
- **Commercial Information**  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
- The advent of current New Zealand Government policy has created a supportive environment in which the Applicant's business case **Commercial Information**  
[REDACTED] to revitalise the New Zealand forestry and wood processing industries can be undertaken with commercial confidence and, once construction-ready, presented to international institutional investors for construction funding
- Without current New Zealand Government policy creating this environment, the Applicant's shareholder would be unable to proceed with anything other than its previous business model, which focused on existing New Zealand forestry only.

23. What are the proposed deliverables if funding is approved?

#	Description	Payment criteria:	Invoice Value \$ (Exc. GST)	%	Invoice Date:
1	Pre-Feasibility Workstreams	On signature of the loan agreement	\$Comme	Co %	Comme rcial Informat
2	Feasibility Study Workstreams	Successful completion and delivery of Pre-feasibility Reports	\$Comme	Co %	Comme rcial Informa tion

The Applicant via its shareholders have the following relevant experience:

- **Commercial forestry and wood processing in New Zealand experience** – specifically, NZ Forest Products Ltd – one of the Applicant's shareholders has been involved in the New Zealand forestry and wood processing industry for over 150 years. That involvement was the founding and operation of NZ Forest Products Ltd, which the Applicant's minority shareholder was involved with in senior executive, board and shareholder positions until NZFP's 1986 takeover by Elders Resources of Australia. NZFP's wood processing assets continue to operate to this day as the predominant assets of Carter Holt Harvey, while its Central North Island forestry assets are now in ownership by major foreign institutional investors. The Applicant's shareholder retains significant links with this industry and has a well-known and collaborative approach in the New Zealand rural sector, including deep, long-term relationships with iwi specifically and Maoridom in general.
- **New Zealand forestry acquisition and commercial operations experience** – Medea Future Forest Products Fund I (New Zealand Forest Industries Ltd, NZ portfolio company). Medea, where the Commercial team previously worked together, established this investment strategy four years ago and it purchased a range of forestry assets in the Marlborough region of New Zealand on behalf of its investors. Two commercial harvests have been successfully completed on the consolidated assets since purchase.
- **Natural Resources project feasibility & construction financing experience** – the principals of Com, another of the Applicant's shareholders, previously founded and operated Merc Capital, a natural resources investment and advisory firm with offices in the United Kingdom and Singapore. It managed over US\$Com of fund investments and advised major international investors on their natural resources strategies globally with specific expertise in financing and supervising feasibility studies of major natural resources projects and construction financing. The firm and its principals have been involved in financing over US\$Comme of natural resources projects globally. Beyond the Applicant's feasibility study (which is the subject of this application), Commercial will be working in parallel to de-risk the construction funding of the project by bringing large quantum of international equity and debt financing to the Applicant. Recent examples of the principals' expertise in natural resources project financing include:
  - Commercial Information
- **Global wood process engineering & project management experience** – the Applicant's engineering consultants, Commerci have completed the following relevant projects:

- Commercial Information

Commercial Information

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Commercial Information

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PROACTIVELY RELEASED

25. Please explain the Governance arrangements for this project:

NZFFP Board of Directors (upon incorporation/election):

1. Brian Henry
2. David Henry
3. Hon Michael Rann AC CNZM

The members of the board have significant corporate experience as company directors, are members of relevant professional bodies and, in one case, have had significant careers in public service.

The shareholders of the Applicant have strict systems, controls and compliance functions in place to meet their obligations to regulators and the Applicant will similarly abide by these systems and controls.

26. What procurement process has been undertaken (i.e. selection of a provider), or will be undertaken, and how will that be managed?

- **Competitive processes** – the Applicant believes that competitive processes should be run with respect to the appointment of key suppliers. The Applicant has also pre-sounded these key suppliers with future project finance investors to further de-risk the project for construction financing. Competitive processes have been run for the following roles:

- **Feasibility Engineering Partner:** the Applicant issued a Request for Proposal for the role of Lead Engineer for the project and asked for proposals from:

- **Com** – is an international consulting and engineering company, dedicated to serving clients across the world's energy and industrial sectors;
- **Commercial Information**

**Commercial** have a **Commercial**, **Commer**, which has operated in the region for more than 30 years. The focus of the **Commercial Information** in New Zealand and Australia. Over the last 30 years we have developed a close working relationship within both companies, and regularly explore opportunities to work together outside of the joint venture.

