

How to Invest in W.A. Blue Gum Limited

100PercentInvesting Rebate

Amount Invested (excl GST)	Rebate	Units Invested
\$20,000	5.00%	5 plus



1. Read the Product Disclosure Statement (PDS) in its entirety before making an investment decision.



2. Print the application form(s) from this PDF file.



3. Post directly to the address below with your cheque/finance details for the amount invested.
(We recommend you keep a copy of the application for your records.)

W.A. Blue Gum Limited
Attn: Mr Tom May
Level 6
140 William Street
Melbourne VIC 3000



4. To avoid any complications with your application and to ensure that you receive your cash rebate, complete your investment details online at www.100percentinvesting.com.au



You will receive notification from the company that your investment application has been received.



If applicable, you will receive your cash rebate as soon as we receive the brokerage from W.A. Blue Gum.



Information on the rebate system can be found at Commission Rebates online at www.100percentinvesting.com.au

To avoid any potential rejection of your application as a result of Anti Money Laundering /Counter Terrorism Finance Act 100PercentInvesting will require identification documents to be provided for investment applications. Investors who have **NOT** previously verified their ID with 100PercentInvesting will need to complete the Identification Form available under the 'Lodgement Confirmation' menu and forward all relevant documents, for the attention of 100PercentInvesting, to:

enquiry@100PercentInvesting.com.au

or

PO Box 601, Black Rock VIC 3193



W.A. BLUE GUM PROJECT 2017

COMBINED PRODUCT DISCLOSURE STATEMENT
AND FINANCIAL SERVICES GUIDE

This Combined Product Disclosure Statement and Financial Services Guide ("PDS") relates to the offer of Interests in the registered managed investment scheme known as the W.A. Blue Gum Project 2017 ARSN 618 890 574 ("Project"). Applications for Interests can only be made on the Application Form attached to or accompanying this PDS.

This PDS is dated 12 May 2017 and was prepared and issued by W.A. Blue Gum Limited (ACN 060 179 982) ("WABG" or "Responsible Entity") in its capacity as responsible entity of the Project.

This PDS does not constitute an offer or invitation in any jurisdiction or to any person where, or to whom, it would be unlawful to make an offer or invitation. It is the responsibility of any prospective Grower outside Australia to obtain any necessary approvals for being issued with Units pursuant to this PDS.

This PDS contains general advice only and is not personal financial product advice. It has been prepared without taking into account your objectives, financial position or particular needs. Before making a decision to become an Applicant on the basis of the PDS you should read it carefully and in its entirety (and any website updates). In particular you should consider the risk factors set out in Part A of this PDS that could affect the performance of the Project. You should carefully consider these factors in light of your personal circumstances (including your financial and taxation circumstances). You may wish to consult your stockbroker, accountant, independent financial advisor or lawyer.

No person guarantees the success of the Project or any particular financial outcome from participation in the Project or the taxation consequences of participating in the Project. All or part of a Grower's Interest could be lost.

Some words in this PDS have defined meanings. The definitions appear in the glossary in Section 12 except those that appear in Section 9 (Principal

Agreements) which are defined by reference to the particular agreement. All financial amounts are in Australian Dollars and inclusive of GST unless otherwise specified.

Photographs used in this PDS are for illustrative purposes only. They do not represent the proposed Project.

The Project is a registered managed investment scheme and the Offer contained in this PDS is not made pursuant to a disclosure document that is required to be lodged with ASIC. ASIC takes no responsibility for the content of this PDS. The Responsible Entity will notify ASIC that this PDS is in use in accordance with section 1015D of the Corporations Act.

The ATO takes no responsibility for the content of this PDS. Any product ruling for the Project is not a sanction, endorsement or guarantee of commercial success of the Project by the Commissioner, and the Commissioner recommends Growers consult an independent financial (or other) adviser for information on the commercial viability of the Project.

No person is authorised to provide any information or make any representation in connection with the Offer or the Project that is not contained in this PDS. Such information is not authorised by the Responsible Entity and cannot be relied upon.

Copies of this PDS can be accessed electronically at www.wabluegum.com.au and the Responsible Entity will provide a paper copy on request free of charge. The information in this PDS is based on facts and opinions that are subject to change. If there is a material change that may adversely affect your decision to invest, the Responsible Entity will issue a supplementary or replacement PDS. The Responsible Entity may also provide updated information on its website at www.wabluegum.com.au or upon request on our toll free number 1300 888 511. Upon request, a paper copy of that updated information will be provided free of charge.





Dear prospective Grower,

You are invited to participate in the W.A. Blue Gum Project 2017.

The Project will be developed on land in the south-west of Western Australia, which the Project's Independent Forestry Expert, Mr Don Spriggins, considers is very suitable for the Establishment of Blue Gum plantations.

The Directors have been successful in procuring an agreement with the very experienced and reputable company W.A. Chip & Pulp Co. Pty Ltd to Harvest and purchase the wood produced by the Project. W.A. Chip & Pulp Co. Pty Ltd is owned by an extremely large Japanese company, Marubeni Corporation. The Marubeni Corporation Group owns and manages tree plantations in Western Australia on a large scale and, in the opinion of the Company, is an industry leader in log Harvesting and woodchipping. The Marubeni Corporation Group is one of the large Japanese Trading Houses. Ents Forestry Pty Ltd, as Forestry Contractor, is highly experienced in planation establishment and management.

Every business, including agriculture, involves a degree of risk. The major risks identified by the Directors have been set out in this PDS and include the risk of decrease in demand and price for timber, natural disasters and taxation and regulatory changes. While the Directors have taken steps to reduce these risks or minimise the adverse impact of such risks in the structuring of the Project, by the terms of the contracts to be entered into and by utilising and consulting leaders in the forestry sector, this Project should be considered long term and speculative.

The Directors have paid careful regard to ASIC's Regulatory Guides and to the stated objectives of the current product disclosure regime.

This PDS is divided into three parts. Having regard to the complexity of the choice to invest and volume of relevant information, Part A attempts to provide a clear, concise and effective disclosure of the main features, rights and obligations of subscribing to the Project. However, current market expectations of prospective Growers require significant detailed information to be provided to enable people to assess their participation in such products. Part B represents this extensive detailed information. Part C of this PDS is a Financial Services Guide which the Responsible Entity is required to provide to prospective Growers. All parts should be read in their entirety and as a whole.

Please give the Project your most careful consideration.

Yours sincerely,

A. H. May
Chairman

W.A. Blue Gum Limited



TABLE OF CONTENTS

Section	Page
IMPORTANT NOTICES	1
CHAIRMAN'S LETTER	3
DIRECTORY	6
PART A: EXECUTIVE SUMMARY	7
1. SUMMARY OF THE OFFER AND PROJECT	7
2. ASIC BENCHMARKS AND DISCLOSURE PRINCIPLES	14
2.1 Introduction	14
2.2 Benchmarks	14
2.3 Disclosure Principles	15
PART B: DETAILED INFORMATION	18
3. PARTICULAR ATTRACTIVE FEATURES OF THE PROJECT	18
3.1 Quality of the Land	18
3.2 Forward Sale of all the Wood	18
3.3 Coppice	18
3.4 Improved Seedlings	18
3.5 Uncomplicated Finance	18
3.6 Experienced Forestry Contractor	19
3.7 Involvement of Marubeni Corporation	19
3.8 Carbon and Environmental Credits and Debits	19
4. WHY BECOME A GROWER OF BLUE GUM	22
4.1 Attributes of the Species	22
4.2 Growing Demand	22
4.3 Growing Returns	22
4.4 Environmentally Beneficial	22
4.5 International Markets	22
4.6 Domestic Markets	24
4.7 Alternative Markets for Woodchip such as Biomass	24
4.8 Diversification of Asset Classes	24
4.9 Government Support	24
4.10 Employment Opportunities	24
5. FEES AND OTHER COSTS	25



Section	Page
6. STRUCTURE OF THE PROJECT	29
7. OTHER DETAILS OF THE PROJECT	30
7.1 The Responsible Entity	30
7.2 The Project Manager	30
7.3 Reports	30
7.4 Insurance	30
7.5 Compliance Plan	31
7.6 Compliance Committee	31
7.7 Audit of the Compliance Plan	31
7.8 Conflicts of Interest	31
7.9 Complaints by Growers	31
7.10 Anti Money Laundering and Counter Terrorism Financing Amendment Act 2007	32
7.11 Privacy	32
7.12 FATCA	32
8. INDEPENDENT FORESTRY EXPERT'S REPORT	33
9. PRINCIPAL AGREEMENTS	38
10. DIRECTORS OF WABG	44
11. ADDITIONAL INFORMATION	45
12. GLOSSARY OF TERMS	46
13. HOW TO PARTICIPATE	49
14. APPLICATION FORM	50
15. POWER OF ATTORNEY	54
16. APPLICATION FOR FINANCE	56
17. (IF APPLICABLE) POWER OF ATTORNEY FOR GUARANTEE AND INDEMNITY WHERE THE APPLICANT IS A COMPANY	59
18. INVESTOR IDENTIFICATION FORM	61
PART C: W.A. BLUE GUM PROJECT 2017 FINANCIAL SERVICES GUIDE	67



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1. SUMMARY OF THE OFFER AND PROJECT

Overview

W.A. Blue Gum Limited ("WABG") invites prospective Growers to sublease 5 or more identifiable allotments of land (1 hectare each), for an estimated 10 year term as part of a commercial Tasmanian Blue Gum (*Eucalyptus globulus*) plantation. Each hectare of Project Land is likely to produce the same amount of wood regardless of whether the land is planted or Coppiced. Each hectare that is planted is likely to contain between 800 and 1,000 trees (with an average of about 900). Each hectare that is Coppiced is likely to contain approximately 650 stump stools, from which an average of 1.5 stems will develop, thereby yielding an average number of stems similar to planted land.

The W.A. Blue Gum 2017 Project offers the opportunity to become a grower of Tasmanian Blue Gum trees and to carry on the business of commercially growing timber plantations.

Growers in the Project will, in exchange for the payment of an initial Establishment Fee and ongoing lease, tending and other fees, receive a sub-lease of an allotment of Project Land on which the trees will be grown over a period of approximately 10 years. The minimum investment is 5 hectares of land.

The timber Harvested from the Project Land will be sold, most probably, for use in the paper industry and Growers will be entitled to a share of the pooled proceeds according to the number of hectares of land sub-leased.

In addition to the sale proceeds at the conclusion of the Project, Growers should be entitled to tax deductions for both the initial Establishment Fee and ongoing fees.

Pulpwood Industry

The continued reliance on paper and paper products by developed countries and the increased consumption of these products by developing countries is leading to an increase in demand for the raw materials required for paper production. Hardwood fibre, extracted from Blue Gum, is the preferred raw material for the production of high quality paper. In fact, most paper mills require that some, if not all, of their timber input be hardwood fibre.

Key Features of the Project

The Project will consist of about 800 hectares, or more or less, subject to land of the required quality being available.

- Establishment Fee per hectare: \$4,400 (including GST)
Minimum of 5 - \$22,000 (including GST)
- Ongoing fees per hectare:
 - Lease: \$440 (including GST)
Minimum of 5 - \$2,200 (including GST) (Indexed) per annum
 - Tending: \$121 (including GST)
Minimum of 5 - \$605 (including GST) (Indexed) per annum

- Other fees:
 - Harvest, transport costs: to be deducted from Harvest proceeds
 - Harvest supervision fees: approximately 3.3% (including GST) of net Harvest proceeds
 - Incentive bonus: 15% of excess return above \$18,000 (including GST) (Indexed) per hectare
 - Insurance: approximately 0.7% of insured value (including GST)
 - Credit (or similar) card merchants fee for Growers who make payments under the Project using a credit or similar card
- Finance available
- Project term: approximately 10 years
- Offer closes: 30 June 2017

The Project:

The W.A. Blue Gum Project 2017 involves the Establishment and tending of Tasmanian Blue Gum (*Eucalyptus globulus*) plantations for the Harvesting and sale of timber through a managed investment scheme registered under the Corporations Act. WABG, as the Responsible Entity and the Project Manager, has been involved in forestry operations for over 10 years and currently manages thousands of hectares of Blue Gum plantations in Western Australia on behalf of subscribers to previous offers.

The Establishment will be undertaken by two distinct methods. Approximately 66% of the Project as a whole and on the land subleased to each Grower will consist of trees that have been Coppiced, with the balance being trees that are newly planted. Coppicing is a process by which new shoots from the stumps of trees that have recently been Harvested are managed by professional foresters to produce a new tree crop. The chief advantage of Coppicing (compared to planting) is that over the life of the Project the process is cheaper, with the likelihood that the yield of timber per hectare at the time of Harvest will be about the same as from newly planted trees. In recent times harvesting techniques have advanced to the stage where it is possible to harvest at a competitive cost a multi-stemmed tree that has grown from Coppice. In order to diversify risk, only approximately 66% of the Project as a whole and on the land subleased to each Grower will consist of trees that have been Coppiced. As set out in the Glossary of Terms, "Establishment" covers both Coppicing and planting.

Pursuant to the Project Agreements the Project Manager will arrange the Establishment, tending, felling and Harvesting of Blue Gum plantations to be known as the "W.A. Blue Gum Project 2017".

The Project is to be established on land in the south-west of Western Australia between Bunbury and Albany by raising approximately \$3,360,000 in initial Establishment Fees based on the present land availability outlook. Oversubscriptions may be accepted, the amount of which will be subject to the availability of land of the desired quality. Each Grower will sub-lease a specific and identifiable area of the Project Land from the Project Manager pursuant to a Sub-lease.

The Project Manager leases the Project Land from various farmers. In all instances, the head lease between the Project Manager and the farmer is to be registered with Landgate, the Western Australian Office of Titles, thereby protecting the Project Manager's and ultimately the Grower's interest in the Project Land.

Each Grower will enter into Project Agreements. The Project Agreements consist of a Sub-lease (and/or an Agreement to Sub-lease), a Project Management Contract and a Wood Purchase Agreement.

Where not all the Project Land is available for a particular Grower on or before 30 June 2017, the Responsible Entity may still accept the Grower's Application subject to a Sub-lease being entered into on behalf of the Grower and lodged for registration by 30 September 2018.

In these circumstances, the Grower will be required to enter into an Agreement to Sub-lease with the Project Manager.

It is anticipated that the trees Established and maintained under this Project will be available for Harvesting in about ten years. However, the timber may not be sold earlier than in 2025.

Under the terms of the Wood Purchase Agreement, W.A. Chip & Pulp Co., as Purchaser, will buy the wood unless the Project Manager can negotiate better terms with a reputable third party after first allowing the Purchaser the opportunity to match the price offered by that third party (see Section 9.6 of Part B of this PDS). The precise date of purchase will depend upon both the growing conditions that have existed during the term of the Project and an assessment by the Purchaser of the market conditions at the relevant time. It is likely that the date of purchase will vary from one block of Project Land to another.

It is possible that the whole or part of the wood grown will be suitable for a higher value use such as flooring. If this turns out to be the case then the Responsible Entity, as representative of the relevant Growers, and the Purchaser will decide together on the best way to deal with the grown wood. It cannot be predicted with any accuracy whether (and, if so, to what extent) it would be wise or necessary to allow a longer rotation in order to take advantage of the higher value. This PDS ignores completely the possibility of a use with a higher value than as woodchips.

All net income on the sale of a Grower's interest in the Plantations (plus any carbon and environmental credits) will be paid progressively to the Custodian for distribution to each Grower. The proceeds from the sale of the wood will be pooled and the net proceeds distributed to Growers on a pro rata basis, i.e. in the same proportion that the number of hectares of Project Land held by each Grower bears to the total of all hectares comprising the Project.

If unforeseen expenses in relation to things such as fertiliser and/or insect issues arise, a meeting of all Growers may be convened. The Growers may, by majority vote, agree to meet such expenses, in which case these expenses will be borne between all the Growers in proportion to the number of hectares held in the Project by each Grower.

It is the intention of the Responsible Entity to terminate the Project upon the distribution of the proceeds from the Harvesting of the Plantations. The Project may continue for the period ending up to 15 years after the date of the last acceptance by the Responsible Entity of an Application from an intending Grower unless otherwise determined by the Responsible Entity or the Growers.

Joint Growers:

Two Applicants may participate in the Project as Joint Growers. Under this arrangement, both Joint Growers enter into each of the Project Agreements (including a Sub-lease and/or Agreement to Sub-lease). The first Joint Grower is responsible for the Establishment Fee. The second Joint Grower is responsible for the payment of all rent, tending and insurance fees. The Joint Growers will each be entitled to 50% of the proceeds of sale of the timber from their Plantation jointly held.

Each Joint Grower will be responsible for 50% of all Harvesting, transportation and supervision costs and incentive fees payable out of the proceeds of the sale of the timber.

Unless the context indicates otherwise, throughout this PDS, any reference to a Grower includes a reference to Joint Growers.

Benefits:

Benefits of the Project include:

- (a) The soil characteristics and rainfall conditions of the Project Land have or will be independently assessed as being of superior quality for Blue Gum plantations.
- (b) The mixture of trees that are Coppiced and trees that are newly planted has the advantage, among other things, of spreading the risk that either Coppicing or planting will be not as successful as expected.
- (c) The Project Manager has selected improved seedlings for newly planted areas which analysis indicates can be expected to produce in the vicinity of 20% more wood (in dry weight terms) than trees grown from average native forest seed.
- (d) A wood purchase agreement has been negotiated with W.A. Chip & Pulp Co., a company owned by Marubeni Corporation. The Harvested timber will be sold to W.A. Chip & Pulp Co. at an price agreed prior to harvest provided that, if WABG is able to negotiate a higher price with a genuine third party, WABG will be free to sell the timber to that third party unless W.A. Chip & Pulp Co. matches the offer.
- (e) The Project Manager's Board includes directors with extensive forestry expertise and proven performance in the management of Blue Gum plantations. Two of the Directors have over 25 years' experience in the growing of softwood and hardwood plantations. The Project's Wood Purchaser is owned by Marubeni Corporation, a Japanese company which is one of the world's leading trading houses and the largest customer for pulpwood from Western Australia since 1976.
- (f) The Project Manager has contracted with leading forestry experts, including Ents Forestry Pty Ltd, as Forestry Contractor, and Mr Don Spriggins, as Independent Forestry Expert, with extensive experience in Western Australia, particularly with Tasmanian Blue Gum.
- (g) The pooling of receipts from the sale of wood both spreads the risk to each Grower and, at the same time, results in a more significant market presence at the time of selling the wood.

- (h) The possibility of significant financial gains before and after income tax is taken into account.
- (i) Growers should seek independent advice in relation to all taxation issues. A Grower should, upon payment, be entitled to an immediate tax deduction, pursuant to Division 394 of the ITAA 1997, being 100% of the total Application Money payable. In addition, all the annual or other fees should also be deductible in the respective years of payment. An application for a Product Ruling has been made to the ATO.
- (j) Division 394 of the ITAA 97 was introduced for the explicit purpose of encouraging more tree plantations.
- (k) The establishment of hardwood plantations in Australia reduces the Harvesting pressure on native forests throughout the world, particularly on the tropical forests of Asia and the South Pacific. Additionally, plantations create a sink for greenhouse gasses and help relieve salinity and soil erosion.

Risks:

The Project is long term and speculative in nature and is subject to the risks of such an undertaking including (but not limited to):

(a) **Market risks** such as:

- (i) changes in demand and price for timber due to economic downturn, global and Australian competition and consumer product requirements and preferences;
- (ii) oversupply of timber products to relevant markets;
- (iii) changes in pulp technologies;
- (iv) distributor consolidation and rationalisation, including loss of supply agreements;
- (v) changes in price for business inputs such as labour and materials and chartering of vessels; and
- (vi) new entrants to into the market.

