

Introducing CQuest Carbon and Forestation Fund

With a projected 8-9% p.a return over the lifetime of the fund, three viable income sources and the potential for capital gains, the CQuest Fund offers a growth story that's hard to match.

The CQuest Fund was established in 2021, with the aim of building a portfolio of high-quality forestry assets benefiting from both carbon and timber production. The fund has already secured 3 properties totalling over 900 hectares, with 600 hectares already planted.

The fund is now open to new investors, as CQuest looks to expand and reach 2000 hectares planted by end 2024.

The fund has three assets that can generate revenue – the ability to produce carbon credits, the trees and the land – giving flexibility in the future to maximise investor returns.

The return over the lifetime of the investment is forecast to be 8-9% p.a (IRR), with first distributions scheduled for 2026.

The forecast returns are based on:

- 11-13% p.a return from years 5-17 from the sale of carbon credits. Every \$10 increase in the sale price of carbon credits would lead to an additional 2-3% p.a return during these carbon sequestering years.
- Revenue from harvesting the trees for timber (25 to 30 years after planting).
- Land ownership gives a third asset that could be sold or leased in the future.

The high-standard of the development work completed to date was recognised in recent valuations, giving a 15-20% increase in value. There is the potential for further capital gains as additional properties are purchased and developed.

Why Invest in Carbon?

Globally, there is a growing recognition that more needs to be done to reduce greenhouse gas emissions. To create a financial incentive that encourages businesses and individuals to do more to reduce and offset emissions, the New Zealand government set up the Emissions Trading Scheme (ETS) in 2008. This put a price on emissions, by requiring companies to surrender carbon credits or NZUs to offset the greenhouse gases that they produce. Forests such as those in the CQuest Fund can be registered with the ETS and earn NZUs for sequestering carbon, and these can then be sold.

The prices for NZUs has risen around 50% in the past two years to \$75-\$85 a tonne as the ETS and carbon market have developed.

Planting and growing trees is one of the most cost-effective ways to sequester carbon. The CQuest forests are expected to be able to sequester carbon dioxide for around \$25-\$30 a tonne, giving a healthy margin against recent sale prices.

Many commentators believe that carbon prices will need to increase to over \$100 a tonne to encourage the scale of change needed to significantly reduce carbon emissions. Every \$10 increase in the sale price of carbon credits would lead to an additional 2-3% p.a return during the carbon sequestering years.

Disclaimer:

The opportunity to participate in this offer is only open to investors who fall within the exclusions applicable to offers made to "wholesale investors" as set out in Schedule 1, clause 3(3)(b) (iii) or clauses 3 (2)(a)-(c) and 3 (3)(a)-(b)(ii) of the Financial Markets Conducts Act 2013 (FMCA). You can obtain further information on FMCA requirements, and whether you come within the exclusions and their requirements at www.myfarm.co.nz/can-i-invest



Key Offer Facts

Target raise for this round:	\$12 million
Expected Total Issue size after this round:	\$25.63 million
Forecast return for investors:	8-9% p.a over the lifetime of the investment (IRR)
Minimum investment:	50,000 units (\$50,000 at \$1/Unit)
Liquidity:	Listed on Syndex trading platform. More information can be found in the Information Memorandum.
Offer opens:	Thursday 2 nd February
Offer closes:	Friday 3 rd March
Payment due:	Friday 17 th March

Why Invest in Forestry?

Forestry is one of New Zealand's largest export earners, worth over \$6.5bn each year. Radiata Pine is a versatile raw product. Along with the current uses like construction and furniture, there are a range of new applications emerging such as biofuels and as a plastic replacement. This versatility should place the CQuest Fund in a strong position when the trees are harvested to maximise returns.

Establishing and Managing CQuest's Forests

Good forest establishment and careful ongoing management are critical to generating carbon credits and receiving a good income at harvest time.

The CQuest forests will be managed by Afforestation Partners, who have a total portfolio of 3,000 hectares of forestry under management. The team applies their hands-on experience, knowledge and connections to source and manage forests to maximise returns for investors. They also utilise the latest forestry management technologies to plan, complete and report on key management activities. Outside of their forestry focus, the team also manage sheep, beef and dairy assets with a transacted value of around \$120 million.

For more information, contact Louise Bignall:

021 172 0662

louiseb@myfarm.co.nz