Upon receiving both proposals, the Applicant has determined to proceed with Beca AMEC, noting the following:

- **Commerci** significant experience in engineering of **Commercial Information** (as opposed to standalone saw mills) including cross-disciplinary track record in sawmilling, **Commerci** plants (specialised aspect of wood processing industry) and biorefining (noting that **Commerci** partner, **Com**, is one of the worlds leading hydrocarbons engineering firms);
- **Commerci** credentials as a significant New Zealand-based engineering firm with a footprint of subsidiary offices in Australia and South-East Asia where highly relevant construction industry firms are its customers (ie: future customers of NZFFP); and
- Several members of the **Commer** projects team are well known to the Applicant, given their previous roles in senior engineering and management at N.Z. Forest Products Ltd, before its takeover by Elders Resources in 1986, and their subsequent continuing careers in the New Zealand wood processing industry before being employed by **Commerci**.

- **Research & Development Partners:** the Applicant has appointed the **Commercial Information** as its lead R&D partner, noting that **Commercial Information**'s leading position and cross-disciplinary team structure, with broad expertise from plant science to construction engineering to architecture. The Applicant has invited **Commercial** to join this Research & Development group as **Commercial Information** with significant wood process engineering expertise. The Applicant maintains strict cost control systems with respect to research & development partnerships including framework agreements of overarching commercial terms and detailed work orders that define core deliverables with commercial effect that are regularly measured before funds for future work deliverables are released.

27. What risks are associated with the delivery of this activity?

#	Risk	Mitigation approach	Rating
1	Business Risk – Commercial Information [REDACTED] [REDACTED] [REDACTED] pliance, operations, and reputation.	- Commercial Information [REDACTED] [REDACTED]	Low
2	Competition Risk – Commercial Information [REDACTED] [REDACTED] [REDACTED]	- Commercial Information [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]  - [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	Low
3	Refinancing Risk – Commercial Information [REDACTED]	- Commercial Information [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]  - [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]  - Commercial Information [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]  - [REDACTED] [REDACTED] [REDACTED]	

		Commercial Information [REDACTED]	
4	Raw Material Risk – Commercial Information [REDACTED]	- Commercial Information [REDACTED]	Medium
5	Technical Risk – Commercial Information [REDACTED]	- Commercial Information [REDACTED]	Medium
6	Calamity Risk (Natural Disasters) – Commercial Information [REDACTED]	- Commercial Information [REDACTED]	Medium
7	Environmental Risk – Commercial Information [REDACTED]	- Commercial Information [REDACTED]	Low



		<p>Commercial Information</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	
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28. What is the future intent (at this stage) relating to the project? Has there been any assessment of future viability of the project undertaken?

Please refer to attached NZFFP business plan for more detail. In summary, once the loan has been used to complete a full feasibility study and design of Commercial Information [REDACTED]

[REDACTED] This is a central aspect to the multi-decades expertise of the Applicant's shareholders in funding the feasibility and then construction of major natural resources projects globally.

The end objective is to create a Commercial Information [REDACTED] in New Zealand, deploying Commercial Information [REDACTED]

[REDACTED]

[REDACTED]

Commercial Information [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## Part D: Declarations

29. Has this activity ever been declined Crown Funding in the past? Yes: ☐ No: ☒
30. Is the applicant or the contracting entity insolvent or subject to any insolvency action, administration or other legal proceedings? Yes: ☐ No: ☒
31. The contracting entity is compliant and will continue to comply with all applicable laws, regulations, rules and professional codes of conduct or practice including but not limited to health and safety and employment practices Yes: ☒ No: ☐
32. Is any individual involved in the application, the proposed contracting entity or the project, an undischarged bankrupt? Yes: ☐ No: ☒
33. Is any individual under investigation for, or has any individual been convicted of, any offence that has a bearing on the operation of the project? Yes: ☐ No: ☒
34. Are there any actual, potential or perceived conflicts of interest that the applicant or any of the key personnel have in relation to this project. Yes: ☐ No: ☒  
"In a small country like ours, conflicts of interest in our working lives are natural and unavoidable. The existence of a conflict of interest does not necessarily mean that someone has done something wrong, and it need not cause problems. It just needs to be identified and managed carefully..."  
<https://www.oag.govt.nz/2007/conflicts-public-entities>

If you answered "Yes" to any of the above, please provide a description below:

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By completing the details below, the applicant makes the following declaration about its application for Provincial Growth Fund funding for the project ("application"):

- ☒ I have read, understand and agree to the Terms and Conditions of applying for Provincial Growth Fund funding which are attached as Appendix 1;
- ☒ The statements in the application are true and the information provided is complete and correct, and there have been no misleading statements or omissions of any relevant facts nor any misrepresentations made;
- ☒ I have secured all appropriate authorisations to submit the application, to make the statements and to provide the information in the application;
- ☒ I consent to this application being publically released if funding is approved. I have identified the commercially sensitive and personal information.
- ☒ The applicant warrants that it has no actual, potential or perceived conflict of interest (except any already declared in the application) in submitting the application, or entering into a contract to carry out the project. Where a conflict of interest arises during the application or assessment process, the applicant will report it immediately to the Provincial Development Unit by emailing [PGF@mbie.govt.nz](mailto:PGF@mbie.govt.nz); and
- ☒ I understand that the falsification of information, supplying misleading information, or the suppression of material information in this application, may result in the application being eliminated from the assessment process and may be grounds for termination of any contract awarded as a result of this application process.