(b) **Regulatory risks** such as:

- (i) obtaining all necessary government and regulatory approvals;
- (ii) access to infrastructure (eg power, irrigation, transport, water);
- (iii) changes in government and regulatory legislation and requirements (e.g. taxation and environmental);
- (iv) changes in levies, duties and imposts;
- (v) the withdrawal of Product Rulings that have been applied for concerning the taxation treatment for the Project by the ATO or subsequent non-compliance with the terms of the Product Ruling; and
- (vi) withdrawal of this PDS or the Responsible Entity's Australian Financial Services licence by ASIC for non-

compliance with the Constitution, Compliance Plan and/or Corporations Act or other regulatory provisions;

(c) **Agricultural risks** such as:

- (i) natural disasters, climatic variance, fire, windstorms, flooding and other acts of God;
- (ii) insect and vermin infestations and agricultural diseases;
- (iii) quarantine restrictions and regulations in Australia and globally;
- (iv) suitability of seedlings;
- (v) suitability of Coppicing on the Project Land;
- (vi) suitability of forestry techniques;
- (vii) accessing and adapting Harvesting and processing technology and technologies generally;
- (viii) misinterpreting transportation and Harvesting requirements and locations; and
- (ix) misinterpreting soil, climatic, water and other site conditions;

(d) **Financial risks** such as:

- (i) ability to achieve assumed yields and prices;
- (ii) price and cost movements;
- (iii) changes in the Australian exchange rate and foreign currency exchange rates; and
- (iv) interest rate variations;

(e) **Other risks** such as:

- (i) the solvency and cash flow position of WABG and its associates, contractors, subcontractors and other relevant parties;
- (ii) default by WABG or its associates, contractors, subcontractors and other relevant parties under the material agreements;
- (iii) loss of key staff;
- (iv) events which are outside the control of WABG or its associates, contractors, subcontractors and other relevant parties, including (but not limited to) acts of God, strikes, war, environmental disasters and governmental prohibition; and
- (v) the Applicants' ability to pay their annual contributions.

The Project Manager has endeavoured to minimise these risks as far as possible by arranging appropriate sites for the Plantations and by engaging experts as prominent as the Forestry Contractor to provide the services mentioned in Section 3.6 of Part B of this PDS.

Fees and Other Costs:

Refer to Section 5 of Part B of this PDS.

Growers contribute a minimum of \$22,000 (including GST) (being the amount necessary to Establish 5 hectares of plantations at \$4,400 (including GST) per hectare and thereafter in multiples of \$4,400 (including GST) (for each extra hectare). There is no restriction on the maximum initial contribution that a Grower may make.

Taxation Information (General):

Division 394 of the ITAA 1997 contains a specific deduction provision for contributions to forestry schemes. In projects operating under this legislation, there is no longer a requirement for taxpayers to demonstrate that they are "carrying on a business" in order to access the deduction or that the amount paid is of a revenue nature. Division 394 provides that initial investors in forestry managed investment schemes will receive a tax deduction equal to 100% of their paid contributions (both initial and ongoing) and subsequent investors will receive a tax deduction for their ongoing contributions to forestry schemes, provided that WABG will spend an amount equivalent in net present value terms, to at least 70% of the amounts paid by Growers on Establishing (which includes both Coppicing and planting), tending and felling trees for Harvesting ("70% DFE rule").

In addition to the 70% DFE rule, there are also other requirements such as:

- (a) the entity claiming the deduction must be a Grower in a forestry scheme whose purpose is Establishing and tending trees for felling only in Australia;
- (b) a Grower must not have day-to-day control over the operation of the scheme;
- (c) the trees intended to be Established in accordance with the scheme must be Established within 18 months of the end of the income year in which the first payment is made by a Grower; and
- (d) the initial participant must hold an interest in the Project for at least four years.

Division 394 also contains some specific items which are not eligible for inclusion in the 70% DFE Rule.

Interest and borrowing costs paid by a Grower will not be covered by Division 394 and should continue to be deductible under the relevant provisions of the ITAA 1936 and the ITAA 1997 (eg, sections 8-1 and 25-25 of the ITAA 1997, respectively), provided the relevant tests for those provisions are met.

Where a Grower disposes of interests within 4 years, any deduction obtained by that Grower under Division 394 will be reversed in the income years claimed.

Where two Applicants apply as Joint Growers the first Joint Grower is, in the opinion of the Company, likely to be entitled to a deduction for the cost of Establishing the Plantation i.e. the \$4,400 (including GST) per hectare which will be paid pursuant to the Project Management Contract and for interest on any borrowed funds used to finance its contribution, when incurred. The

second Joint Grower is, in the opinion of the Company, likely to be entitled to deductions for ongoing costs including annual tending, annual rent and insurance and for interest on any borrowed funds used to finance its ongoing costs, when incurred.

Under Division 394 WABG will have the following obligations:

- (a) if trees are not Established within 18 months of the end of the income year when the Establishment Fee was paid by a Grower (i.e. 31 December 2018), within 3 months after the end of that 18 month period, to give the Commissioner of Taxation the statement required under Division 394 in relation to reasons why this condition was not satisfied; and
- (b) to use its best endeavours to keep records for the life of the Project plus 5 years.

It is possible that there will be further changes in taxation or other legislation which may have a positive, or alternatively a negative, effect upon the Project.

A Product Ruling for this Project has been applied for from the ATO and copies of the Product Ruling will be available free of charge from the Project Manager or from the ATO (www.ato.gov.au) after it is issued.

In December 2009 the 'non-commercial losses rules' in relation to individuals with an 'adjusted' taxable income of \$250,000 or more were amended. The non-commercial losses rules do not apply to individuals with an adjusted taxable income of \$250,000 or more only if they can satisfy the ATO, based on an objective expectation, that the business activity will produce assessable income greater than available deductions within a commercially viable period for the industry concerned. The ATO has exercised this discretion in previous Product Rulings and it is anticipated that the Product Ruling applied for by the Responsible Entity for this Project will continue to provide this result.

A Product Ruling issued by the ATO is only a ruling on the application of taxation law and is in no way expressly or impliedly a guarantee or endorsement of the commercial viability of the Project, of the soundness or otherwise of the Project, or of the reasonableness or commerciality of any fees charged in connection with the Project. Further, a Ruling is only binding on the Commissioner if the Project is implemented in the specific manner provided in that Product Ruling.

However, it is possible that the law may be amended at any time or that the interpretation thereof by the Courts may alter. If any deduction claimed by a Grower is disallowed by the Commissioner of Taxation, penalties and interest may be imposed.

Growers will be liable to pay to WABG an amount equivalent to the whole of the GST liability (if any) of the Project Manager in respect of supplies made to each Grower under the Project Agreements. However, provided that a Grower has an Australian Business Number and receives a tax invoice in relation to the payment, the Grower should be able to obtain a credit or refund in relation to any GST component paid because the Grower is likely to be carrying on an "enterprise" within the meaning of the GST legislation. Growers should seek independent advice in relation to all taxation issues.

Uncomplicated Finance:

All participating Growers may borrow up to 80% of the Application Money from Albany Financial Pty Ltd, a company associated with WABG. Amounts borrowed are to be repaid in monthly instalments by way of direct debit over the period ending on 15 June 2022. Each instalment is of both principal and interest. Interest is charged on the reducing principal at an indicative

interest rate of 12.15% per annum (see Section 3.5 of this PDS). Where a Grower defaults on payment of instalments, an indicative default interest rate of 16.4% shall accrue on the unpaid amount due until it is paid. There is no loan establishment fee payable in respect of this finance package.

Growers will not be required to submit any financial information in order to obtain this finance. No security (other than a charge over the Grower's interest in the Project and the proceeds of sale of wood) will be required. A guarantee will be required from directors if a company is a borrower.

Dispute Resolution:

The Constitution has an internal complaints handling procedure requiring the Responsible Entity to provide written details of the procedure which includes endeavouring to provide a final response in respect of a complaint within 45 days of receiving the complaint. Section 7.9 of Part B of this PDS provides a summary of the complaints handling procedure.

If a Grower is not satisfied with the outcome of the internal complaints handling procedure then the matter can be referred to the Responsible Entity's external dispute resolution scheme, the Financial Ombudsman Service Limited. The Responsible Entity is a member of that scheme.

Ethical Considerations:

The extent to which labour standards or environmental, social, or ethical considerations were, are and will be considered by the Project Manager in the selection, retention or realisation of the investment are:

- (a) Blue gum plantations offer significant environmental benefits including:
 - (i) the mitigation of carbon dioxide emissions;
 - (ii) the lowering of water tables to ameliorate salinity;
 - (iii) the improvement of soil structure and drainage; and
 - (iv) effective wildlife corridors for native fauna.
- (b) The Project Manager will have regard to the *Fair Work Act 2009 (Cth)*, industrial awards and industry standards affecting its employees.
- (c) The Project Manager has assumed that any contractor, subcontractor will have regard to the *Fair Work Act 2009 (Cth)*, industrial awards and industry standards affecting the subcontractor's employees.
- (d) The Project Manager will have regard to the directions of the government bodies and regulations affecting the Project Land.
- (e) The Project Manager has chosen the south-west region of Western Australia for its climate, soil and rainfall conditions. Most of the relevant local Councils have actively encouraged the region as a centre of forestry expertise with excellent infrastructure and a skilled labour force suitable to achieving the objectives of the Project.
- (f) The Establishment of Plantations usually reduces the risk of fire. In most cases, Blue Gum plantation fires spread far more slowly than grass, crop or native bush fires under the same conditions resulting in less area being burnt. The risk of

damage by fire is further minimised by the Project Manager through its maintenance of access roads and firebreaks and its procedures for early fire detection and suppression.

- (g) There should be no risk to koala bears as there are no known koalas in the areas in which the Project will operate.
- (h) The Project Manager is committed to providing best practice forestry and to ensuring compliance with the Code of Practice for Timber Plantations in Western Australia and other relevant national and international industry standards.

Referral Payments:

The Project Manager may pay amounts not exceeding an amount equivalent to 10% in total of the Establishment Fee to eligible recipients who refer Growers to the Project, in accordance with the Corporations Act. This amount may be paid over a period of one or more years.

Secondary Markets:

Division 394 enables Growers to trade interests in forestry schemes through a secondary market.

Under Division 394, deductibility of Growers' contributions will not be affected if Growers dispose of their interests in the Project prior to Harvest but have held the interests in the Project for at least 4 years from the end of the financial year in which Growers made a first payment.

A market value pricing rule will apply for existing interests in forestry schemes that are traded by Growers.

Growers should seek independent advice in relation to the taxation treatment of subsequent Growers in the secondary market.

Continuous Disclosure:

The Responsible Entity will be subject to regular and continuous reporting and disclosure obligations, including if interests in the Project are ED securities.

Interests in the Project will be ED securities if 100 or more people hold interests in the Project.



No Cooling Off Period:

Due to the illiquid nature of the Project there is no cooling off period for Applicants.

No Minimum Subscription for the Project:

There is no minimum subscription required for the Project to commence.

Application:

Applications can only be made on the attached Application Form and are accepted by the Responsible Entity in its absolute discretion.

Closing Date:

The Responsible Entity will not accept Applications received after 30 June 2017.

AFS Licence:

Refer to Section 7.1 of Part B of this PDS.

Further Information:

Copies of this PDS and documents specified in the PDS or required by law may be obtained or inspected at such reasonable times as agreed by contacting the Responsible Entity.

Copies of the following documents lodged with ASIC in relation to the Project may be obtained or inspected by contacting ASIC:

- (a) the annual financial report; and
- (b) if the interests are ED securities, any:
 - (i) half-yearly financial report; and
 - (ii) continuous disclosure notices.



2. ASIC BENCHMARKS AND DISCLOSURE PRINCIPLES

2.1 Introduction

In January 2012, ASIC issued *Regulatory Guide 232* Agribusiness managed investment schemes: Improving disclosures for retail investors (**Guide**). The Guide is intended to provide Growers with a greater understanding of agribusiness schemes and assist with their investment decisions by setting out five Benchmarks and five Disclosure Principles which must be addressed by the Responsible Entity.

The Guide requires the responsible entities to:

- (a) disclose whether the scheme complies with each of the 5 Benchmarks; and
- (b) address the information contained in each of the 5 Disclosure Principles.

The Guide also requires that the Responsible Entity maintain a certain level of ongoing disclosure. As disclosed in 2.3 below, the Project Manager provides ongoing annual reports to Growers (in this section described as members).

2.2 Benchmarks

	Benchmark	Compliance (Y/N)
1.	Fee Structures	Yes
2.	Responsible entity or related party ownership of interests in the agribusiness scheme	Yes
3.	Annual reporting to members	Yes
4.	Experts	Yes
5.	Appointing and monitoring service providers	Yes

(a) Benchmark 1: Fee Structures Status: **Satisfied**

This benchmark requires schemes to be structured such that fees are payable either annually or by way of an up-front payment on initial application. The benchmark also requires disclosure in relation to the scheme's fee structure as well as how fees are held and applied during the term of the scheme and how the responsible entity expects to fund the operation of the scheme until completion.

Growers are charged an initial Establishment Fee which is paid entirely in advance. Growers are also charged, by the Project Manager, annual fees for rent, tending and insurance which are paid partly in advance and partly in arrears. The Responsible Entity does not charge Growers a separate Responsible Entity fee or receive any other fees or costs in its capacity as responsible entity. Ongoing annual fees are not deferred nor paid out of Harvest proceeds.

Establishment fees and costs paid by Growers are paid to the Custodian before being paid to the Project Manager as consideration for its services to the Project, and are held by

the Custodian in an Application Fund separately to assets of other projects operated to WAGB and third party

schemes. Subsequent fees and costs are paid directly by Growers to the Project Manager.

The annual fee structure provides protection to Growers and reduces the risk of failure or default by providing funding that is sufficient to cover the anticipated expenses of the Project on an annual basis.

The Company is reasonably comfortable that fees and costs charged to Growers will cover the costs of the Project.

For more detailed information regarding the Project's fee structure and breakdown, please refer to Section 5 of Part B of this PDS.

(b) Benchmark 2: Responsible entity or related party ownership of interests in the agribusiness scheme Status: **Satisfied**

This benchmark states that the responsible entity and its related parties should own less than 5% of the total interests in the scheme (except interests acquired through defaulting members). This benchmark aims to protect against the risks of responsible entity collapses in circumstances where the responsible entity is a major interest holder in the scheme and is unable to meet its share of any fees charged.

The Responsible Entity and its related parties do not currently own any interests in the Project and it is the policy of the Responsible Entity that the Responsible Entity and its related parties should not ever own more than 5% of the total interests in the Project (except interests acquired through defaulting Growers).

(c) Benchmark 3: Annual reporting to members Status: **Satisfied**

This benchmark provides that the responsible entity should issue members with reports on the performance of the scheme at least annually.

Annual reports will be provided to Growers no later than 30 November in each year, outlining any changes to the Plantation Development and Tending Plan, the actual operations performed on the Project Land, details regarding the health and vigour of the Plantations and any other matter which may affect the performance or viability of the Plantations together with any other information relevant to Growers.

In addition, a consulting forester will provide a separate professional report at least annually, and at other times if necessary.

The Responsible Entity also provides members with financial statements and auditor's reports for the Project on an annual basis. Further information in relation to annual reporting is located at Section 7.1 of Part B of this PDS.

(d) Benchmark 4: ExpertsStatus: **Satisfied**

The Guide requires that where an expert's opinion is likely to be relied upon by retail investors, the expert must be independent. Part 8 of this PDS is the expert report provided by Mr. Don Spriggins, an independent forestry expert.

In addition to disclosing the expert's opinion, the benchmarks require a responsible entity to provide details of its relationship with the expert. The following information is provided in relation to the Responsible Entity's relationship with Mr. Spriggins:

- (a) The expert was instructed to provide his opinion regarding the suitability and appropriateness of the Forestry Contractor, Coppicing, and the land upon which the trees will be grown, and also regarding the prospects for the Blue Gum industry.
- (b) The expert has the following qualifications:
 - (i) Diploma of Forestry;
 - (ii) Bachelor of Science in Forestry; and
 - (iii) Fellow of the Institute of Foresters of Australia.
- (c) The expert has over 40 years' experience in the Australian forestry industry. Mr. Spriggins was closely involved with eucalypt planting in the South West of Western Australia from 1976 to 1994 and has provided services as an independent forestry consultant since 1995 throughout which he has worked on many projects involving blue gum plantations. Mr. Spriggins is well experienced in the silvicultural practices used in plantation forestry and particularly so with Blue Gums within this region of Western Australia.
- (d) Furthermore, whilst working in the Forests Department of WA and later the Department of Conservation & Land Management the expert was closely involved with the monitoring and regulations of sales from various woodchip plantations.
- (e) The Responsible Entity has engaged Mr. Spriggins to provide his expert opinion for the Responsible Entity on a number of projects for over ten years. The only services provided to date by Mr. Spriggins to the Responsible Entity is the preparation of the Independent Forestry Expert's Report.
- (f) The expert estimates that 40% of his total work is for the Responsible Entity, amounting to \$7,000 plus GST.
- (g) The Responsible Entity does not require the expert to take out Professional Indemnity Insurance. The expert no longer undertakes sufficient work to justify paying professional indemnity insurance premiums.

(e) Benchmark 5: Appointing and monitoring service providersStatus: **Satisfied**

This benchmark provides that the responsible entity only

engage key service providers necessary for the operation of the scheme where the engagement is:

- (a) contained in a written agreement approved by the board of the responsible entity in accordance with a documented policy;
- (b) subject to annual review against set performance criteria; and
- (c) subject to certification by the board of the responsible entity that it is on an arm's length terms.

The Forestry Contractor is a key service provider appointed under the terms of the Plantation Services Agreement which is summarised in Section 9.5 of this PDS. Its services include all services in relation to each Plantation in accordance with sound silvicultural and environmental practices adopted within the forestry industry. Specifically, the Forestry Contractor is engaged for the Establishment of the Plantation and the tending of the Plantation.

At the request of the Forestry Contractor, the amounts payable under the Plantation Services Agreement are commercial in confidence.

In accordance with the Responsible Entity's policies, the Board oversees the appointment of service providers upon recommendations provided to the Board by one of its directors. Before entering into any agreement with key service providers, the Board certifies that the agreement is being entered into at arm's length. The service provider's performance is then monitored by the Board and it is assessed on an ongoing or at least annual basis against agreed KPIs.

2.3 Disclosure Principles

The Guide requires that in addition to meeting the five Benchmarks outlined above, a responsible entity disclose various matters including information concerning significant risks, interests and features of schemes. Below, the Responsible Entity has provided a summary of the information required by the Guide's five Disclosure Principles. This information is supported by further details throughout the PDS.

(a) Disclosure Principle 1: Investor financing arrangements

Albany Financial Pty Ltd, a related company of the Responsible Entity, is available to provide finance to Growers who wish to fund their investment through borrowings.

Two of the directors of the Responsible Entity, Mr May and Mr Gorr are directors of Albany Financial Pty Ltd and shareholders in the companies that are shareholders in Albany Financial Pty Ltd.

The only amounts payable in relation to finance are principal and interest - see Section 3.5 of this PDS. The Responsible Entity does not receive a fee for arranging finance with Albany Financial Pty Ltd.

Investors are recommended to obtain and read the Loan Agreement before entering into the finance facility. The Loan Agreement can be obtained from the Responsible Entity upon request or alternatively can be downloaded from www.wabluegum.com.au.

The finance facility is a full recourse loan. The Grower will remain liable to repay amounts borrowed and interest accrued under the facility whatever the result of the Project. In the event of default, recourse will be available against the personal assets of the borrower, including the borrower's Interest in the Project. Where the borrower is a company, a personal guarantee will be required from its directors which will also be on a full recourse basis.

Contained in Part 16 of this PDS is an Application for Finance form. This is not the Loan Agreement. Investors wishing to obtain finance from Albany Financial Pty Ltd must complete this form as well as the Power of Attorney contained in Part 15. Once both completed forms are received by the Responsible Entity, the attorney, being a director of the Responsible Entity, will enter into the Loan Agreement on behalf of the investors.

(b) Disclosure Principle 2: Track record of the Responsible Entity in operating agribusiness schemes

As disclosed below, the Responsible Entity has operated Blue Gum agribusiness schemes for more than ten years. It has always outsourced the onsite Establishment, tending and Harvesting of Blue Gum to companies which are very well experienced.

The Responsible Entity currently operates eight Blue Gum agribusiness schemes, over a period extending for more than ten years. Past performance is no guide to future performance.

No statement regarding any of these agribusiness schemes will be given because none have been completed.

(c) Disclosure Principle 3: Responsible Entity's financial position

The Responsible Entity does not have any known unfunded obligations in respect of the Project or any other schemes it operates.

The Responsible Entity is not reliant on funding from external or related parties to perform its functions and obligations in respect of the Project.

The Responsible Entity is not part of any tax consolidated group.

The Responsible Entity has not provided any guarantees or indemnities to external or related parties.

(d) Disclosure Principle 4: Land, licences and water

The Project Land used for growing is leased from various farmers. In all instances, the head lease between the Project Manager and the farmer is to be registered with Landgate, the Western Australian titles office, thereby

protecting the Project Manager's and ultimately the Grower's interest in the Project Land. While the head leases referred to in this section could arguably be terminated in limited circumstances, it is the opinion of the Company that the respective terms of these agreements contain sufficient rights to provide for the protection of the Project Manager's access rights for the life of the Project.

All leases are entered into at arm's length with third parties.

In the event that the amounts due under these leases are not paid, the landlords of the relevant parcels of land may take action, including exercising their rights of forfeiture to terminate the leases. As mentioned above, all leases will be registered at Landgate which action will provide protection to Growers.

The Responsible Entity does not treat the leases as scheme property nor does it not use any of the leases as security.

No other agreements have been entered into or are necessary in relation to rights of access or tenure to water or any other resources or infrastructure required to operate the Project. The Project does not rely on any government allocation of water resources.

(e) Disclosure Principle 5: Replacement of the responsible entity

In the event that the Responsible Entity is replaced, there are no restrictions on the ability of any replacement responsible entity to access the resources required to continue the Project. Pursuant to Chapter 5C of the Corporations Act the rights and obligations under the relevant contracts would be novated to the replacement responsible entity such that any document to which the original Responsible Entity was a party should be read after replacement as if the replacement responsible entity were a party to it.

Upon replacement:

- (a) the outgoing Responsible Entity would not be entitled to any compensation by way of a 'replacement fee' or related payment;
- (b) in the opinion of the Responsible Entity there would be no detrimental effect on any agreements entered into between the investors and the Responsible Entity or other parties (due to the novation of all contracts as mentioned above); and
- (c) any annual fees already paid will not need to be paid again.

The Responsible Entity does not believe that there will be any risks relating to the continuity of the Project arising out of a change in responsible entity.



3. PARTICULAR ATTRACTIVE FEATURES OF THE PROJECT

The particular attractive features of the Project are as follows:

3.1 Quality of the Land:

Growers will sub-lease from the Project Manager land situated in the south-west of Western Australia in areas which have high rainfall, deep fertile soils and close proximity to ports (within a radius of approximately 100 kilometres). The sites have been selected by the Project Manager based on their suitability for use as plantations for Blue Gum. Western Australia has more hardwood plantations than any other State.

Sites with such close proximity to ports, higher rainfall and deep fertile soils are rare and hard to come by, which means that the Project will of necessity be conducted on a small and "boutique" basis.

As the plantings of Blue Gums in Australia expanded, it was noted that it became necessary for many companies to establish and plant in increasingly marginal land. The Project Manager steadfastly refused to follow this trend, as to do so is entirely inconsistent with its policy of maximising each Grower's ultimate returns.

The Project Manager uses rigorous site selection techniques and protocols to identify land of exceptionally high quality. The small scale of operations has the advantage of enabling the Project Manager to select sites which may not otherwise have been considered by larger companies, offering a competitive advantage in site acquisition.

The land to be acquired and sub-let to Growers will have an anticipated yield of wood much higher than is usually found in projects that have been offered by others for public subscription. Past plantings by WABG in the south west of Western Australia that have been Harvested demonstrate the well above average yields that have been obtained. This is expected to continue with the Project, although as with any tree crop, this is subject to a number of factors including soil type, rainfall and any climatic changes between the time of Establishment and Harvesting.

There is a direct correlation between the MAI of land and the anticipated returns to Growers. Land which has an MAI which is say, 33% higher than other land, will be likely to yield to a Grower a gross return at the end of the Project 33% greater than the other block of land and an even larger net return, especially when it is appreciated that many of the expenses are fixed rather than variable and that Harvesting costs are usually cheaper per unit of wood on higher productivity sites.

In order to treat all Growers equitably, the proceeds of the Harvest will be pooled between all Growers participating in this Project in proportion to the size of the respective subscriptions.

3.2 Forward Sale of all the Wood

The Harvested timber will be sold to W.A. Chip & Pulp Co. (owned by the Marubeni Corporation) but allowing the Project Manager to negotiate with any other potential buyers for a higher price. W.A. Chip & Pulp Co. then has the right to match these better terms, in which case W.A. Chip & Pulp Co. will be the buyer. The market for

Blue Gum is usually competitive and there does not appear to be any reason why this will change at the time of Harvest.

3.3 Coppice

About two-thirds of the trees on the Project Land as a whole will be grown by way of Coppice.

Coppicing is a process by which new shoots from the stumps of trees that have recently been Harvested are managed by professional foresters by selecting the most appropriate shoots on each stump and culling any excess to produce a new tree crop.

Coppicing in Blue Gum plantations is widespread, both in Australia and overseas.

Recent improvements in the technology of feller bunchers has made Coppicing more attractive than in the past. A feller buncher is a motorised harvesting machine used in logging with an attachment that can rapidly cut and gather several shoots. As its name suggests, the machine fells and bunches trees in one process.

3.4 Improved Seedlings

However, in order to mitigate risk for Growers, the Project Land as a whole will consist of about one third of the trees being replanted.

An analysis of nearly 70,000 trees grown from seed collected throughout a range of Blue Gum trees has shown that significant gains can be made by growing trees from seeds collected from the best native forest locations. Trees grown from seeds collected in the best five native forest locations in Australia can be expected to produce up to over 20% more wood (in dry weight terms) than trees grown from the average native forest seeds.

The Project Manager has made arrangements for Ents Forestry Pty Ltd to supply the Project entirely with high quality seedling stock (scientifically improved but not genetically modified) being produced by the Forest Products Commission Western Australia which are ready for Establishment in the Project.

3.5 Uncomplicated Finance

All participating Growers may borrow up to 80% of the Application Money (including GST) from Albany Financial Pty Ltd, a related company of the Responsible Entity. Amounts borrowed are to be repaid in equal monthly instalments (which include both principal and interest) by way of direct debit over the period ending on 15 June 2022. Each instalment is of both principal and interest. Interest is charged on the reducing principal at an indicative fixed rate of 12.15% per annum. Where a Grower defaults on payment of instalments, an indicative default interest rate of 16.4% shall accrue on the unpaid amount due until it is paid. There is no loan establishment fee payable in respect of this finance package. No security will be required. Albany Financial Pty Ltd is entitled to pass on to a Grower the applicable merchant's fee on the use of a credit card. Growers will not be required to submit any financial information in order to obtain this finance. No security (other than a charge over the Grower's interest in the Project and the

proceeds of sale of wood) will be required. A guarantee from directors will be required when a company is a borrower.

The outstanding principal may be repaid earlier at any time without penalty.

3.6 Experienced Forestry Contractor

Ents Forestry Pty Ltd, the Forestry Contractor, has been engaged to Establish and tend the Plantations, including the supply of seedlings. The Forestry Contractor and its staff have been growing hardwood plantations in Western Australia since the late 1990's and currently own or manage about 7,000 hectares of *E globulus* plantations in Western Australia and in the Green Triangle region of Victoria. Since 1999, it has overseen the establishment of approximately 25,000 hectares of (mainly) blue gum and a mix of other hardwood and softwood species, and staff have previously managed estates exceeding 100,000 hectares throughout Australia. Seedlings are grown from seed sourced from second-generation seed orchards, whose progeny are proven to grossly outperform unselected native seed, in renowned contract nurseries throughout the southwest.

The Forestry Contractor's staff include existing industry leaders in the Western Australian plantation and wood chip export industry and a recognised blue gum expert. The Forestry Contractor has cemented a strong reputation for quality work and reliability and leverages off extensive industry networks. It manages its plantations to the principles of the Forestry Stewardship Council (FSC) certification for Chain-of-Custody (CoC) and Controlled Wood (CW), demonstrating its desire to comply with the highest social and environmental standards. The Forestry Contractor's foresters use state-of-the-art procedures developed through various industry collaborative research ventures (such as the Industry Pest Management Group and 2R Working Group) and are active members of the Plantation Fire Cooperative in Western Australia. The Project is able to take the full commercial advantage of the Forestry Contractor's credentials, networks and experience.

3.7 Involvement of Marubeni Corporation

Under the terms of the Wood Purchase Agreement (refer to Section 9.6), W.A. Chip & Pulp Co. will Harvest and buy all the wood unless the Project Manager can negotiate better terms with a reputable third party.

W.A. Chip & Pulp Co. is owned by the Marubeni Corporation. The holding company for this company, WAPRES, was formed by the Marubeni Corporation for their woodchip and plantation businesses in September 2000. WAPRES, and its subsidiary companies, own and manage near 40,000 hectares of Blue Gum from around the South West and Great Southern regions of Western Australia. In the opinion of the Company, these companies are industry leaders in plantation establishment and management, log Harvesting and woodchipping.

WAPRES is a leader in the Western Australian plantation and wood chip export industry. WAPRES is certified to Australian Forestry Standard AS 4708 and International Standard ISO 14001: Environmental Management Systems. On 1 March 2011 WAPRES was granted Forestry Stewardship Council (FSC) certification for Chain-of-Custody (CoC) and Controlled Wood (CW), demonstrating its compliance with the highest social and environmental standards.

WAPRES forestry staff also use state of the art procedures developed through its membership of the Industry Pest Management Group. The Project is able to take the full commercial advantage of these certifications.

The Marubeni Corporation has not been involved in the preparation of this PDS and is an independent party (see also Section 11.3).

3.8 Carbon and Environmental Credits and Debits

Carbon credits are recognised reductions or absorptions of carbon. Credits need to be certified. Over time, companies or individuals who create more certificates than they need can sell these to others who need to reduce their greenhouse gas emissions.

In 2014 the Australian Parliament repealed the *Clean Energy Act 2011* (Cth) pursuant to the *Clean Energy Legislation (Carbon Tax Repeal) Act 2014* (Cth). This action has effectively abolished the carbon pricing mechanism that applied under the *Clean Energy Act 2011* (Cth), with retrospective effect.

The Company believes that tree growing is the only carbon positive sector in the Australian economy. If carbon or other environmental credits are able to be attached to the trees to be grown in this Project they may have significant value.

As such, to the extent permitted by law, all carbon and other environmental credits will be treated the same as the revenue from the sale of the wood and will belong to the Growers in the Project. If any carbon or other environmental debits accrue in the carrying out of the Project they will be deducted from the revenue otherwise payable to Growers.

Blue Gum plantations provide a range of environmental benefits including the capture of carbon dioxide, reduction of salinity, soil protection, and improved biodiversity.

About 50 per cent of a tree's dry weight is carbon. If a plantation is established on land which has already been cleared, the growth of the trees dramatically increases the total amount of carbon stored on the land. It is estimated that planting 100,000 hectares of new trees can remove approximately one million tonnes of carbon per year from the atmosphere.

In addition, the Harvesting of plantations can further contribute to greenhouse gas reduction if some of the wood is used to generate electricity and replaces fossil fuels like coal, oil or natural gas for this purpose. When trees are used for wood products, carbon continues to be stored in this form for a very long period. The amount of carbon captured by trees is estimated from the volume of the trees, calculated from the heights and diameters. For example, a fast-growing eucalypt plantation averaging a stem growth rate of 20 cubic metres of wood per hectare may yield 500 kilograms of dry wood per cubic metre, which equates to 10 tonnes per hectare and contains 50 per cent carbon, i.e. 5 tonnes per hectare of carbon in one year.

Australia's forest industry currently stores over 20 million tonnes of carbon dioxide equivalent to over 1 million hectares of Kyoto compliant plantation forests.

The Federal Government has published a new methodology for carbon opportunities for plantations. This is still not attractive enough but may be indicative of an improving trend ie being able to monetise carbon sequestration in plantations.

Furthermore, plantations can improve the saline quality of the water

in the areas in which they grow. It is not clear whether salinity credits will be established, and, if so, what their value might be.

The Project is not dependent on any carbon or other environmental credits being available to Growers.





4. WHY BECOME A GROWER OF BLUE GUM

4.1 Attributes of the Species

Blue Gum has an international reputation as one of the best species for paper production due to its short, narrow fibres, high strength and low chemical requirements for bleaching because of its light colouring.

Blue Gum has a short Harvest time (approximately 10 years) its pulp yield is very much higher than wood fibre from native mixed-age and mixed-species, plantation grown Blue Gum attracts a premium price.

4.2 Growing Demand

The growing of Blue Gum plantations in Western Australia has resulted from the increasing demand for pulp and paper products. There is an increasing gap between world demand and supply of wood fibre. Asia is the largest fibre deficit region in the world. Asia is also the main focus for growth in fibre demand for pulp and paper.

Continued reliance on paper and paper products by developed countries and the increased consumption of these products by developing countries is leading to an increase in demand for the raw materials required for paper production. Hardwood fibre, extracted from Blue Gum, is a preferred raw material for the production of high quality paper. In fact, most mills require that some, if not all, of their timber input be hardwood fibre.

The increase in demand for hardwood fibre from plantations must be viewed in conjunction with the growing awareness of the importance of preservation of native forests throughout the world, including Australia.

4.3 Growing Returns

In addition to the suitability of the species for paper production, good returns to the Grower are possible due to the high growth rates achievable in the sites selected for the Project in the south-west of Western Australia. Such sites are virtually not available in other states or in other parts of Western Australia. In fact, such sites are extremely hard to obtain even in the south-west of Western Australia. The Plantations to be Established are expected to be amongst the fastest growing in Australia. Growth rates are maximised by the implementation of silvicultural techniques (especially in relation to the optional use of fertiliser) which have been developed over more than a decade of research and development and by using scientifically improved (but not genetically modified) seedlings that have been especially selected.

Given the number of variables involved, it is not possible to forecast future cashflows and returns to Growers with any certainty. Anticipated events may not occur as expected or unforeseen circumstances may arise which are outside the control of the Responsible Entity. As a result, the Responsible Entity has elected not to provide forecast returns for the Project.

Other risks and factors as set out on pages 8 to 10 of this PDS may also affect a Grower's return. It is recommended that professional advice be obtained when considering the possible Project returns and to assist in determining whether the participation in the Project is suitable to you.

4.4 Environmentally Beneficial

As well as providing excellent market prospects, participation in a Blue Gum plantation also has many domestic environmental benefits. Also, the establishment of hardwood plantations in Australia reduces the Harvesting pressure on native forests throughout the world, particularly on the tropical forests of Asia and the South Pacific.

The rapid growth rate of hardwood plantations requires the trees to fix large amounts of carbon from carbon dioxide, contributing to the reduction of this greenhouse gas in the atmosphere. Blue Gum plantations also serve to slow or reverse the effects of salination in the agricultural areas of Western Australia. The replacement of pasture with plantations returns the water usage pattern closer to that of native forests which can alleviate salination problems downstream from the plantation and prevent salination within the plantation itself.

It has been estimated that in less than ten years over 75% of hardwood chips in Australia will be derived from plantations rather than native forest. There has been a sharp decrease in the amount of native forest available in Australia for wood production, with a fall in excess of 30% in respect of the 11 years to 2008 and has continued to decline. In the 10 years to 2014 the amount of native forest harvesting has reduced by approximately 60%.

4.5 International Markets

There are good export facilities at the Bunbury port that have been used for over 25 years. Additionally, export facilities at the Albany port commenced operation in March 2002. The land in this Project will be situated within a commercially viable distance from one or the other of these ports.

In 2008 a most substantial increase in Blue Gum woodchip price was negotiated between Australian suppliers and Japanese buyers which led to a very large increase in the net royalty payable to growers of Blue Gum trees in Australia. Notwithstanding the global financial crisis, the same price was maintained throughout 2009, 2010 and 2011. Then the effects of the global financial crisis and the Japanese tsunami in 2011 began to be felt and the price fell substantially in 2013 but the price has improved steadily since then. The Company believes that there is reason for optimism regarding future increases by the time the trees in the Project are Harvested. Even though prices fell for some time, there has been improvement in recent times.

The suitability of plantations of Blue Gum in Western Australia for supplying the international market is evidenced by the interest shown by a number of major Asian trading houses and paper companies in establishing plantations to secure their supplies. Over 250,000 hectares of Blue Gum plantations have already been established in Western Australia by a variety of companies, thereby providing a platform for this industry. Western Australia has more Blue Gum plantations than any other State in Australia, because of climate and soil factors.

Growers' wood will be sold either for manufacture into woodchips for sale to pulp and paper companies or for a higher value use. The Marubeni Group is a significant exporter of Australian hardwood

chips from plantations (to an ever increasing extent) and native forest (to an ever decreasing extent). Not only is Australia in a good geographical position to supply hardwood chip to the Asian market, because non-Asian competitors for the Asian market are further away from Asia than Australia and therefore suffer the cost of extra transport to the Asian market, Western Australia is closer to Asia than other parts of Australia where Blue Gum is grown commercially. In 2015 Australia exported a record-high volume of hardwood chips. The 2015 figure was 58% higher than in 2012. Demand in the Asian market is expected to grow strongly in the medium term and the Company predicts a large shortfall in that market from about 2021.

Japan and China are the two dominant consumers in the Asian woodchip trade. Their dominance is particularly accentuated for hardwood chips, where they now collectively constitute a very large proportion of the world's total imports.

In 2002, China imported hardwood chips from Australia for the first time. As the result of a logging ban now operating in China, domestic hardwood chips supplies remain limited and it is expected that there will be a growing market in that country. China's hardwood chip imports as a whole have doubled between 2010 and 2014. Paper production in China has more than trebled since 1990 and the Chinese market has now surpassed Japan as the second largest paper making country in the world in absolute terms. Since 2000 the international trade in woodchips has increased very substantially and one of the major reasons for this is due to China's significant investment in its domestic pulp capacity. China has in 2015 overtaken Japan as the principal importer of hardwood chips. The China-Australian Free Trade Agreement locked in the existing zero percent tariffs on woodchips imported into China.

Hence, it is expected that the continuing growth and development of China will have massive implications for world trade and forest products trade in particular. This suggests a likely new major export market for Australian woodchips. Indeed, the proportion of Chinese hardwood chip imports that is derived from Australia is higher than at any time over the last five years.

China has installed in recent years many very large pulp and paper making mills which contain the most cutting edge technology. In order to best exploit the potential efficiency of these mills they require a blend of inputs which includes the highest quality fibre, particularly Blue Gum.

Japan is one of the world's major markets for woodchips and Australia is one of its principal suppliers. Japan uses hardwood chip imported from Australia for the production of writing and printing paper. Over the past few years there has been a downward trend in the volume of woodchip exports from the United States to Japan as they are consumed domestically. Also, significant environmental pressure due to current United States harvests being almost exclusively from native forests has resulted in reduced production volumes.

In 2013 India commenced importing hardwood chips from Australia. Paper usage in India per person is very low. However, there is current discussion about the possibility of the Indian economy starting to grow significantly. There is a significant correlation between economic growth and paper usage. It has recently been reported that India has increased its demand for hardwood chips from overseas because of increased demand from its pulp manufacturing industry.

Traditionally Australia's major competition into the Asian import

market has been from Chile and South Africa, and in the last few of years from Vietnam, Thailand and Indonesia. The chips from Vietnam, Thailand and Indonesia are (for quality paper making purposes) inferior as compared to *Eucalyptus globulus*. It appears that supply from both Chile and South Africa into Japan is likely to fall. Chile now has new and large milling facilities at home and will continue to use more of its tree fibre for domestic production of paper for ultimate sale into North America. South Africa has a reduced supply because of water and other limitations. In addition, the cost of shipping the fibre from Australia to China is significantly less than it is from Chile and South Africa. This is because the average shipping time from Australia to China is about 15 days, whereas from Chile it is around 30 days and South Africa, around 25 days. In order to discourage the growing of hardwood for export, thus reducing the amount of land available for domestic food production, the Vietnam Government has introduced a 5% export tax on hardwood exports. The export of Vietnamese hardwood chip in the 10 years to 2025 is estimated to fall by 25%.

It is predicted that there is sound prospect for continued hardwood chip demands in Asia, and Australia can look forward to growth in emerging markets such as China and re-emerging demand from Japan.

Indonesia is also a potential market given the large increase in its milling capacity in recent years which may not be able to be supplied by local resources. There is a shortfall of wood fibre in Indonesia, which has opened the market for Australia and other exporters of wood fibre in Asia.

Given Australia's supply volumes, its expanding distribution abilities and close proximity to Asia, Australia is well positioned to have continued success in the hardwood chip market.