**Full name:** David Henry

**Title / position:** Director, NZ Future Forest Products Ltd

**Signature:**

Privacy of  
Natural  
Persons

**Date:**

## **Appendix 1 – Terms and Conditions of this Application**

### **General**

The terms and conditions are non-negotiable and do not require a response. Each applicant that submits a request for Provincial Growth Fund (“PGF”) funding (each an “application”) has confirmed by their signature on the application that these terms and conditions are accepted without reservation or variation.

The Provincial Growth Fund is a government initiative which is administered by the Provincial Development Unit, a unit within the Ministry of Business, Innovation and Employment. Any reference to the Provincial Development Unit in these terms and conditions, is a reference to MBIE on behalf of the Crown.

### **Reliance by Provincial Development Unit**

The Provincial Development Unit may rely upon all statements made by any applicant in an application and in correspondence or negotiations with the Provincial Development Unit or its representatives. If an application is approved for funding, any such statements may be included in the contract.

Each applicant must ensure all information provided to the Provincial Development Unit is complete and accurate. The Provincial Development Unit is under no obligation to check any application for errors, omissions, or inaccuracies. Each applicant will notify the Provincial Development Unit promptly upon becoming aware of any errors, omissions, or inaccuracies in its application or in any additional information provided by the applicant.

### **Ownership and intellectual property**

Ownership of the intellectual property rights in an application does not pass to the Provincial Development Unit. However, in submitting an application, each applicant grants the Provincial Development Unit a non-exclusive, transferable, perpetual licence to use and disclose its application for the purpose of assessing and decision making related to the PGF application process. Any hard copy application or documentation supplied by you to the Provincial Development Unit may not be returned to you.

By submitting an application, each applicant warrants that the provision of that information to the Provincial Development Unit, and the use of it by the Provincial Development Unit for the evaluation of the application and for any resulting negotiation, will not breach any third-party intellectual property rights.

### **Confidentiality**

The Provincial Development Unit is bound by the Official Information Act 1982 (“OIA”), the Privacy Act 1993, parliamentary and constitutional convention and any other obligations imposed by law. While the Provincial Development Unit intends to treat information in applications as confidential to ensure fairness for applicants during the assessment and decision making process, the information can be requested by third parties and the Provincial Development Unit must provide that information if required by law. If the Provincial Development Unit receives an OIA request that relates to information in this application, where possible, the Provincial Development Unit will consult with you and may ask you to confirm whether the information is considered by you to be confidential or still commercially sensitive, and if so, to explain why.

The Provincial Development Unit may disclose any application and any related documents or information provided by the applicant, to any person who is directly involved in the PGF application and assessment process on its behalf including the Independent Advisory Panel (“IAP”), officers, employees, consultants, contractors and professional advisors of the Provincial Development Unit or of any government agency. The disclosed information will only be used for the purpose of participating in the PGF application and assessment process, which will include carrying out due diligence. If an application is approved for funding, information provided in the application and any related documents may be used for the purpose of contracting.

In the interests of public transparency, if an application is approved for funding, the application (and any related documents) may be published by the Provincial Development Unit. Commercially sensitive and personal information will be redacted by reference to the provisions of the Official Information Act 1982.

### **Limitation of Advice**

Any advice given by the Provincial Development Unit, any other government agency, their officers, employees, advisers, other representatives, or the IAP about the content of your application does not commit the decision maker (it may be Senior Regional Officials, Ministers or Cabinet depending on the level of funding requested and the nature of the project) to make a decision about your application.

This limitation includes individual members of the IAP. The IAP’s recommendations and advice are made by the IAP in its formal sessions and any views expressed by individual members of the IAP outside of these do not commit the IAP to make any

recommendation.

#### **No contractual obligations created**

No contract or other legal obligations arise between the Provincial Development Unit and any applicant out of, or in relation to, the application and assessment process, until a formal written contract (if any) is signed by both the Provincial Development Unit and a successful applicant.