It is estimated that in the 3 years from 2017 total hardwood woodchip production which includes Blue Gum and other species is likely to fall by 20%.

It is predicted by 2025 that there will be a 10% supply deficit in hardwood chip in Asia (there is currently a 2% over-supply).

A leading consultancy is predicting an increase of approximately 11% in 2020 in the US dollar price of woodchips.

The majority of Australian hardwood chip exports are *E.globulus* which is known for its high quality and high fibre yield. *E.globulus* has long been considered the international 'gold standard' fibre for pulp production. The advantages of *E.globulus* are much higher pulp yield, lower input of chemicals and energy, etc. There are a limited number of countries and regions where *E.globulus* can be grown due to the species' very specific climate demands. Other regions where *E.globulus* can be grown are much further from the Asian markets than Australia (eg Chile), so the *E.globulus* woodchip producers in Australia will continue to have a competitive advantage in the Asia woodchip markets.

Without reinvestment in new hardwood plantations it is anticipated the existing hardwood plantations estate will continue to decline significantly, during which time demand for hardwood fibre is forecast to increase.

In the past decade the imports of Asian hardwood chip have increased at an accumulated annual growth rate of 4% per annum.

4.6 Domestic Markets

The domestic market prospects for hardwood plantations in Western Australia may be enhanced by the possible development of a future domestic pulp and paper industry based on plantations.

4.7 Alternative Markets for Woodchip such as Biomass

Woodchips can be a major feedstock for renewable energy. There is a rising bio-economy that offers new and potentially expanded markets for timber as a renewable input to many innovative and value-added products.

Recently a number of biomass plants have been discussed for establishment in Western Australia. In late 2016 there was a first shipment of hardwood biomass to Japan from Bunbury.

4.8 Diversification of Asset Classes

Well-managed agribusiness ventures are business opportunities outside of the traditional asset classes. They do not normally follow the cycles in the property and share markets. Accordingly, they may

be suitable for people who want to diversify their asset portfolio. However, it is not in itself a diversified asset class.

4.9 Government Support

The Division 394 legislation regarding taxation of forestry was introduced for the exclusive purpose of encouraging further plantation growth in order to reduce reliance on both native forests and overseas imports (see Part A: General Taxation Information).

4.10 Employment Opportunities

Blue Gum projects are generally supported by the communities in which they are grown as they encourage employment and regional growth. According to the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), *“the presence of processing facilities in regional areas can help to reduce or prevent population decline by providing an alternative source of employment”*. The Bureau's studies also shows that over time new businesses are established in the regions to provide goods and services to the growing plantation sector.



5. FEES AND OTHER COSTS

CONSUMER ADVISORY WARNING

Government regulation requires the inclusion of the standard consumer advisory warning as set out below. The information in the consumer advisory warning is standardised across all product disclosure statements and does not provide any specific information on the fees and charges in the Project. For instance, the warning below refers to your "account balance", however there is no concept of "your account balance" in the Project, nor is the duration of the Project a 30 year period, nor are any fees or costs in the Project able to be negotiated.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance, rather than 1%, could reduce your final return by up to 20% over a 30 year period.

(for example, reduce it from \$100,000 to \$80,000)

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

participation can affect your return. The fees and costs are payable by Growers. You should use this table to compare this product with other similar agribusiness managed investment products.

FEES AND OTHER COSTS OF THE PROJECT

This Section details the fees and other costs payable by a Grower. However, to fully understand these matters you should read the whole PDS before deciding whether to participate.

This document shows fees and other costs in respect of each hectare that you may be charged if you wish to participate as a Grower. These fees and costs may be paid from your money.

Taxes and insurance costs are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your subscription. All fees and costs are inclusive of any GST less any reduced input tax credits, unless otherwise stated.

Table 1 identifies the types of fees and other costs, whether they are fixed or variable and, where applicable, explains the method of calculation.

Table 2 apportions the fees and other costs between Joint Growers.

Table 3 gives an example of how the fees and other costs charged on



TABLE 1 FEES AND OTHER COSTS (PER HECTARE - MINIMUM 3 HECTARES)

TYPE OF FEE OR COST	AMOUNT (PER HECTARE)			HOW AND WHEN PAID
FEES WHEN YOUR MONEY MOVES IN TO THE PROJECT	FINANCIAL YEAR 1 (UNTIL 30 JUNE 2017)	FINANCIAL YEAR 2 (1 JULY 2017 TO 30 JUNE 2018)	SUBSEQUENT FINANCIAL YEARS	
Establishment Fee ² This is the fee for services associated with the Establishment of the Plantation	\$4,400 (including GST)	Nil	Nil	Included in Application Money which is payable on Application
Contribution fee The fee on each amount contributed to your investment	N/A	N/A	N/A	N/A
Withdrawal fee The fee on each amount you take out of your investment	N/A			N/A
Exit fee The fee to close your investment	N/A			N/A
MANAGEMENT COSTS -THE FEES AND COSTS FOR MANAGING YOUR INVESTMENT	FINANCIAL YEAR 1 (UNTIL 30 JUNE 2017)	FINANCIAL YEAR 2 (1 JULY 2017 TO 30 JUNE 2018)	SUBSEQUENT FINANCIAL YEARS	
Tending fee ³ This is the annual fee payable to manage the Plantation	Nil	\$121 (including GST) Indexed ¹ from 30 June 2017	Amount payable in previous Financial Year Indexed ¹	Payable on 30 November 2017 and thereafter on 30 September in each year from the Grower's own money
Rental fee ⁴ This is the annual fee payable for rental of the leased land	Nil	\$440 (including GST) Indexed ¹ from 30 June 2017	Amount payable in previous Financial Year Indexed ¹	Payable on 30 November 2017 and thereafter on 30 September in each year from the Grower's own money
Insurance fee ⁵ This is the annual fee payable to insure the Plantation against fire	Nil	Approximately 0.7% of the insured value ⁵	Refer to Financial Year 2 (previous column)	Payable on 15 November 2017 and thereafter on 15 November in each year from the Grower's own money
Harvesting, Transportation & Supervision fees ⁶ These costs are the actual costs incurred by the Project Manager for Harvesting, transportation and supervisory activities	Nil	Nil	The precise amounts will be determined at the time of Harvest. A 3.3% (including GST) Harvest supervision fee is payable to W.A. Chip & Pulp Co.	These fees will be paid by the Grower to the Project Manager. The Project Manager has discretion to deduct these fees from the proceeds of sale of the timber prior to making any distributions to the Grower
Incentive fee ⁷ This is a fee payable to the Project Manager for achieving higher than a nominated return	Nil	Nil	15% of the amount by which the net proceeds from the sale of the timber exceeds the sum of \$18,000 (including GST) per hectare (Indexed ¹ from 30 June 2017).	These fees will be paid by the Grower by way of deduction from the net proceeds from the sale of the timber prior to making any distributions to the Grower
Credit (or similar) Card Merchant Fee ⁸ In any case where an amount is paid by credit or similar card, there shall be added the appropriate merchants fee charge on the use of the card.	This fee is paid by a Grower who uses a credit or similar card to pay fees under the Project.			
Unforeseen Expenses ⁹ This is a fee for unforeseen expenses incurred by the Project Manager e.g. in relation to fertiliser and/or insect issues	Nil	Refer to "How and When Paid"	Refer to "How and When Paid"	This fee can only be imposed if Growers vote to meet such expenses at a meeting of all Growers convened by the Project Manager. This fee is payable from the Grower's own money upon the issue of an invoice by the Project Manager
Services fees	Financial Year 1 (Until 30 June 2017)	Financial Year 2 (1 July 2017 to 30 June 2018)	Subsequent Financial Years	
Switching fee The fee for changing investment options	N/A			N/A
Transfer of Interest The cost of transferring or assigning an interest in the Project to a different entity	The Responsible Entity will charge an administration fee of \$500 (including GST) to process a transfer of a Grower's interest in the Project to another entity in a secondary market			This fee is payable from the Grower's own money upon the issue of an invoice by the Responsible Entity

1. Amounts are inclusive of GST less any reduced input tax credits.

ADDITIONAL EXPLANATION OF FEES AND COSTS

1. Indexation

Indexed means adjusted by the percentage increase (if any) in the Consumer Price Index (All Groups, Perth) most recently published by the Australian Bureau of Statistics for the previous 12 months or if the Consumer Price Index is no longer published, such other replacement or substitute as is used by the Australian Bureau of Statistics as the measure of inflation in Australia.

2. Establishment Fee

Growers contribute a minimum of \$22,000 (including GST) (being the amount necessary to Establish 5 hectares of plantations at \$4,400 (including GST) and thereafter in multiples of \$4,400 (including GST) per hectare). There is no restriction on the maximum initial contribution that a Grower may make.

Each hectare of Project Land is likely to produce the same amount of wood regardless of whether the land is planted or Coppiced. Each hectare that is planted is likely to contain between 800 and 1,000 trees (with an average of about 900). Each hectare that is Coppiced is likely to contain approximately 650 stump stools, from which an average of 1.5 stems will develop, thereby yielding an average number of stems similar to planted land. The number of trees is determined by the soil, rainfall and other characteristics of each individual block.

3. Tending Fee

Growers will be charged an annual tending fee of \$121 (including GST) per hectare to manage the Plantation. The annual tending fee is Indexed from 30 June 2017, with the first payment on 30 November 2017 and thereafter on 30 September in each year from the Grower's own money.

4. Rental Fee

Growers will be charged an annual rental fee of \$440 (including GST) per hectare for rental of leased land. The rental fee is Indexed from 30 June 2017, with the first payment on 30 November 2017 and thereafter on 30 September in each year from the Grower's own money.

Notwithstanding that the Head Lease for a Leased Area may expire at the end of the month in which the Plantation on that Leased Area is Harvested, the obligation of a Grower to pay rent under the Sub-Lease will continue until the whole of the Project Land has been Harvested. However, the rent payable will reduce by the same proportion that the Project Land that has been Harvested as at the previous 30 June.

For example, if the Project Land totals 800 hectares and the area which has been Harvested is 50 hectares at 30 June 2027, the rent otherwise payable for the year ended 30 June 2028 will reduce by 6.25% per annum (50/800 multiplied by 100). If the Harvested area increases to 700 hectares as of 30 June 2028, the rent otherwise payable for the year ended 30 June 2029 will reduce by 87.5% per annum (700/800 multiplied by 100). If the Project Land is totally Harvested area in the next year, no rent will be payable in respect of the year following.

5. Insurance Fee

Growers will be charged an insurance fee of approximately 0.7% (including GST) of the insured value together with a fee equivalent to 10% of the premium for the Project Manager's service to arrange such insurance for the Plantation. The Project Manager will use its best endeavours to arrange such insurance at the best price. The insurance fee is payable on 15 November 2017 and thereafter on 15 November in each year from the Grower's own money.

6. Harvesting, Transportation & Supervision Fee

Growers will be charged Harvesting, transportation & supervision fees for Harvesting, transportation and supervisory activities. A 3.3% (including GST) Harvest supervision fee is payable to WA Chip & Pulp Co. There is discretion to deduct these fees from the proceeds of the sale of the timber prior to making any distributions to the Growers.

7. Incentive Fee

Growers will be charged incentive fee for achieving higher than a nominated return. The incentive fee is 15% of the amount by which the net proceeds from the sale of timber exceeds the sum of \$18,000 (including GST) per hectare, indexed from 30 June 2017. The Grower will pay these fees by way of deduction from the proceeds of sale of the timber prior to making any distributions to the Grower.

8. Credit (or similar) Card Merchant's Fee

In any case where an amount is paid by a Grower using a credit or similar card, there shall be added the appropriate merchant's fee charge on the use of the card.

9. Unforeseen Expenses

This is a fee for unforeseen expenses incurred by the Project Manager (eg. in relation to fertiliser and/or insect issues). This fee can only be imposed if Growers vote to pay such expenses at a meeting of all Growers. This fee is payable from the Grower's own money upon the issue of an invoice by the Project Manager.

TABLE 2 - JOINT GROWERS: APPORTIONMENT OF FEES AND OTHER COSTS (PER HECTARE)

Joint Growers:	Two applicants may participate in the Project as Joint Growers. Under this arrangement, both Joint Growers enter into each of the Project Agreements (including Sub-lease and/or agreement to Sub-lease). The first Joint Grower is responsible for all the fees payable in respect of all activities associated with the Establishment of the Plantation. The second Joint Grower is responsible for the payment of all rent, tending and insurance fees. The Joint Growers will each be entitled to 50% of the proceeds of sale of the timber from their Plantation.
	The first Joint Grower is required to pay the Establishment Fee i.e. a minimum of \$22,000 (including GST) (being the amount necessary to Establish 5 hectares of plantations at \$4,400 (including GST) and thereafter in multiples of \$4,400 (including GST) (equivalent to 1 hectare). The Second Joint Grower is required to pay both an annual sum for rental of the leased property and fees for the ongoing tending and insurance of the Plantations. The first annual sum for rental will be \$440 (including GST) per hectare (Indexed from 30 June 2017) and is payable on 30 November 2017. The first annual sum for tending will be \$121 (including GST) per hectare (Indexed from 30 June 2017) and will be payable on 30 November 2017. Subsequent amounts for both rental and plantation tending will be Indexed in each subsequent year to take account of inflation.
	Each Joint Grower will be responsible for 50% of all Harvesting, transportation and supervision costs and incentive fees payable out of the proceeds of the sale of the timber.
	Throughout this PDS, any reference to a Grower includes a reference to Joint Growers.

Directors' Guarantee

Where the Grower is a corporation, one or more of the directors of that corporation may be required to provide a Guarantee and Indemnity in respect of the Grower's obligations under the Project Agreements.

Taxation

For information about taxation and deductions, including the treatment of GST, you should read the section titled "Taxation Information (General)" on pages 10 to 11 of the PDS.

Referral Payments

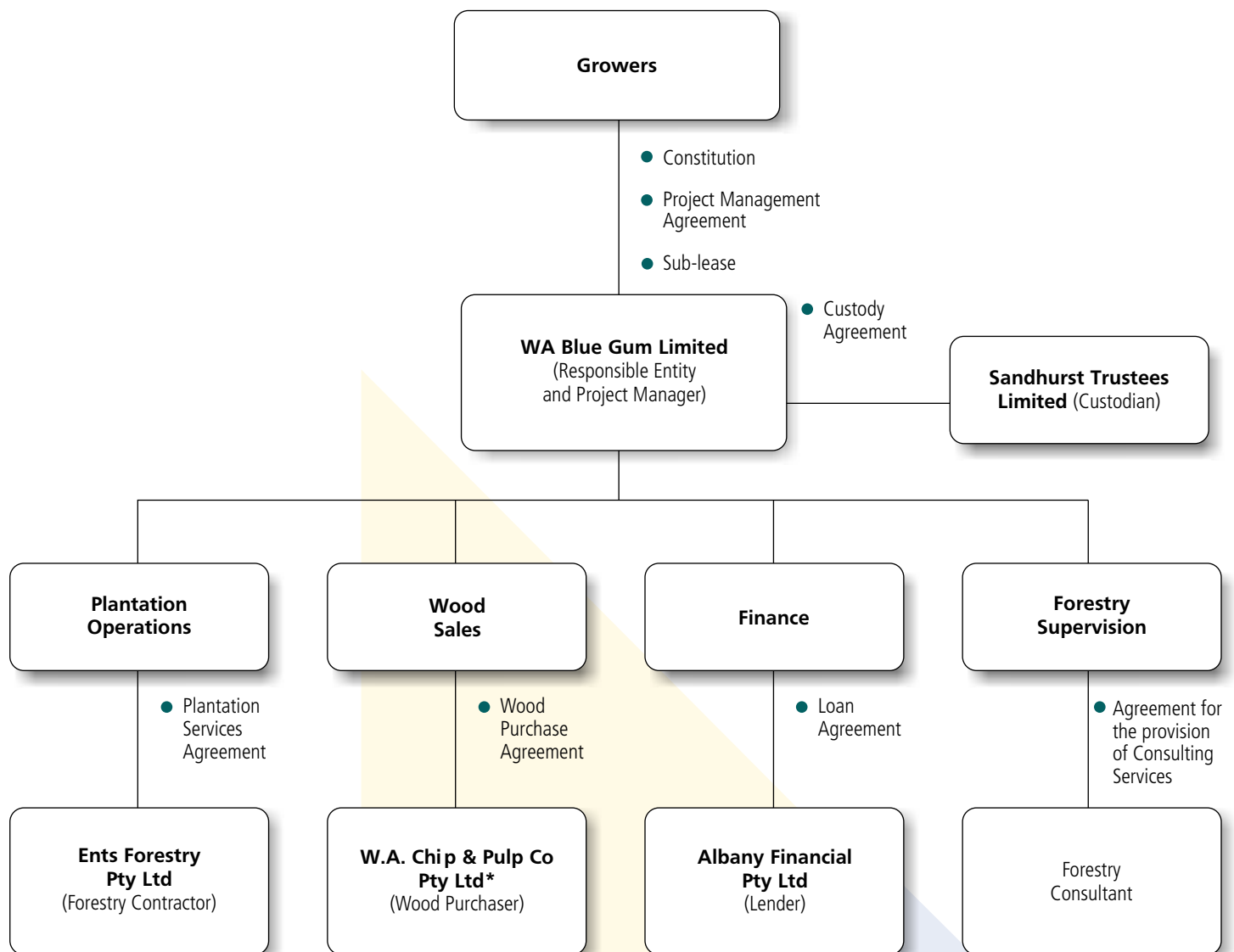
For information about payments to referrers, you should read the section titled "Referral Payments" on page 11.

TABLE 3 - PRESCRIBED EXAMPLE OF ANNUAL FEES AND OTHER COSTS

This table gives an example of how the fees and other costs charged on participation in the Project over a one-year period can affect a Grower's return. This table should be used to compare this product with other similar agribusiness managed investment products.		
In accordance with the requirements of the Corporations Act, this table is based on a \$50,000 subscription. However, fractions of a hectare are not issued and it is not possible to make an application for hectares of plantations where the application amount totals exactly \$50,000.		
Please note that amounts in the table are for illustrative purposes and have been subject to rounding. All amounts in the table are inclusive of GST.		
EXAMPLE - Cost of Project in the financial year ending 30 June 2017 for 11.4 hectares		BALANCE OF \$50,000 WITH NO FURTHER CONTRIBUTIONS
Contribution fees	Nil	For every \$50,000 you put in you will be charged \$0.
PLUS Management Costs (for 11.4 hectares)	1. Rent \$440 x 11.4 = \$5,016.00 Indexed 2. Tending Fees \$121 x 11.4 = \$1,379.40 Indexed	And, for every \$50,000 you have in the Project you will be charged \$6,395.40, Indexed.
EQUALS Cost of Project (for 11.4 hectares)		If you had an investment of \$50,000 during the financial year ending 30 June 2017, you would be charged fees and costs of \$6,395.40¹ .

¹ Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you in any particular year. For instance: - insurance expenses which are approximately 0.7% of the insured value

6. STRUCTURE OF PROJECT



* This company is ultimately owned by Marubeni Corporation.



7. OTHER DETAILS OF THE PROJECT

7.1 The Responsible Entity

WABG, in its capacity as the Responsible Entity of the Project, is responsible for the operation and management of the Project. The Responsible Entity is an unlisted public company.

The Responsible Entity was granted its Australian Financial Services Licence on 22 December 2003. The Responsible Entity's Australian Financial Services Licence was varied by ASIC on:

- (a) 5 August 2004 to authorise the Responsible Entity, in addition to operating the Project, to provide general product financial advice for interests in the Project to wholesale and retail clients;
- (b) 9 June 2006 to ensure consistency with the extension of the "12 month rule" under the Tax Laws Amendment (2005 Measures No. 5) Act 2005 (Cth) and to incorporate the most current standard licence conditions that apply to licensees;
- (c) 6 February 2008 to extend the maximum period for registering members' interests in the land to 15 months from the end of the income year in which the member first invests in the Project and to incorporate the most current standard licence conditions that apply to licensees;
- (d) 28 May 2010 to permit the Responsible Entity to act as the responsible entity for another project (which did not proceed) and to add an additional "responsible manager";
- (e) 23 May 2011 to permit the Responsible Entity to act as the responsible entity for the W.A. Blue Gum Project 2011 ARSN 150 828 283 and the Choice Forestry Project 2011 ARSN 150 830 121;
- (f) 3 April 2012 to permit the Responsible Entity to act as the responsible entity for the W.A. Blue Gum Project 2012 ARSN 156 425 286;
- (g) 15 May 2012 to permit the Responsible Entity to act as the responsible entity for the Choice Forest Project 2012 (which did not proceed); and
- (h) 14 June 2013 to permit the Responsible Entity to act as the responsible entity for the W.A. Blue Gum Project 2013 ARSN 164 105 579;
- (i) June 2014 to permit the Responsible Entity to act as the responsible entity for the Australian Infrastructure Fund ARSN 089 889 761 (deregistered upon it having realised all its assets in May 2016) and the W.A. Blue Gum Project 2014 ARSN 600 137 022;
- (j) 21 April 2015 to permit the Responsible Entity to act as the responsible entity for the W.A. Blue Gum Project 2015 ARSN 605 314 314;
- (k) 24 March 2016 to permit the Responsible Entity to act as the responsible entity for the W.A. Blue Gum Project 2016 ARSN 611 340 062; and
- (l) 2 May 2017 to permit the Responsible Entity to act as the responsible entity for schemes of a particular kind limited to

forestry, including the Project and remove the Australian Infrastructure Fund ARSN 089 889 761 (deregistered upon it having realised all its assets in May 2016) as a named scheme.

The Responsible Entity, in its own capacity, maintains a cash deposit and cash equivalents to ensure that it meets the financial requirements under its Australian Financial Services Licence including the minimum net tangible asset requirement of \$150,000.

Copies of the audited annual financial reports of Responsible Entity are available from ASIC or by contacting the Responsible Entity.

7.2 The Project Manager

In addition to WABG acting as Responsible Entity, WABG, as trustee of the W.A. Blue Gum Management Trust (Trust), acts as the Project Manager. The Project Manager manages the Project for which it receives fees and rent from Growers, as detailed in Section 5.

Where the Project Manager receives amounts payable by Growers it utilises these funds to meet Project expenses, including growing and tending expenses. Harvest income is held by the Custodian in a dedicated bank account (the Proceeds Fund) and does not form part of the income or assets of the Trust or of WABG.

WABG does not believe its status as trustee of the Trust or Project Manager creates any conflict of interest with its duties as Responsible Entity. It is noted that Growers are independent and separate to the Trust, and do not become (in their capacity as Growers) beneficiaries in the Trust.

7.3 Reports

The Project Manager will provide Growers with a report following completion of the Establishment of the Plantations setting out the areas which have been Coppiced or planted with Blue Gum trees in accordance with the Plantation Development and Tending Plan.

Thereafter, the Project Manager will report to the Growers no later than 30 November in each year detailing any changes to the Plantation Development and Tending Plan, the actual operations performed on the Project Land, details regarding the health and vigour of the Plantations and any other matter which may affect the performance or viability of the Plantations.

In addition, a consulting forester will provide a separate professional report at least annually, and at other times if necessary.

7.4 Insurance

Every Grower is required to insure his Plantations every year against fire, through the Project Manager, if the Project Manager can arrange such insurance at a reasonable cost. In recent years the annual premium has been at a rate of about 0.7% of the insured value. It is possible that in the future the premiums will be more expensive. The Project Manager will use its best endeavours to arrange such insurance at the best price and will be entitled to charge a fee equivalent to 10% of the premium for this service. As the trees mature the value of the Plantations is expected to rise. A decision will be made separately each year as to the insured value, which may

be less than the full market value. However, the Project Manager will endeavour to ensure that the insured value will not be less than \$14,200 per hectare.

7.5 Compliance Plan

Parts of the Project are regulated by Chapter 5C of the Corporations Act.

Accordingly, the operations and business activities are subject to both the Constitution and Compliance Plan. Both documents have been lodged with ASIC in accordance with the requirements of the Corporations Act.

The Compliance Plan outlines how the Project will be operated to ensure that it complies with the Corporations Act, the Constitution and any other operating requirements set down by the Board.

The principal purpose of the Compliance Plan is to ensure that the interests of Growers are protected. The Compliance Plan sets out the systems and methods by which the Responsible Entity's Board, officers, agents and employees will ensure that the Project and the Responsible Entity continue to comply with the Corporations Act and the Constitution and to continually monitor and review such compliance.

All Growers are entitled to obtain a copy of the Compliance Plan free of charge from the Responsible Entity.

7.6 Compliance Committee

The Responsible Entity has established a Compliance Committee in accordance with the terms of the Compliance Plan. The Compliance Committee members are:

- (a) Paul Luntz M.Comm. (Wits), CA, Registered Tax Agent, Registered Company Auditor (Chairman);
- (b) Manish Sundarjee B.Acc, CA, FPA (Aff); and
- (c) Anthony Henry May B.Ec. LL.B.

Paul Luntz and Manish Sundarjee are external members of the Compliance Committee.

The Compliance Committee is scheduled to meet at least once every quarter and is responsible for monitoring the extent to which the Responsible Entity observes, performs and complies with its duties and obligations pursuant to the Constitution, the Corporations Act and the Compliance Plan.

The Compliance Committee is required to report to the Board of the Responsible Entity any findings of the Compliance Committee in relation to any failure by the Responsible Entity to comply with the Compliance Plan, any inadequacy in the Compliance Plan and any recommendations for changes that the Compliance Committee considers should be made to the Compliance Plan, any breach or alleged breach of the Corporations Act involving the Project and any breach or alleged breach of the provisions of the Constitution. If the Compliance Committee is of the view that the Board has not taken and does not propose to take appropriate action to deal with a matter reported to the Board by the Compliance Committee under the Compliance Plan, the Compliance Committee must report that matter to ASIC as soon as practicable.

7.7 Audit of the Compliance Plan

- (a) Both the financial and compliance plan audits are conducted by a qualified auditor on an annual basis; and
- (b) The auditor must, as soon as possible, notify ASIC and the Compliance Committee in writing if the auditor has reasonable grounds to suspect that a contravention of the Corporations Act has occurred and believes that the contravention has not been and will not be adequately dealt with by commenting on it in the auditor's report or bringing it to the attention of the Responsible Entity.

The auditor:

- (a) has a right of access at all reasonable times to all of the books and records of the Project and the Compliance Committee; and
- (b) may require an officer of the Responsible Entity or a member of the Compliance Committee to give the auditor information and explanations for the purposes of the audit.

7.8 Conflicts of Interest

The Responsible Entity has established detailed procedures for managing conflicts of interest of any related party, officer or Director of the Responsible Entity, Custodian or member of the Compliance Committee to enable it to:

- (a) provide a structured and systematic management process that takes into account the Responsible Entity's obligations under the Corporations Act;
- (b) identify, assess and evaluate the risk of conflicts of interest arising wholly, or partially, in relation to the provision of financial services by the Responsible Entity as part of its financial services businesses;
- (c) establish and maintain measures, processes and procedures (including compliance measures, processes and procedures) designed to manage these conflicts of interest; and
- (d) ensure that the quality of financial services provided by the Responsible Entity is not significantly compromised by the presence of conflicts of interest

7.9 Complaints by Growers

The Responsible Entity has established detailed procedures for the handling of complaints by Growers, including the appointment of a Complaints Handling Officer. Growers can make a complaint by any reasonable means about any aspect of the Project by contacting the Responsible Entity or the Complaints Handling Officer of the Responsible Entity. The Responsible Entity will treat all complaints seriously and will deal with them in a timely manner having regard to the nature of the complaint. The Responsible Entity will endeavour to provide a final response to any complaints within 45 days of receiving a complaint. The Responsible Entity will act reasonably in attempting to resolve a complaint. If a complaint is not resolved to the satisfaction of the Grower, the Grower is entitled to initiate a formal

dispute resolution process which involves attendance at a settlement conference with an independent person. If the parties are unable to resolve the dispute within seven days after attending the settlement conference then either party may require the dispute be submitted to and settled by an independent expert. The decision of the independent expert will be final and binding on the parties.

As additional protection for Growers, the Responsible Entity is a member of the Financial Ombudsman Service (FOS). FOS is an entirely independent external disputes resolution scheme whose role is to receive, investigate and finalise complaints made against the Responsible Entity. FOS is located at Level 12, 717 Bourke Street, Docklands, telephone 1300 78 08 08.

7.10 Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2007

The Responsible Entity is required to comply with the Anti-Money Laundering and Counter Terrorism Financing legislation (AML/CTF Law). This means the Responsible Entity will need to verify each Applicant's identity before accepting the Applicant's Application. In order to do this, the Responsible Entity may require further information from an Applicant. If such information is requested, the processing of Applications may be delayed until the requested information is received in a satisfactory form.

Information may also need to be disclosed to government or law enforcement agencies and independent contractors in order to satisfy the Responsible Entity's obligations under the AML/CTF Law. The Responsible Entity may also disclose this information to other entities involved in the Project, to the extent that this information is required to fulfil that entity's obligations under the AML/CTF Law.

7.11 Privacy

An Application Form will provide the Responsible Entity with some personal information about an Applicant. The **Privacy Act 1988** (Cth) regulates the way the Responsible Entity collect, use, dispose, keep secure and give people access to their personal information.

The Responsible Entity is committed to managing and only using personal information in ways that comply with the **Privacy Act 1988** (Cth) and the Australian Privacy Principles.

Personal information in Application Forms will be used to evaluate Applications for Interests in the Project and to manage and report to Growers on their investment. The Responsible Entity will retain the information for record-keeping purposes, however, once the personal information is no longer required the Responsible Entity will either destroy it or retain it in a way that does not identify that it relates to Applicants.

Applicants have the right to know the information the Responsible Entity holds about them and to require the Responsible Entity to correct any error. In this regard, Applicants can assist the Responsible Entity to keep their details up to date by advising the Responsible Entity of any information that appears incorrect. Applicants can call the Responsible Entity or write to the Responsible Entity to obtain details about the information the Responsible Entity hold about them.

The Responsible Entity may also use Applicant's contact details to let Applicants know about other investment opportunities with W.A. Blue Gum Limited. If Applicants prefer not to receive these communications, they can call our office at 1300 888 511, or visit the privacy policy at www.wabluegum.com.au to see how they can opt out of receiving these communications.

If the Responsible Entity is obliged to do so by law, the Responsible Entity will pass personal information to other parties strictly in accordance with that relevant legal requirement.

Applicants can obtain a copy of our privacy policy anytime by contacting the Responsible Entity or going to the website at www.wabluegum.com.au.

7.12 FATCA

FATCA is a US law, effective 1 July 2014, which impacts investors worldwide. FATCA attempts to minimise US income tax avoidance by US persons investing in assets outside the US. FATCA requires reporting of US persons' direct and indirect ownership of non-US accounts and non-US entities to the IRS.

The Australian Government has entered into an Inter-Governmental Agreement (IGA) with the US Government for exchange of taxpayer information. Under the IGA, financial institutions operating in Australia report information to the ATO rather than the IRS. The ATO may then pass the information on to the IRS.

The Fund is not open to investment by an applicant who is a FATCA person (FATCA Person) as follows:

- a US citizen or US tax resident; or
- a corporation, trust, partnership or estate in which a US citizen or US tax resident has a substantial or controlling interest.

A US citizen or US tax resident includes:

- anyone born in the US (who hasn't renounced their US citizenship);
- a US citizen (including persons with dual or multiple citizenships); and
- US lawful permanent residents (eg green card holders).

If you think you may be a US tax resident, but are not certain, you should seek specialist tax advice.

The Application Form for an Interest in the Project contains a declaration by the Applicant that the Applicant is not a FATCA Person and the Applicant will not hold an Interest in the Project on behalf of a FATCA Person. Despite that declaration, if the Responsible Entity should become aware that a Grower is a FATCA Person or holds an Interest in the Project on behalf of a FATCA Person, the Responsible Entity is required to provide information about the Grower to the ATO.

8. INDEPENDENT FORESTRY EXPERT'S REPORT

Don Spriggins
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February 24th 2017

The Directors
 WA Blue Gum Limited
 Level 21
 385 Bourke St
 MELBOURNE VIC 3000

Dear Sirs,

RE: Product Disclosure Statement - WA Blue Gum Project 2017 ("Project")

This report has been prepared for inclusion in a Product Disclosure Statement to be dated on or about 12 May, 2017 through which the public may participate in the development of *Eucalyptus globulus* plantations in Western Australia.

Introduction

Eucalyptus globulus is an excellent source of fibre for pulp and paper manufacture. Australian forestry plantation ventures that export their produce need four key requirements to succeed. The first is adequate rainfall and top quality land to maximise tree growth. The second is closeness to existing ports to minimise haulage costs. The third is to engage a reputable and reliable plantation manager to grow the tree crop and deliver the product to port for an acceptable cost. Fourthly, well established marketing arrangements are essential. WA Blue Gum Limited has always placed a high priority in securing excellent quality land in high rainfall areas, close to ports for sub lease for growing *Eucalyptus globulus* plantations and arrangements for marketing their produce from plantations are satisfactory.

Although the primary market for *Eucalyptus globulus* is for pulpwood, research trials by CSIRO have shown that if early pruning is carried out, good quality sawn material can be produced from 15 year old logs. The priority for WA Blue Gum though is to concentrate on producing woodchips for the export pulpwood fibre market where *Eucalyptus globulus* from WA plantations is highly regarded as an excellent fibre for manufacturing high quality paper products. A reputable forestry consultant, formerly with URS and with extensive experience in *Eucalyptus globulus* plantation management has been engaged by WA Blue Gum Limited as the Forestry Supervisor of this Project. The Project Manager, WA Blue Gum Limited, has subcontracted the business of establishment and ongoing tending to Ents Forestry Pty Ltd, based at Albany, W.A.

The Managing Director of Ents Forestry, Mr Andy Wright has had extensive experience in all aspects of establishment and management of *Eucalyptus globulus* plantations in the South West of WA over a 19 year period and has a good up to date knowledge of the best silvicultural practices to use for optimum production of *Eucalyptus globulus* plantations. He is well respected in the industry. WAPRES (West Australian Plantation Resources) have agreed to WA Blue Gum Pty Ltd using their Wood Purchase Agreement

to facilitate the export of *Eucalyptus globulus* woodchips from either Bunbury or Albany Port although it is unlikely WAPRES itself will export from the Port of Albany. WAPRES is solely owned by the Marubeni Corporation, one of Japan's leading trading houses and importers of wood chips for their pulp and paper customers throughout Asia. In the case of *Eucalyptus globulus* plantations closer to the port of Albany there are two local buyers, ABP (Australian Blue Gum Plantations) and APEC, (Albany Plantation Export Company) who both process and export *Eucalyptus globulus* woodchips. Both companies have their own harvest and haulage contractors and provide mill door price offers to sellers of *Eucalyptus globulus* woodchips.

APEC has long standing commitments to the Itochu Corporation who is a trading partner of OJI Paper Company who are both parent companies of APEC. APEC has been running down its estate for some years and now has only about 22,000 hectares of plantations. APEC will need to partner with third party wood owners to maintain their wood-chipping and loading facilities at Albany Port. It is also likely their plantation component will cease in a few years but they will continue as a toll-chipper/wood buyer in the Albany Region. At the same time ABP is reducing its leasehold plantation estate to limit lease payments and outward cash flow. ABP have told Ents Forestry they will be in need of third-party wood from 2019 onwards to maintain throughput through their chipping and ship loading facilities. In summary both APEC and ABP will increasingly become very reliant on Plantation companies such as WA Blue Gum Pty Ltd for their export resource.

I have been closely involved with eucalypt planting in the South West of Western Australia from 1976 to 1994 whilst Regional Manager with the Department of Conservation & Land Management and more so since 1995 as a forestry consultant which has given me a good understanding of what is required to produce high yielding *Eucalyptus globulus* plantations.

Land to be obtained for this project has not been finalised but will likely include the Bow Bridge property near Walpole and others including Bourke and Tippet between Albany and Denmark and other high yielding sites. The intention is use coppice shoots from the cut stumps as much as possible when establishing the next crop so as to bring about the same yield achieved in the first rotation.

In the past, use of coppice shoots to establish the new crop was based on thinning the number of shoots per stump to two. In recent times it has been shown this is not necessary and trials where all shoots per stump have been retained, higher yields per hectare can be obtained. Trials have shown that experienced harvester operators can successfully harvest multiple stems at the one pass.

The cost of thinning stems to two shoots per stump is an expensive operation and by ceasing the practice and obtaining a higher yield per hectare should significantly reduce the cost of production.

I read the management plan prepared for the (2015 project) and found it to be comprehensive and sound. For the 2017 project additional fertiliser application will be provided as required to achieve the same yield as obtained from the first crop. This is good management practice. The Denmark area has a 1100mm annual rainfall, generally very good soils suitable for growth of *Euc globulus* and a short haul distance to Albany Port. These meet WA Blue Gum's preferred choice for planting new sites or re-establishing plantations by a combination of coppice and seedlings.

As with any short rotation tree crop there are factors such as below average rainfall, insect attack, fire, disease and windstorms that can affect growth rates and actual yields obtained at the time of harvesting. Investors need to be aware that it is difficult to forecast the occurrence of these factors.

Several factors need to combine to provide good prospects for a profitable forest enterprise. Some of the factors are elaborated upon to explain the project for the benefit of intending investors.

Managerial Capacity

Immediate control of operational activity is the responsibility of Ents Forestry under an agreement with the Project Manager. Ents Forestry has considerable experience in the establishment and management of *Eucalyptus globulus* plantations in the South West and Albany areas and has a good understanding of the measures necessary to produce a high yield at harvest time and importantly the need to only select top quality sites.

Over 2009-2010 major changes took place in the *Eucalyptus globulus* plantation industry in Australia resulting from the Global Financial Collapse (GFC) and the past decisions of former blue gum MIS plantation companies to add agricultural products to their portfolio. This led to many companies being forced to appoint receivers and sell their assets.

By taking a close interest in how their plantations are being managed via regular inspections and independent reporting and concentrating solely on growing *Eucalyptus globulus* plantations, WA Blue Gum Pty Ltd was not unduly troubled by the GFC and the various financial problems that caused the collapse of most of the MIS plantation companies involved in production of *Eucalyptus globulus* fibre.

The collapse of the MIS companies led to a temporary increase in the supply of *Eucalyptus globulus*, as administrators of collapsed MIS companies sold woodchips at whatever price they could achieve to obtain some cash flow. The result was a fall in the export price for woodchips which reached its lowest point in 2012 but since then the price has been improving and is expected to increase in real terms in the future and before the time plantations established in 2017 are ready for harvesting.

WA Blue Gum Limited has remained unaffected by the problems other companies were exposed to following the GFC. Focussing its efforts solely on

Eucalyptus globulus plantations, remaining within their capacity to service all plantations they manage and not offering tax deductions in advance have been sound policies.

WAPRES played an active role in fire protection and suppression work when they were the plantation managers for WA Blue Gum Pty Ltd. From 2015 onwards Ent's Forestry has a small fleet of fire equipment and is a member of the Plantation Industry Fire Cooperative. Under this agreement all companies agree to fight fires in or threatening plantations regardless of which member company's plantations are at risk of fire damage. The procedure is that Ent's Forestry will operate under the command of the lead agency but will generally work with and support local fire brigades in any fire threatening a plantation. The plantations which will be potentially re-established in 2017 are mainly surrounded by other plantations close to maturity or grass pasture that either remains green all year or is grazed regularly to ensure low fuel quantities. The fire risk to this plantation will be kept low by these measures.

Land Selection and Suitability of the Selected Species

The aim is to select properties for lease that are within a radius of approximately 100km from chip mills at Bunbury Port or Albany. Preferred soils are gravelly sand and loams, over deep, well-structured clays on gentle topography and on farms supporting well developed pasture with a history of at least 5 years of effective fertiliser application. Increasingly second rotation sites with a proven capacity to grow productive plantations are producing a second crop. Annual rainfall is important and an annual rainfall of greater than 700mm per year is necessary for reliable growth.

Properties selected by WA Blue Gum Limited in the Denmark-Walpole Area will usually be in the greater than 1000 mm/year rainfall zone. Reliable and adequate rainfall is an essential ingredient for the growth of *Eucalyptus globulus* and in this zone less evapo-transpiration and occasional summer rainfall is beneficial for survival and growth rates. This area has produced some of the highest harvest yields for *Eucalyptus globulus* plantations in the State despite experiencing one or more below average rainfall years.