#### **No process contract**

The PGF application and assessment process does not legally oblige or otherwise commit the Provincial Development Unit to proceed with that process or to assess any particular applicant's application or enter into any negotiations or contractual arrangements with any applicant. For the avoidance of doubt, this application and assessment process does not give rise to a process contract.

#### **Costs and expenses**

The Provincial Development Unit is not responsible for any costs or expenses incurred by you in the preparation of an application.

#### **Exclusion of liability**

Neither the Provincial Development Unit or any other government agency, nor their officers, employees, advisers or other representatives, nor the IAP or its members will be liable (in contract or tort, including negligence, or otherwise) for any direct or indirect damage, expense, loss or cost (including legal costs) incurred or suffered by any applicant, its affiliates or other person in connection with this application and assessment process, including without limitation:

- a) the assessment process
- b) the preparation of any application
- c) any investigations of or by any applicant
- d) concluding any contract
- e) the acceptance or rejection of any application, or
- f) any information given or not given to any applicant(s).

By participating in this application and assessment process, each applicant waives any rights that it may have to make any claim against the Provincial Development Unit. To the extent that legal relations between the Provincial Development Unit and any applicant cannot be excluded as a matter of law, the liability of the Provincial Development Unit is limited to \$1.

Nothing contained or implied in or arising out of the PGF documentation or any other communications to any applicant shall be construed as legal, financial, or other advice of any kind.

#### **Inducements**

You must not directly or indirectly provide any form of inducement or reward to any IAP member, officer, employee, advisor, or other representative of the Provincial Development Unit or any other government agency in connection with this application and assessment process.

#### **Governing law and jurisdiction**

The PGF application and assessment process will be construed according to, and governed by, New Zealand law and you agree to submit to the exclusive jurisdiction of New Zealand courts in any dispute concerning your application.

#### **Public statements**

The Provincial Development Unit and any other government agency, or any relevant Minister, may make public in whole or in part this application form including the following information:

- the name of the applicant(s)
- the application title
- a high-level description of the proposed project/activity
- the total amount of funding and the period of time for which funding has been approved
- the region and/or sector to which the project relates

The Provincial Development Unit asks applicants not to release any media statement or other information relating to the submission or approval of any application to any public medium without prior agreement of the Provincial Development Unit.

## Appendix 2 - Operational criteria for all tiers of the Fund

### Link to Fund and government outcomes

- Demonstrate the ways in which the project will contribute to lifting the productivity potential of the region
- Demonstrate how the project contributes to the Fund's objectives of:
  - more permanent jobs
  - benefits to the community and different groups in the community
  - increased utilisation and returns for Māori from their asset base (where applicable)
  - sustainability of natural assets (e.g. water, soil integrity, the health and ecological functioning of natural habitats)
  - mitigating or adapting to climate change effects, including transitioning to a low emissions economy
- Clear evidence of public benefits (i.e. benefits other than increased profitability for the applicant)
- Are in a Government priority region or sector

### Additionality

- Project is not already underway, does not involve maintenance of core infrastructure or assets (except for rail and transport resilience initiatives), and does not cover activities the applicant is already funded for (funding could be considered to increase the scale of existing projects or re-start stalled projects)
- Demonstrated benefit of central Government investment or support
- Detail of any supporting third party funding (and any funding sought unsuccessfully)
- Acts as a catalyst to unlock a region's productivity potential
- Demonstrated links to other tiers of the Fund and related projects, to maximise value of Government investment

### Connected to regional stakeholders and frameworks

- Evidence of relevant regional and local support, either through existing regional development mechanisms, or through another relevant body such as a council, iwi or other representative group (or reasons for any lack of local support)
- Has been raised and discussed with the region's economic development governance group
- Alignment with, or support for the outcomes of, any relevant regional development plan, Māori development strategy or similar document (whether regional or national)
- Demonstrated improvement in regional connectedness (within and between regions)
- Leverage credible local and community input, funding, commercial and non-commercial partners
- Utilise existing local, regional or iwi/Māori governance mechanisms

### Governance, risk management and project execution

- Evidence of robust project governance, risk identification/management and decision-making systems and an implementation plan appropriate to the size, scale and nature of the project
- Future ownership options for capital projects, including responsibility for maintenance, further development, and other relevant matters
- Benefits and risks clearly identified and quantified, depending on the scale of the initiative
- Evidence of potential exit gates and stop/go points, and a clear exit strategy
- Clearly identifies whole of life costs (capital and operating)
- Dependencies with other related projects are identified
- Evidence of sustainability after conclusion of PGF funding
- Adequacy of asset management capability (for capital projects)
- Compliance with international obligations (where relevant)