Productivity

Projections of productivity are made by sampling existing plantations and relating the measured growth rate up to that point in time with a series of site related volume curves. A series of these have been drawn up and include factors such as soils, rainfall and topography. Common forestry practice is to use a series of average annual rates of production (Mean Annual Increment - MAI) for the range of site classifications to establish a number of Site Qualities (SQ), each representing a level of MAI.

Formal inspections of all plantations by Ents Forestry will occur monthly or as required for the first 6 months after planting. For the period from 6 months to one year after planting. Inspections will be two monthly and from year 1 to year 4 every four months and from year 5 to the time of harvest inspections will occur every 6 months. Inventory via sample plots where every tree within the plot is measured for height and diameter at breast height will be carried out at age 4.5 years and 7.5 years. Measurements at age 4.5 provide information on growth to date and are early enough to signal any management action needed, e.g. application of additional fertiliser. The inventory at age 7.5 provides a reliable forecast of the expected yield at harvest time.

Improvements in tree breeding and plantation practices are continuous and should lead to further improvements in yield. This can help offset the 10% reduction in annual rainfall for the South West since 1972. Although 2010 was a very dry year, rainfall in the South West of WA in 2011 exceeded the long term average. In 2013, 846 mm was received at Manjimup and was very effective being received in significant rainfall events during May, August and September coinciding with the growth period for *Eucalyptus globulus* in the South West of WA. It is always difficult to predict expected yields from a long term crop such as trees however the good performance of past plantings by WA Blue Gum Limited over several years and the quality of land secured in the high rainfall zone of the South West are reasons to believe the yield from plantations re-established on suitable land in the Denmark-Walpole area will be well above average for the *Eucalyptus globulus* plantation industry.

Leasing arrangements with landholders are developed following extensive on site discussion with the owner and relevant land use authorities and fire protection agencies. The concept is to draw up a final plan, which the landowner and the Project Manager all agree upon.

Risks

In past years where rainfall was low some drought deaths of *Eucalyptus globulus* occurred in plantations in the South West. This was a reflection of below average rainfall and the limits of knowledge on soil types and other factors when the first broad scale plantings were made. Since then responsible operators such as Ent Forestry carry out a soil drilling or backhoe digging survey to a minimum of three metres depth over the property to exclude unfavourable sections. The drilling depth may be extended to five metres or more where there is uncertainty about the nature of the deeper material. This practice combined with only selecting properties for this Project likely to receive greater than 1000 mm of rainfall per year greatly minimises the risk of tree death in a low rainfall year. An observed 10% decrease in rainfall in the South West since the 1970's due to natural variation and or other causes may reduce future growth rates. Any reduction is more likely to be experienced in lower rainfall areas where blue gum plantations are already marginal than in the higher rainfall zones where WA Blue Gum Limited plantations will be established.

Rising saline groundwater has been a widespread problem in farmland in parts of the South West. Soil salinities greater than EC 50 mS/m have been shown to affect growth rates and survival of *Eucalyptus globulus*. Ents Forestry will take this into consideration and take samples if necessary but salinity is most unlikely to occur with properties in the Denmark-Walpole

area because the high rainfall means salt does not accumulate in the soil profile.

On first rotation sites the fire risk to blue gum plantations is very low up until about age 8 when leaf litter begins to build up. On second rotation sites the residual debris after clear-felling means that these plantations are exposed to a higher fire risk than in the first rotation. All plantation companies are aware of this and take steps to reduce the risk by disposing of clear-felling debris for a zone around the perimeter before establishing the new crop. To date the loss of plantations in WA due to fire has been very low.

Management Operations

Local contractors under Ents Forestry supervision will carry out planting and tending. After rain, a combination of knockdown and residual herbicide is applied to the mound or ripped planting line prior to planting. Fertiliser type, rate and application methods are selected following pre-plant soil sampling and site assessment. Having seen most of the *Eucalyptus globulus* plantation establishment in the South West and the Green Triangle in Victoria-South Australia over many years I would be confident, given Ents Forestry experience and silvicultural knowledge that the establishment and ongoing management of plantations will be of a high standard.

Seedlings will be raised in a local contract nursery. Ent's Forestry has purchased high quality seed, (genetic factor 26), from The Forests Production Commission of Western Australia) to ensure only high quality seedlings are be used. Where seedlings will be planted as well as utilising coppice shoots the aim will be to establish 1,000 seedlings per hectare based on planting rows 4m apart and a planting interval along the lines of 2.5m. Coppice shoots from stumps of trees harvested from the first rotation will be used in lieu of planted seedlings in discrete areas provided there are >650 evenly spaced live stump stools per hectare identified by a field survey in May 2017. Coppice shoots on each stump will be managed so as to maximise the yield at harvest time.

Where the stocking of coppice shoots is less than 1400 stems per hectare, or it is considered the site can carry a high number of stems without inducing drought, the shoots will not be thinned. Where coppice shoot stocking is greater than 1400 stems per hectare and there is any risk of drought occurring, coppice shoots will be reduced to 1-2 dominant stems per stool at about age two years. If coppice shoots are not thinned, the foregone expenditure will be redirected to applying additional fertiliser. Ents Forestry will carefully manage the coppice management process.

One of the advantages of re-establishing an existing plantation after harvest is that existing roads and firebreaks, water points and other infrastructure is already in place thus reducing the costs of re-establishment on the same location. Also the yields from the first rotation can be segregated by compartments that enable areas requiring additional fertiliser to be identified before planting. The management plan for re-establishing and managing the second crop at each property in the 2017 project will define the measures needed to manage weed competition, insect attack and nutrient deficiency as standard procedures to be implemented if needed.

Processing and Logistics

Harvesting at about 10 years of age by a mechanical harvester is an efficient and low cost operation. Piece size, which has an important bearing on harvesting costs, has been very satisfactory in harvesting carried out so far. Limiting initial stocking to about 1000 trees per hectare on high quality sites promotes the development of larger diameter trees at the time of harvest. Mechanical harvesters utilise down to a small diameter limit thus ensuring greater yield of chiplogs and minimal waste. High site quality sites produce a high tonnage of chiplogs resulting in lower harvesting costs per cubic metre.

Low harvesting costs are expected when the 2017 re-established plantations are harvested. Recent evidence from harvesting un-thinned coppice stands in the South West of WA suggests that harvest contractors are less focussed on number of stems than total yield per hectare.

Chip logs harvested from plantations in the Denmark area will be transported 80-90km to a chipping facility at Albany. This relatively short haul distance means that WA Blue Gum Pty Ltd will achieve a higher mill door price than plantations with a greater haul distance. Haulage costs are the greatest contributor to the total cost of production to the mill door. Chip logs will either be converted into woodchips at APEC's static chipper at Down Road, Albany or be chipped in the field and transported to the Albany Chip Terminal at Albany Port.

Market Outlook and Product Potential

The fibre obtained from *Eucalyptus globulus* has become the principal source of woodchip exports. From W.A. Karri (*Eucalyptus diversicolor*) woodchips previously obtained from State managed native forests in the South West have fallen as a consequence of State government forest policies on harvesting in native forests. Samples taken from *Eucalyptus globulus* grown in Western Australia by WAPRES have been shown by CSIRO to provide significantly better quality and higher pulp yields than from native forest timbers from Tasmania. Consequently, woodchips from *Eucalyptus globulus* should always command a higher price in the export market.

Background and Expertise

I am an independent professional forester who has worked in forestry and the forestry industries in Australia for over 40 years. Since setting up my private consultancy in 1995 I have worked on many projects involving blue gum plantations and have provided advice on many aspects including log pricing. Whilst working in the Forests Department of WA and later the Department of Conservation & Land Management as a Regional Manager I was closely involved with log sales, log pricing and making estimates of future returns from both hardwood and softwood plantations.

All foresters study forest economics as part of their graduate degree and accordingly have a good grasp of the fundamentals of economic theory in relation to forest products. Computer modelling has allowed many of the variables to be tested in predicting different scenarios but in the final analysis an important factor is a judgement based on experience and up to date knowledge of the *Eucalyptus globulus* plantation industry and the pulp and paper manufacturers who import woodchips from Australia. I have experience in these matters.

Conclusion

Despite the extent of variables that can impact on returns to growers in the short term there are many reasons to have confidence in the financial viability of *Eucalyptus globulus* plantations in WA that are established on high quality sites, are within 100km of processing plants and continue to receive adequate rainfall. In addition I believe the following factors are relevant and have been taken into account.

1. In the past, most export sales of woodchip were denominated in Australian dollars, thus establishing a meaningful nexus with the Australian inflation rate. Since 2014 however, China has become the dominant woodchip export partner and the Chinese/Japanese prices have converged and are now almost solely negotiated in USD terms. A rise in the value of the A\$ would be expected to result in lower prices and a fall in the Australian dollar would lead to price increases. Movement in the exchange rate over the last 18 months has been of benefit to sellers of wood chips. The uncertain state of the World

economy and strong push by new market entrants is such that price rises for blue gum woodchips are unlikely in the short term but are expected to increase in real terms by the time the 2017 project are ready for harvest in 2026.

2. The production and export of woodchips in the past was based entirely on a resource derived from native forests. By comparison with other States, WA producers have gained considerable experience over 20 years in marketing wood fibre derived largely from plantations.

Until 2009-2010 when the world economy was affected by the global financial downturn, the Port of Albany has been exporting between 1 to 1.5 million tonnes per year of *Eucalyptus globulus* chips from Albany Port since 2002. The combination of world economic uncertainty and effect of the tsunami that struck Japan and damaged several paper mills in 2011 resulted in lesser tonnes of *Eucalyptus globulus* woodchips being exported from plantations within viable transport haulage distances from the Port. The Export licences allow up to 2 million tonnes per year of woodchips to be exported from Albany Port so there is capacity to handle greater export tonnages than in 2014. It is expected about 1.5 million tonnes of woodchips will be exported in 2017.

3. Buyers have been prepared in the past to pay a premium of 15-20% for *Eucalyptus globulus* woodchips compared to native forest chips. The cessation of native forest woodchip exports from Tasmania reflects buyer preference for a higher quality and more uniform product that can only be produced from plantations.
4. Demand for paper pulp and woodchips from which most paper is made is expected to increase as world population increases. Small increases in living standards in some of the developing countries such as China and India will very likely result in greatly increased consumption of writing paper. Both countries have insufficient wood resources of their own and rely on imports of fibre.
5. The benefits of tree breeding for better pulp yield and fibre quality should progressively appear in woodchips produced from plantations.
6. It is intended that about two thirds of harvested areas will be restocked by use of coppice shoots and one third by seedlings. One of the great advantages of using coppice shoots is the rapid early growth obtained due to an already established root system. The aim in using coppice as an alternative to restocking by planting of seedlings is to obtain the same quantity of wood as if the land had been replanted with seedlings. Considering the consistently high quality land that WA Blue Gum Ltd chooses to establish plantations, this should be achievable. Monitoring of growth rates of coppice shoots from subsequent rotations will show how many times use of coppice shoots for restocking harvested areas can be used on the same site without a decline in the quantity of wood produced.
7. The price of woodchips in the early days of woodchip exports was based on the native forest resource. The increases in yield and consistency of quality from a plantation resource are recognised by buyers by way of higher prices than for native forest woodchips. Scope exists for sellers to negotiate with buyers due to

the higher quality product from plantations although this will be offset for the next few years by greater volumes of *Eucalyptus globulus* woodchips becoming available due to increased planting rates across the industry from 2000-2002 and the desire of administrators of former MIS companies to recover funds locked up in plantations of harvestable age. In recent years, the premium for plantation-grown wood has increased further due to downstream buyer perceptions about sustainability and the market's desire for triple bottom line-certified wood sources.

8. The South West of Western Australia is located closer to the Japanese and other Asian export markets thus having a significant freight advantage. This region can usually compete strongly with woodchip exports from Chile, the southern States of the United States and South Africa. This should mean that Australia will maintain its market share in Japan. In the United States following the GFC and a marked decrease in new housing starts up until mid-2014 led to efforts by the US to bolster their economy by exporting products that would have normally been absorbed by the local market. This increased competition in the short term but with uncertainty about the US economy in 2017 it is difficult to predict if US exports of woodchips will shrink.
9. Australia is even closer to the highly promising Indonesian market where in recent years several very large pulp plants have been completed. Because of mismanagement, there is a shortage of local fibre and Australia (and especially the South West of Western Australia) has the potential to benefit.
10. In March 2002, Australia made its first sale of wood chips to China. Since then exports of woodchips to China have exceeded exports to Japan. Whether this continues depends on how significant the current slowing of the Chinese economy will have on wood chip imports.
11. It is expected that India, the country with the world's second largest population and the world's largest middle class, will increase its usage of paper. It is known that India has made enquiries of Australian log suppliers but in WA the current government is opposed to export of hardwood logs but has no objections to export of plantation grown woodchips. India's paper usage per head is about 1% of that in the United States. Other emerging markets are Korea and Taiwan. China has been a major supplier to Taiwan and this is likely to be curtailed.
12. WAPRES is solely owned by the Marubeni Corporation of Japan one of Japan's largest woodchip importers for their customers throughout Asia. Currently WAPRES is providing about one third of its export woodchips from its own *Eucalyptus globulus* plantations with two thirds coming from plantations managed by WAPRES on behalf of other entities such as WA Blue Gum Limited so marketing of WA Blue Gum woodchips should be assured. WAPRES hold the Wood Purchase Agreement and will deal through Albany based woodchip buyers to sell WA Blue Gum's woodchips. Australian Bluegum Producers is one of the largest blue gum companies in Australia and the largest blue gum chipwood exporter in Australia. ABP is a subsidiary of Global Forest Partners with \$5 billion of funds under management in global forests.
13. In-forest chipping methods are now being used as well as transporting logs to fixed chip mills. On lower yielding sites in-forest chipping techniques are used to reduce the cost of chip

production by reducing transport costs from forest to Port in that woodchips, not logs, are transported.

14. The particular characteristics and location of properties in this Project strongly influence the returns from sale of woodchips on export markets. Transport is a major cost and although oil prices are currently declining due to over-supply, haulage and harvesting costs have not fallen significantly. Eventually the oil over-supply situation will be resolved, oil prices will rise again and the significance of the likely close proximity of land to be secured for the 2017 Project to processing plants at Albany Port will become increasingly important.
15. The Commonwealth Government declared under the Carbon Farming initiative (CFI) that commercial plantations grown in Australia could not be used to gain carbon credits whereas plantations grown overseas are eligible. This appears anomalous and a case for a change in this ruling could be substantiated.
16. Growth in demand worldwide for high quality woodchips as derived from *Eucalyptus globulus* plantations has steadily increased and once the world economy improves this is projected to continue. The demand from China for high quality woodchips had been increasing at a much higher rate than other countries and the tightening of demand over supply was one of the factors that led to a 9.5% increase in the FOB price in 2008 for *Eucalyptus globulus* woodchips. Due to increasing supply of *Eucalyptus globulus* woodchips from 2012 due to large plantation areas established in 2000 to 2002 and the world economic downturn, woodchip prices fell by 7% in 2012. The current uncertainty in the world economy makes short term predictions of future prices difficult as so many factors are involved however the long term outlook is that demand and prices will increase. It is expected that by the time the trees planted in the WA Blue Gum Limited 2017 Project are ready for harvest that prices will have recovered.

The information contained in this report has been gained as a result of my own enquiries and I have not relied on any representations made to me by the project Manager, Ents Forestry Pty Ltd or any other person.

Don Spriggins



9. PRINCIPAL AGREEMENTS

*This section contains a **summary** of various provisions of the Constitution and other principal agreements relating to the Project. All Growers are entitled to inspect and obtain a copy of the Constitution and principal agreements (other than the Head Lease and Plantation Service Agreement) free of charge from the registered office of the Responsible Entity during normal business hours. Growers should not rely on this summary but should refer to the documents themselves.*

Please note that all capitalised terms in the body of this PDS are defined in Section 12 (Glossary of Terms) except those that appear in this Section 9. The capitalised terms that appear in this section are defined by reference to the particular agreement.

9.1 Summary of Constitution

(a) Establishment Of The Project

The Constitution is the document under which the Project is established and is registered with ASIC.

(b) Parties

The parties to the Constitution are the Responsible Entity and each Grower. By signing the Application Form attached to this Product Disclosure Statement, the Applicant agrees to be bound by the terms of the Constitution as if the Applicant had signed the Constitution.

(c) Application Moneys

In order to acquire an Interest in the Project, an Applicant must pay to the Custodian, on behalf of the Responsible Entity, the Application Moneys specified in the Constitution.

The Responsible Entity will maintain an account with a bank or other financial institution into which all Application Moneys will be deposited ("the Application Fund"). The Custodian will disburse the funds in the Application Fund for Establishment of the Plantation Allotments.

(d) Project Property

The Custodian, on behalf of the Responsible Entity, will hold all Project Property for the Growers for the term of the Project.

(e) Distributions of Income

(i) All Harvest Income due to the Growers will be payable to the Responsible Entity and deposited into a Proceeds Fund. As soon as convenient after receipt of payment of any monies into the Proceeds Account, the Responsible entity will distribute such Harvest Income as follows:

- (A) first, the Project Manager will be paid by each Grower, by way of reimbursement for all costs, expenses and outgoings properly incurred in carrying out the Harvesting of the timber on the Plantation

Allotments;

(B) secondly, the Project Manager will be entitled to be paid by each Grower any amounts specified as payable to the Project Manager pursuant to the Project Agreements;

(C) notwithstanding payment of the Responsible Entity's remuneration under Clause 8 of the Constitution, the balance will be distributed pro rata to the Growers in respect of whose Plantation Allotments the Harvest Income was derived. In the case of Joint Growers the balance will be distributed among them in equal shares.

(ii) Notwithstanding (i) above, the Responsible Entity will be entitled to deduct from the Harvest Income to be distributed to Growers any amounts owing to the Project Manager in respect of fees, rent and other expenses.

(f) Fees and Charges

Under the Project Agreements, the Project Manager will be entitled to receive the following amounts:

- (i) all tending fees and rent payable by the Growers;
- (ii) any incentive fee which becomes payable;
- (iii) any other amounts due (e.g. credit card fees); and
- (iv) all payments authorised by a meeting of Growers to meet unforeseen expenses in relation to fertiliser or insect issues.

(g) Register of Growers

The Responsible Entity will maintain a register of Growers containing the names and addresses of the Growers, a description of the Plantation Allotments leased by each Grower, the date when each Grower was entered in the Register, the date on which the person ceased to be a Grower and if applicable, that they are Joint Growers.

(h) Assignment of Interest

Subject to the terms of the Constitution and Project Agreements, each Grower may assign its rights and privileges under the Constitution and Project Agreements. Each assignment must be in writing and in a form acceptable to the Responsible Entity and executed by the assigning Grower and by the assignee and delivered to the Responsible Entity.

(i) Power to Borrow

The Responsible Entity may borrow for the purposes of the Project and may pledge the Project Property as security for the borrowings.

(j) Indemnity

The Responsible Entity has a right of indemnity out of the Project Property in respect of:

- (i) any liability incurred by the Responsible Entity in the proper performance of its duties under the Project; and
- (ii) all fees payable and costs recoverable by the Responsible Entity under the Constitution.

This indemnity continues after the Responsible Entity ceases to be the responsible entity for the Project, unless it is a result of negligence, fraud, breach of duty or breach of trust by the Responsible Entity.

(k) No Right to Withdraw

Once a Grower's Interest has been registered, the Grower has no right to withdraw from the Project or to require the Responsible Entity to purchase its Interest.

(l) Additional Powers of the Responsible Entity

- (i) The Responsible Entity must not pay money from the Project Property unless authorised by the Constitution or the Corporations Act or where the payment is in respect of:
 - (A) ordinary bank charges and statutory fees;
 - (B) any payments which are required to be made in relation to investments made from money held in the Proceeds Fund or Application Fund from time to time (including stamp duty and transactional costs); or
 - (C) payments authorised by an Ordinary Resolution of a meeting of Growers.
- (ii) In addition to the powers under the Constitution and the Corporations Act, the Responsible Entity may do anything necessary for the proper and efficient establishment, management and development of the Project.

(m) Other Activities of the Responsible Entity

Subject to the Corporations Act, the Responsible Entity may:

- (i) deal with itself in its capacity as manager, trustee or responsible entity of any other trust or scheme or in any other capacity; or
- (ii) be interested in any contract or transaction with itself or

any Grower in its capacity as manager, trustee or responsible entity from any other trust or managed investment scheme or in any other capacity.

(n) Change of Responsible Entity

The Responsible Entity may only be changed in accordance with Part 5C.2 of Division 2 of the Corporations Act.

(o) Meetings of Growers

- (i) The provisions of Part 2G.4 of the Corporations Act apply to meetings of Growers.
- (ii) The Responsible Entity may convene a meeting of Growers for such purpose as it sees fit.

(p) Period of the Project

- (i) Unless terminated earlier, the Project will terminate 15 years from the date of acceptance by the Responsible Entity of the last Application. However, the Growers may by Extraordinary Resolution extend the Project, provided that the Responsible Entity agrees to such extension.
- (ii) Upon termination of the Project, all rights and obligations under the Project Agreements will terminate.

(q) Winding Up of the Project

The Responsible Entity shall wind up the Project or cause the Project to be wound up in certain circumstances, including the following:

- (i) the Project comes to the end of its term;
- (ii) the Growers direct the Responsible Entity to wind up the Project by Extraordinary Resolution; and
- (iii) the Responsible Entity considers that the purpose of the Project has been accomplished or cannot be accomplished and commences a process by giving notice to ASIC and the Grower of that opinion.

(r) Amendment of the Constitution

The Constitution may be modified in accordance with the Corporations Act by the Responsible Entity. The Responsible Entity shall obtain the approval of a Special Resolution of Growers at a duly convened meeting of Growers in respect of any amendment to the Constitution unless the Responsible Entity reasonably believes the proposed amendment will not adversely affect the rights of any Grower.



9.2 Summary Of Custody Agreement

Under the Custody Agreement dated 16 February 2016 and a letter agreement in relation to the Scheme dated 22 February 2017, the Responsible Entity has appointed Sandhurst Trustees Limited ACN 004 030 737 ("Custodian") to act as custodian of the Scheme's Property.

The Custodian is required to hold the Property in accordance with the Custody Agreement, the Corporations Act and relevant ASIC regulatory guides and will, with due diligence and skill, act at all times in the best interests of the Scheme:

- (a) ensure the Property is at all clearly identifiable as property of the Scheme, held separately from other property of WABG, the Custodian and the property of any other managed investment scheme, held in a proper and safe manner and on trust;
- (b) maintain proper custodial standards, including employing suitably qualified and experienced custodial staff and maintaining adequate administrative resources;
- (c) act only in accordance with the Authorised Instructions of the Responsible Entity;
- (d) comply with all financial requirements of a custodian of the property of a managed investment scheme;
- (e) maintain up-to-date and accurate records in relation to the Scheme; and
- (f) report any material events which may be of interest or concern to the Responsible Entity.

The Responsible Entity will pay to the Custodian an agreed annual fee and will indemnify the Custodian in respect of any liability it incurs as a result of performing its obligations under this agreement or acting in accordance with Authorised Instructions from the Responsible Entity.

The Custody Agreement may be terminated by either party with three months' written notice. The Custody Agreement may also be terminated by the non-defaulting party for an Event of Default or by the Responsible Entity if the Responsible Entity believes the Custodian is not complying with or unlikely to comply with any of its obligations under the Custody Agreement.

9.3 Summary of Project Management Contract

(a) Parties

The Project Management Contract ("Contract") will be between each Grower (including Joint Growers) and the Project Manager.

(b) Services to be Provided by Project Manager

The Project Manager will perform or cause to be performed all the Plantation Services in relation to the Land and the Plantation as are set out in the Plantation Development and Tending Plan ("Plan") and will do so in accordance with sound silvicultural and environmental practices, including:

- (i) the Establishment of the Plantation within the Establishment Period (including the carrying out of Coppicing activities AND the provision of sufficient healthy Blue Gum seedlings to achieve the stocking rate/spacing set out in the Plan and the planting of the seedlings) for the purposes of felling and Harvesting;
- (ii) managing the Plantation in a proper and skilful manner in accordance with the Plan; and
- (iii) tending, maintaining and generally monitoring and caring for the Plantation so as to ensure as far as is reasonable the health and vigour of the Plantation.

(c) Term of the Contract

The Contract will terminate when the whole of the Plantation has been Harvested for the first time. If all necessary approvals for the Establishment of the Plantation are not obtained within 17 months from the date of the Contract, the Grower may give notice to the Project Manager and the Contract will then be at an end and all amounts paid are to be refunded.

(d) Reports by Project Manager

The Project Manager shall provide:

- (i) a report not later than 30 November of each year, detailing since the commencement of the Contract, or thereafter since the last report, any changes to the Plan, the actual operations performed on the Land or to the Plantation, details of the health and vigour of the Plantation including details of any unforeseen outcomes which have affected the performance or viability of the Plantation, details of any foreseen outcomes which are likely to affect the performance or viability of the Plantation, and the outcome of any inventory of volume assessments which have been taken; and
- (ii) a report as soon as practicable following the completion of the Establishment of the Plantation setting out the area comprising the Establishment Area.

(e) Assignments

- (i) A Grower shall not assign or otherwise dispose of its rights and obligations under the Contract, unless the Grower provides to the Project Manager a guarantee and indemnity in a form approved by the Project Manager in respect of the performance by the proposed Assignee of each obligation of the Grower.
- (ii) The Project Manager may assign its rights and obligations to a suitably qualified person who must covenant to perform all the responsibilities of the Project Manager. The Project Manager may contract to another person any of its responsibilities under the Contract.

(f) Payments to the Project Manager

The Grower agrees to pay to the Project Manager all the amounts payable to the Project Manager, which are contained in the Project Management Contract (see also Section 5 - Fees and Costs).

(g) Termination in the Event of Default

- (i) The Project Manager will be entitled to terminate the Contract if the Grower defaults under the Contract and the default shall have continued, in the case of an obligation to pay money, for a period of 14 days and in any other case, for a period of 1 month after receipt by the Grower of written notice from the Project Manager specifying the default and requiring the default to be rectified.
- (ii) The Grower will be entitled to terminate the Contract if the Project Manager becomes insolvent, ceases to carry on business or is in default of any obligation under the Contract and such default shall have continued for a period of 6 months after receipt by the Project Manager of written notice from the Grower specifying the default and requesting that the default be remedied.
- (iii) Either party may terminate the Contract if the Sub-lease is terminated.

9.4 Summary of Sub-lease**(a) Parties**

The Sub-lease will be between WABG ("the Landholder") and each Grower (or in the case of Joint Growers, both the first and second Joint Growers with the second Joint Grower being exclusively responsible for the payment of Rent), whereby the Landholder sub-lets the Leased Area to the Grower/Joint Growers.

(b) Approval by Planning Commission

Where approval is required for the Sub-lease pursuant to Sections 136 and 140 of the Planning and Development Act 2005 (WA), the Sub-lease is entered into on the basis that the approval is obtained within 17 months from the date of the Sub-lease.

(c) Rent

The Grower, or in the case of Joint Growers, the second Joint Grower, will pay to the Landholder during the Term the Rent as follows:

- (i) for the period until 30 June 2017 (if any) - nil;
- (ii) for the year commencing 1 July 2017, the sum of \$440 (including GST) per hectare (Indexed), payable on 30 November 2017; and
- (iii) for the second and subsequent years of the Term, including any extended Term, the amount payable for the previous year adjusted by the increase (if any) in the Consumer Price Index (All Groups, Perth) during the preceding 12 months payable on 30 September in each year,
- (iv) subject to the right of the Grower to adjust the Establishment Area in accordance with Section 9.4(g) below.

In the event that the Project Harvest Date occurs after the expiry of the Term a Grower's obligation to pay Rent will continue until the Project Harvest Date, but reducing each year by the same proportion as the Project Land that has been Harvested by 30 June of the preceding year.

(d) Grower's Covenants

The Grower's covenants include:

- (i) to punctually pay the Rent;
- (ii) to Establish, tend and manage the Plantation in a proper and skilful manner and in accordance with sound silvicultural and environmental practices adopted within the forestry industry and as and when appropriate prepare, cultivate, spray herbicides and insecticides, fertilise and Harvest the Plantation and use the Leased Area solely for the purpose of the Plantation;
- (iii) to comply with and obey all Acts and regulations, by-laws, orders, ordinances and rules made in respect of or applying to the use or occupancy of the Leased Area.

(e) The Landholder's Covenants

The Landholder's covenants include:

- (i) to permit the Grower, upon paying the Rent (or in the case of Joint Growers, the second Joint Grower paying the Rent), to peaceably and quietly enjoy the Leased Area during the Term, without any interruption by the Landholder or any person or persons claiming under or through the Landholder;
- (ii) to comply with the provisions of the Head Lease;
- (iii) to punctually pay all rates, taxes and other charges levied on the Landholder by any local or other Government Authority in respect of the Leased Area.

(f) Further Covenants

The Landholder and the Grower agree (inter alia) that:

- (i) each party shall have the right with the approval of the other party (which approval shall not be unreasonably withheld) to assign or otherwise dispose of its rights under the Sub-lease provided that the transferring party first obtains a deed of covenant by the proposed assignee or person who receives the disposal (the "Grantee") containing a covenant by the Grantee in favour of the non-transferring party that the Grantee will at all times during the Term observe and perform all or any of the covenants contained or implied in the Sub-lease to be observed or performed by the transferring party; and
- (ii) the Plantation and carbon environmental or any other credits derived from the Plantation (if any) are and shall remain to the extent permitted by law, the property of the Grower until the end of the Term and the Grower shall be entitled to Harvest the Plantation and to retain all income from the sale thereof. Any corresponding debits arising out of the activities of the Grower will be debited to the Grower upon those debits occurring.

(g) **Damage to or Reduction in the Viability of the Plantation**

- (i) If the whole or a substantial part of the Plantation is damaged by fire or any other cause whatsoever or an independent forestry consultant commissioned by the Grower determines that it is no longer commercially viable to continue to operate the Plantation or any portion thereof, then the Grower shall be entitled to assess the extent of the damage to the Plantation and may terminate the Sub-lease or reduce the Establishment Area by the area which has been damaged or is no longer viable.
- (ii) If the Sub-lease is terminated or the Establishment Area is reduced, the Grower shall, if so directed by the Landholder:
 - (A) in the case of termination of the Sub-lease, Harvest and remove all stumps, Wood and debris from the Leased Area and reseed to pasture; or
 - (B) in the case of reduction of the Establishment Area, Harvest and remove all stumps, Wood and Debris from the Leased Area which has been damaged or is no longer viable, and (if practicable) fence off and reseed to pasture that area.

(h) **Termination in the Event of Default**

- (i) The Landholder may terminate the Sub-lease if the Grower fails to perform or observe any covenants conditions or stipulations contained in the Sub-lease and such default shall have continued in the case of an obligation to pay money for a period of 14 days or in any other case for a period of one month after receipt by the Grower of written notice from the Landholder requiring the default to be rectified.
- (ii) The Grower shall be entitled to terminate the Sub-lease if the Landholder is in default of any obligation under the Sub-lease and such default shall have continued for a period of one month after receipt by the Landholder of written notice from the Grower requesting that the default be remedied.

(i) **Summary of Agreement to Sub-lease (if applicable)**

The Agreement to Sub-lease will be between WABG and the Grower, or in the case of Joint Growers, both the first and the second Joint Grower, where not all Project Land is available for that Grower/Joint Growers on or before 30 June 2017.

- (i) The parties undertake to enter into a Sub-lease of the Land on or before the Starting Date, which date shall be no later than 30 September 2018.
- (ii) WABG will promptly apply for and obtain all approvals from all relevant authorities for the use of the Land for the purposes of the Project.
- (iii) The Grower irrevocably authorises WABG to complete the Sub-lease by inserting relevant details.
- (iv) The parties will obey, and are bound by, all the provisions

of the Sub-lease from the Starting Date.

- (v) WABG may assign any of its obligations under the Agreement or enter into a contract to sell or transfer its interest in the Land provided that any assignee or purchaser agrees to assume the obligations of WABG and the assignee or purchaser is a respectable and solvent person capable of performing the obligations of WABG under the Agreement.

(j) **Summary of Head Lease**

The Project Manager leases the Project Land from various farmers. In all instances, the head lease between the Project Manager and the farmer is on arms' length commercial terms and to be registered with Landgate, the Western Australian Office of Titles, thereby protecting the Project Manager's and ultimately the Grower's interest in the Project Land.

9.5 Summary of Plantation Services Agreement

(a) **Parties**

The Plantation Services Agreement is between the Project Manager and Ents Forestry Pty Ltd ("Forestry Contractor").

(b) **Services to be Provided by the Forestry Contractor**

The Forestry Contractor will perform all the services in relation to each Plantation in accordance with sound silvicultural and environmental practices adopted within the forestry industry, including:

- (i) the Establishment of the Plantation (including the carrying out of Coppicing activities AND the acquisition and planting of sufficient healthy Blue Gum seedlings to achieve the minimum survival rate set out in the Plantation Development and Tending Plan); and
- (ii) the tending of the Plantation in a proper and skilful manner in accordance with the Plantation Development and Tending Plan.

(c) **Term of the Agreement**

The Agreement shall terminate upon the first to occur of the completion of the Harvest of the Plantation or the termination of the Head Lease.

9.6 Summary of Wood Purchase Agreement

(a) **Parties**

The Wood Purchase Agreement is between each Grower, WABG, as Responsible Entity, and W.A. Chip & Pulp Co. ("the Purchaser").

(b) Sale and Purchase of Wood

WABG agrees to sell and the Purchaser agrees to purchase all Wood for woodchipping or any other use by mutual agreement for a higher yield return subject to the terms and conditions set out in the Agreement.

(c) Purchase Price

- (i) The Proposed Purchase Price for Wood notified to WABG by the Purchaser must be a fair and reasonable price for each grade of wood taking into account, inter alia:
 - (A) the price or prices being paid by the Purchaser for wood of the same or similar species, quantity and quality in Western Australia;
 - (B) the price or prices being paid by other bona fide wood processors for wood of the same or similar species, quantity and quality in Western Australia; and
 - (C) relevant information supplied by any party including statistics or indices relevant to wood prices published from time to time by the Australian Bureau of Agricultural and Resource Economics and Sciences, the Australian Bureau of Statistics or any other government authority or industry body.
- (ii) If WABG does not approve the Proposed Purchase Price and obtains an alternative offer in writing from a genuine buyer to purchase that grade of Wood on substantially the same terms and conditions as the offer from the Purchaser but at a higher price than the Proposed Purchase Price then the Purchaser shall have an option for one month from the date of delivery to the Purchaser of the alternative offer to purchase the Wood for such higher price. In certain circumstances WABG may sell that Wood to another buyer on the terms and conditions of the alternative offer.

(d) Harvesting and Delivery

- (i) WABG shall Harvest and Deliver the Wood taking due and proper care for the safe-keeping and handling of the said Wood until it has been Delivered. Alternatively, WABG may engage an External Contractor or the Purchaser may Harvest and Deliver the Wood pursuant to the Quote for such services provided at the time of the notification of the Proposed Purchase Price;
- (ii) Where the Purchaser Harvests and Delivers the Wood, the Purchaser shall be entitled to deduct from the Purchase Price a fee not exceeding 5% of the Purchase

Price minus the costs of Harvesting and Delivery costs, for planning, administering and supervising the Harvest and Delivery of the Wood;

- (iii) Ownership of and risk in relation to the Wood shall pass to the Purchaser only upon the Delivery of the Wood to the facility or facilities nominated and accepted by the Purchaser.

(e) Termination in the Event of Default

- (i) WABG on behalf of any Grower and any Grower, shall be entitled to terminate the Agreement if the Purchaser is in default of any obligation under the Agreement and such default shall have continued, in the case of an obligation to pay money, for a period of 14 days or in any other case, for a period of 1 month after receipt by the Purchaser of written notice from WABG specifying the default and requiring the default to be rectified.
- (ii) The Purchaser shall be entitled to terminate the Agreement if the Grower is in default of any obligation under the Agreement and such default shall have continued for a period of 1 month after receipt by the Grower of written notice from the Purchaser specifying the default and requesting that the default be remedied.

9.7 Summary of Joint Growers Agreement (if applicable)

(a) Parties

Where there are Joint Growers, each of them will be the parties.

(b) Responsibilities

The First Joint Grower is responsible for all the fees payable in respect of all activities associated with the Establishment of the Plantation. The Second Joint Grower is responsible for the payment of all rent, tending and insurance fees.

The First Joint Grower and the Second Joint Grower are responsible, in equal shares, for the expenses of harvesting, transportation of the Wood, and for the incentive fee and any other fees payable to the Project Manager under the Project.

(c) Entitlements

Each party is entitled to 50% of the benefits and the receipts (including carbon credits and insurance) arising from the joint participation of the parties in the Project.



10. DIRECTORS OF WABG

Anthony Henry May B.Ec. LL.B.

Mr May has been a solicitor in practice for over 35 years. For more than 25 years he has advised many clients who have become involved in forestry operations in various locations throughout Australia. He has also advised some of the largest forestry public company groups in relation to aspects of their activities.

Mr May has been an active grower of both softwood and hardwood timber on his own account and is a director of a number of timber growing companies. He has been a member of Australian Forest Growers (formerly called Australian Forestry Development Institute) for about 25 years and is a member of the Committee of the Melbourne branch. He was a member of the Board of the National Association of Forest Industries (now called Australian Forest Products Association) for five years. He has represented the forestry sector in negotiating with the Australian Government over taxation and regulatory issues on a number of occasions, including most recently in relation to the design and implementation of the Division 394 legislative package. He was for over 25 years a member of the Council of Monash University and for much of that time was a trustee of the University Superannuation Scheme. He has been a director of WABG since its inception.

Leon Gorr B.Juris LL.B. M.Admin

Mr Gorr has been a solicitor specialising in Corporate and Revenue Law for over 35 years. For more than 25 years he has advised forest plantation managers, promoters and participants concerning their various forestry operation activities. During this period, he has been active personally as a grower in the softwood and hardwood plantation industries.

Mr Gorr has been a director of WABG since its inception and during that time that company has been the Project Manager under annual prospectuses / Product Disclosure Statements in relation to projects of a similar nature to this Project.

Angela Palermo

Ms Palermo was a senior member of the administration team at Herbert Geer Solicitors and for 16 years was involved with the firm's mortgage system, accounting and special projects. She has undertaken and supervised much of the back office functions for WABG since its commencement. She has also provided services for other forestry enterprises for over 20 years. She is fully familiar with modern administrative practices and systems.



11. ADDITIONAL INFORMATION

11.1 Material Contracts

The following agreements have, or will be, entered into as a result of an Applicant becoming a Grower in the Project:

- (a) Constitution referred to in Section 9.1;
- (b) Custody Agreement referred to in Section 9.2;
- (c) Project Management Contract referred to in Section 9.3;
- (d) Sub-lease Agreement (and, if relevant, the Agreement to Sub-lease) and any head-lease or sub-lease to the Project Manager referred to in Section 9.4;
- (e) Plantation Services Agreement referred to in Section 9.5;
- (f) Wood Purchase Agreement referred to in Section 9.6; and
- (g) Joint Growers Agreement referred to in Section 9.7 (if applicable).

11.2 Inspection of Documents

The following documents are available for inspection during normal business hours at the registered office of the Responsible Entity at Level 6, 140 William Street, Melbourne, Victoria (except to the extent that there is unreasonable prejudice to the Responsible Entity):

- this Product Disclosure Statement;
- the Memorandum and Articles of Association of WABG;
- the Constitution and agreements referred to in Section 9 of this PDS;
- the consents referred to in Section 11.3 of this PDS.

11.3 Consents of Experts and Disclaimers

The following parties have given, and have not before the date of the PDS withdrawn, their consent to being named in this PDS in the form and context in which they are named and, in the case of Mr D. Spriggins, to the inclusion of his Independent Forestry Report in the form and context in which it is included, in accordance with the Corporations Act:

- (a) Mr D. Spriggins;
- (b) Ents Forestry Pty Ltd;
- (c) W.A. Chip & Pulp Co.;
- (d) Sandhurst Trustees Limited;
- (e) Madgwicks; and
- (f) Albany Financial Pty Ltd.
Persons proposing to participate in the W.A. Blue Gum Project 2017 as Growers should note that Marubeni Corporation and W.A. Chip & Pulp Co. (other than as set out in sub-paragraph) have not:

- (i) been involved in the preparation of this PDS;
- (ii) authorised or caused the issue of this PDS;
- (iii) been involved as a promoter of the W.A. Blue Gum Project 2017 or the PDS;
- (iv) performed any function in a professional advisory or other capacity for WABG or for or in relation to the issue or proposed issue of interests under this PDS; or
- (v) taken any responsibility for the correctness of any disclosure in this PDS of terms of contracts to which Marubeni Corporation or W.A. Chip & Pulp Co. are a party.

None of Marubeni Corporation or W.A. Chip & Pulp Co. are associated with WABG or any other party referred to in this PDS (except as disclosed). W.A. Chip & Pulp Co. is a contractor to WABG for the provision of the afforestation services detailed in the summary of Wood Purchase Agreement contained in this PDS.

References to any of Marubeni Corporation and W.A. Chip & Pulp Co. ought not be taken as an endorsement by any of them of the W.A. Blue Gum Project 2017 or a recommendation of participation by an intending Grower.

11.4 Interests of the Custodian

The Custodian has no interest in relation to the Project, in the promotion of the Project, or in the property proposed to be acquired for the purposes of the Project, other than the remuneration to which the Custodian is entitled in its capacity as Custodian and without limiting the generality of the foregoing no amount has been paid or agreed to be paid to the Custodian in cash or otherwise by any person:

- (a) to induce the Custodian to act in that or another capacity; or
- (b) for other services rendered by the Custodian in connection with the Project.

Other than the amounts of that remuneration that have accrued or will accrue to the Custodian from time to time under the Custody Agreement.

11.5 Interests of the Responsible Entity and Project Manager

Neither the Responsible Entity nor the Project Manager holds any Interests in the Project but are entitled to the costs and/or fees as described in this PDS. It is the policy of the Responsible Entity that the Responsible Entity and its related parties should not ever own more than 5% in aggregate of the total interests in the Project (except interests acquired through defaulting Growers).¹

12. GLOSSARY OF TERMS

In this PDS, unless the contrary intention appears, the following words have the following meanings:

Agreement to Sub-lease

means (when applicable) the agreement to sub-lease between WABG and the Grower, or in the case of Joint Growers, the second Joint Grower, pursuant to which that Grower agrees to take a sub-lease of property on which to Establish Plantations, details of which are set out in Section 9.4

Applicant

means a person who has duly completed and submitted an Application to the Responsible Entity

Application

means a duly completed Application Form pursuant to which an Applicant applies for an Interest in the Project

Application Form

means the application form attached to and accompanying this PDS

Application Fund

means the bank account opened by the Custodian in the name of the Project for the purpose of receiving all Application Moneys

Application Money

means the amount which every Applicant is required to pay in order to be issued an Interest in the Project (i.e. the Establishment Fee of \$4,400 (including GST) per hectare, the minimum amount being \$22,000 (including GST) being the amount required to Establish 5 hectares of Plantations)

ASIC

means the Australian Securities and Investments Commission

ATO

means the Australian Taxation Office

Board

means the Directors

Compliance Plan

means the compliance plan of the Project

Constitution

means the constitution (as defined in Section 9 of the Corporations Act) of the Project

Coppicing

means the process by which new shoots from the stumps of recently Harvested trees (not being trees that are part of the Project) are managed by professional foresters and may be culled to produce a new tree crop, and **Coppice** and **Coppiced** each have a corresponding meaning

Corporations Act

means the Corporations Act 2001 (Cth)

Custodian

means Sandhurst Trustees Limited ACN 004 030 737 or such other custodian of the Project as may be appointed from time to time

Directors

means the directors of W.A. Blue Gum Limited ACN 060 179 982

Division 394

means Division 394 of the ITAA 1997

Establishment

means all silvicultural activities until and including the Coppicing and/or planting of the Plantation and the application of fertilisers and herbicides at that time

Establishment Fee

means \$4,400 per hectare

Establishment Period

means the period described in Division 394 of the ITAA 1997 ending no later than 18 months after the end of the year of income in which the Application Money is paid

Forestry Contractor

means Ents Forestry Pty Ltd ACN 152 525 110

Grower

means a person who holds an Interest in the Project (and in the case of Joint Growers, both of them) and whose name has been entered into the register of Growers

Guide

means ASIC Regulatory Guide 232

Harvest

means the cutting down, felling or logging of trees and the extraction or removal of the trees so cut down, felled or logged to a loading point, whether conducted as one operation or more than one operation and Harvested and Harvesting have a similar meaning

Independent Forestry Expert

Mr. D Spriggins

Indexed

means adjusted by the percentage increase (if any) in the Consumer Price Index (All Groups, Perth) most recently published by the Australian Bureau of Statistics for the previous 12 months or if the Consumer Price Index is no longer published, such other replacement or substitute as is used by the Australian Bureau of Statistics as the measure of inflation in Australia

Interest

means the combined interest of a Grower in a Plantation and in that Grower's Project Agreements

ITAA 1936

means the Income Tax Assessment Act 1936 (Cth)

ITAA 1997

means the Income Tax Assessment Act 1997 (Cth)

Joint Growers Agreement

means the agreement between Joint Growers, details of which are set out in Section 9.7

Joint Growers

means two Applicants who are participating in the Project as Joint Growers in accordance with a Joint Growers Agreement

Loan Agreement

means an agreement between a Grower and Albany Financial Pty Ltd for the Grower to borrow up to 80% of the Application Money

MAI

means Mean Annual Increment being a measure of the rate of growth of trees

PDS

means this document, other than Part C

Plantation Development and Tending Plan

means the plan for the tending of each Plantation which is to be annexed to the Plantation Services Agreement

Plantations

means the plantations of Tasmanian Blue Gum tree to be Established on the Project Land to be leased by the Growers

Proceeds Fund

means the bank account opened by the Custodian in the name of the Project for the purpose of receiving all sale proceeds from the sale of the timber from the Plantations

Project

means the W.A. Blue Gum Project 2017 (ARSN 618 890 574)

Project Agreements

means the Sub-lease, Project Management Contract and Wood Purchase Agreement and if relevant to a particular Grower, an Agreement to Sub-lease

Project Harvest Date

means the date on which the Harvesting of all the trees in the Project is completed for the first time

Project Land

means the land in the south-west of Western Australia between Bunbury and Albany on which the Project will be situated

Project Management Contract

means the contract to be entered into by each Grower and the Project Manager in relation to the Establishment and tending of the Plantations, details of which are set out in Section 9.3

Project Manager

means W.A. Blue Gum Limited ACN 060 179 982, as trustee of the W.A. Blue Gum Management Trust, in its capacity as manager of the Project

Project Property

means scheme property as defined in Section 9 of the Corporations Act

Purchaser (or Wood Purchaser)

means W.A. Chip & Pulp Co.

Responsible Entity

means W.A. Blue Gum Limited ACN 060 179 982 as the responsible entity for the Project

Sub-lease

means the sub-lease between the Project Manager and each Grower pursuant to which each Grower sub-leases Project Land on which to Establish Plantations, details of which are set out in Section 9.4

W.A. Chip & Pulp Co.

means W.A. Chip & Pulp Co. Pty Ltd ACN 008 720 518

WABG

means W.A. Blue Gum Limited ACN 060 179 982

WAPRES

means WA Plantation Resources Pty Ltd ACN 094 151 792

Wood Purchase Agreement

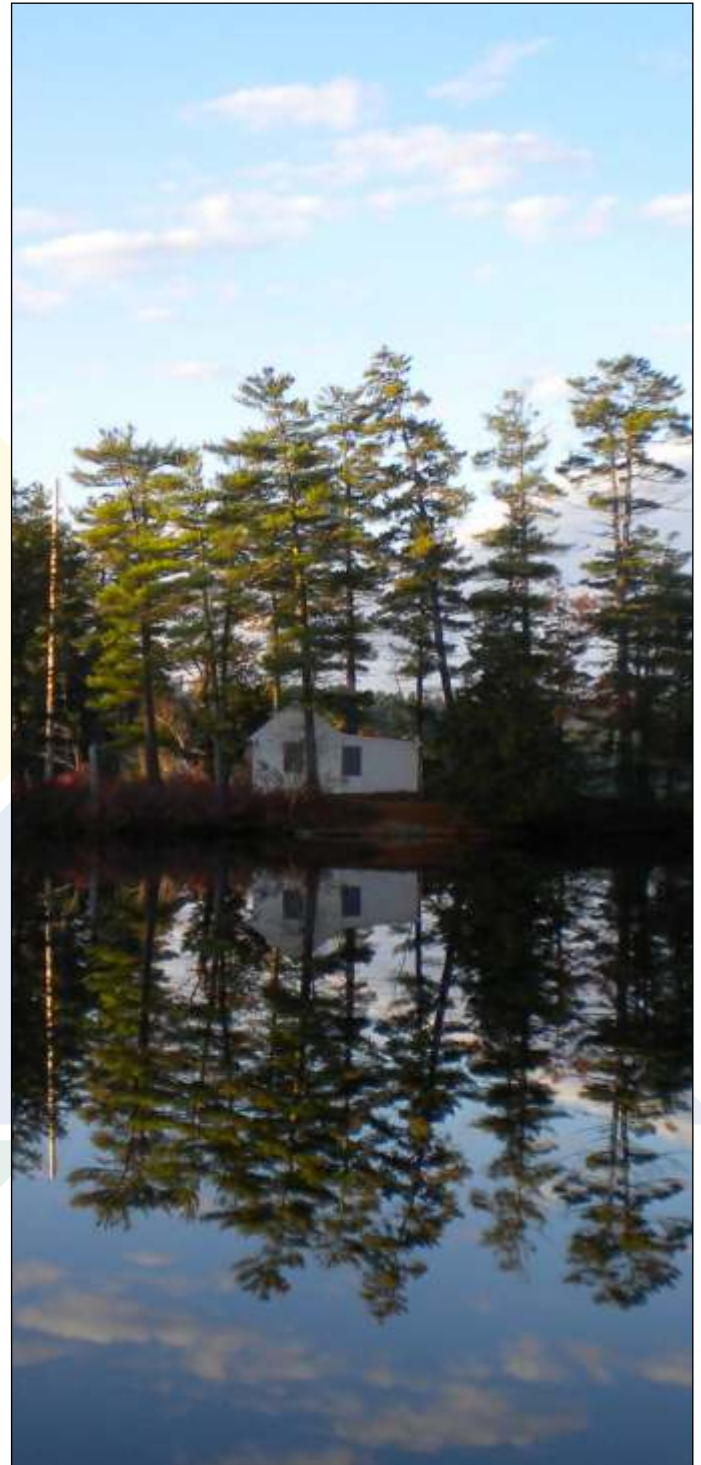
means the agreement for the sale of the timber from the Plantations, details of which are set out in Section 9.6



13. HOW TO PARTICIPATE

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY IF YOU WISH TO PARTICIPATE IN THE PROJECT YOU MUST:

1. Complete and sign the Application Form in Section 14 .
2. Complete and sign the Power of Attorney in Section 15 in accordance with the relevant State law and in the presence of an adult witness.
3. Complete and sign the Investor Identification Form in Section 18.
4. Where the Applicant requires finance from Albany Financial Pty Ltd (refer to Section 3.5) complete the Application for Finance in Section 16.
5. Where the Applicant is a company, the Guarantor for the company must complete the Power of Attorney in Section 17.
6. Make the bank cheque for the subscription payable to SANDHURST TRUSTEES LIMITED ACFWA BLUE GUM PROJECT 2017 or provide your full credit card details.
7. Forward the Application Form, bank cheque (or provide your full credit card details), Power of Attorney and Investor Identification Form to W.A. Blue Gum Limited, Level 6, 140 William Street, Melbourne Vic, 3000 Attention: Mr Tom May.
8. Ensure that:
 - (a) Your name(s) and address(es) are correct.
 - (b) The number of Hectares and the Application Money in A\$ are specified.
 - (c) The Application Form is signed and dated.
 - (d) The Power of Attorney is signed and dated.
 - (e) If applicable, the Application for Finance is signed and dated.
 - (f) In the case of a Grower being a Company, the Company executes its application in accordance with its Constitution and the Corporations Act.
 - (g) Your bank cheque is enclosed (or full credit card details are provided).



14. APPLICATION FORM

W.A. Blue Gum Project 2017 ARSN 618 890 574

W.A. Blue Gum Limited ACN 060 179 982 AFS Licence Number 246264

100PercentInvesting
(Adviser Services Pty Ltd)

Email:
enquiry@100percentinvesting.com.au

www.100percentinvesting.com.au

AFSL: 439452

I/We hereby apply to W.A. Blue Gum Limited for the Project Agreements in relation to the number of hectares detailed below.

Number of hectares _____ (Minimum Number - 5 hectares) Application Money \$ _____

The Application Money is \$4,400 (including GST) for each hectare.

PLEASE COMPLETE IN BLOCK LETTERS

Your Details

Sole/First Applicant or First Joint Grower

Dr/Mr/Mrs/Ms/Miss _____ First Name _____ Surname _____

Date of Birth ____ / ____ / ____

Company Name (if a company) _____

Residential/Site Address _____

Suburb/Town City _____ State _____ Postcode _____

Mailing Address (if different from above) _____

Suburb/Town City _____ State _____ Postcode _____

ACN (if a company) _____ ABN _____

TaxFile Number _____

Are you registered for GST Yes ☐ No ☐

Tel: Work _____ Tel: Home _____

Mobile _____ Fax _____

Email _____

Are you applying as Joint Grower (see Part A of the PDS)? Yes ☐ No ☐

Are you applying as a trustee? Yes ☐ No ☐

If yes please state the name of the trust or superannuation fund

(If applicable) Is the trust or superannuation fund registered for GST Yes ☐ No ☐

(If applicable) Second Applicant or Second Joint Grower

Dr/Mr/Mrs/Ms/Miss _____ First Name _____ Surname _____

Date of Birth ____ / ____ / ____

Company Name (if a company) _____

Residential/Site Address _____

Suburb/Town City _____ State _____ Postcode _____

Mailing Address (if different from above) _____

Suburb/Town City _____ State _____ Postcode _____

ACN (if a company) _____ ABN _____

Tax File Number _____

Are you registered for GST Yes ☐ No ☐

Tel: Work _____ Tel: Home _____

Mobile _____ Fax _____

Email _____

Are you applying as Joint Grower (see Part A of the PDS)? Yes ☐ No ☐Are you applying as a trustee? Yes ☐ No ☐

If yes please state the name of the trust or superannuation fund

(If applicable) Is the trust or superannuation fund registered for GST Yes ☐ No ☐**Your Acknowledgements**

By signing the Application Form you:

- (a) You acknowledge you have read in its entirety the PDS for the W.A. Blue Gum Project 2017 to which the Application Form relates.
- (b) You agree to be bound by the provisions of the Constitution, as amended from time to time, of the Project and the Project Agreements.
- (c) You acknowledge that the Responsible Entity has the right to accept or reject your application in whole or in part.
- (d) You agree that acceptance of your application may be constituted by execution of the Project Agreements by the directors of WABG severally as your attorneys on your behalf without communication of such acceptance to you.
- (e) You acknowledge that by becoming a party to the Constitution and the Project Agreements you irrevocably appoint the directors of WABG severally as your attorneys to enter into any agreement for the sale of the wood.
- (f) You authorise the directors of WABG severally as your attorneys to place your name(s) on the Register in respect of the area leased pursuant to your application.
- (g) You declare that you are not a "US Person", as that term is defined under regulations of the US federal securities laws (FATCA) and will not hold an Interest in the Project on behalf of a US Person.
- (h) You declare you have completed and will submit with this Application Form an Investor Identification Form and that all details given in that Investor Identification Form are true and correct.
- (i) You declare that you understand any Product Ruling for the Project is not a sanction, endorsement or guarantee of commercial success of the Project by the Commissioner, and that the Commissioner recommends that Growers consult an independent financial (or other) adviser for information on the commercial viability of the Project.

Sole/First Applicant or First Joint Grower Sign below**INDIVIDUAL APPLICANT****DATE OF SIGNING** / /

Signature _____

Signature of Witness _____

Name of Witness _____

Address _____

COMPANY APPLICANT**DATE OF SIGNING** / /Are you the sole director Yes ☐ No ☐

Executed in accordance with its Constitution and section 127 of the Corporations Act by:

Director

Director/Secretary

Print Name

Print Name

(If applicable) Second Applicant or Second Joint Grower Sign below**INDIVIDUAL APPLICANT****DATE OF SIGNING** / /

Signature _____

Signature of Witness _____

Name of Witness _____

Address _____

COMPANY APPLICANT**DATE OF SIGNING** / /Are you the sole director Yes ☐ No ☐

Executed in accordance with its Constitution and section 127 of the Corporations Act by:

Director

Director/Secretary

Print Name

Print Name

METHOD OF PAYMENT

BANK CHEQUE ENCLOSED: ☐ ALL CHEQUES MUST BE PAYABLE TO SANDHURST TRUSTEES LIMITED ACF WA BLUE GUM PROJECT 2017

OR

CREDIT CARD: ☐ PLEASE CHARGE MY:

☐ VISA ☐ BANKCARD ☐ MASTERCARD

CARD NUMBER:

EXPIRY DATE: /

CCV NO. (LAST 3 DIGITS ON THE BACK OF YOUR CARD):

NAME ON CREDIT CARD: _____

FOR THE AMOUNT OF: \$ _____

SIGNATURE OF CARDHOLDER: _____

DATE: ____ / ____ / ____

THIS APPLICATION FORM AND POWER OF ATTORNEY MUST NOT BE CIRCULATED OR DISTRIBUTED UNLESS ATTACHED TO A COPY OF THIS PRODUCT DISCLOSURE STATEMENT. NO PROJECT AGREEMENTS WILL BE ENTERED INTO ON THE BASIS OF THIS PRODUCT DISCLOSURE STATEMENT LATER THAN 30 JUNE 2017.

15. POWER OF ATTORNEY

I/We the person(s) or company named below (the Grantor), HEREBY APPOINT(S) any person being a Director of W.A. Blue Gum Limited from time to time to be the Grantor's Attorney (the Attorney) to exercise, subject to any conditions and limitations specified in Clause 2 below, the authority conferred on the Attorney hereby and to do on the Grantor's behalf anything the Grantor has lawfully authorised the Attorney to do.

1. In the exercise of the authority conferred by this Power of Attorney, the Attorney is authorised to execute any assurance or other document or to do any other act whereby a benefit is conferred on the Attorney.
2. This Power of Attorney is expressly limited to conferring on the Attorney authority to:
 - (a) Enter into and execute on the Grantor's behalf a Sub-lease (and if relevant an Agreement to Sub-lease), Project Management Contract and Wood Purchase Agreement ("the Project Agreements") as referred to in the Product Disclosure Statement for the W.A. Blue Gum Project 2017 and a Loan Agreement (if applied for) with Albany Financial Pty Ltd and:
 - (i) date the said Project Agreements and the Loan Agreement and complete as appropriate any blank spaces in the Schedules thereto; and
 - (ii) make and initial any alterations to the Project Agreements and the Loan Agreement which are not prejudicial in the opinion of the Attorney to the Grantor's interests.
 - (b) Without limiting the foregoing and following make, do and sign all such acts, deeds and things as may be necessary to give effect to procure the stamping of the said Project Agreements and the Loan Agreement (if applied for).
 - (c) Alter, modify, add to or cancel the provisions of the Project Agreements and the Loan Agreement (if applied for) provided that such alteration, modification, addition or cancellation:
 - (i) in the opinion of the Attorney does not and is not likely to adversely affect the interests of the Grantor;
 - (ii) is in the opinion of the Attorney, or of a barrister or solicitor instructed by the Attorney, necessary or expedient to comply with the provisions of any statute, ordinance, rule, regulation or by-law which may be passed and which affects projects of the nature of the Project, or is a requirement of any competent statutory authority; or
 - (iii) is in the opinion of the Attorney made to correct a manifest error or is of a formal, technical or administrative nature only; or provided that in the case of any proposed alteration, modification, addition or cancellation which in the opinion of the Attorney may adversely affect the rights of the Grantor, such alteration, modification, addition or cancellation may be effected only if it has been approved by an ordinary resolution of Growers at a meeting of Growers convened for the purposes of passing that resolution.
 - (d) Appoint one or more substitute attorneys to exercise the powers granted to the Attorney and to revoke any appointment of any substitute attorney or attorneys made under the relevant document.
3. The Grantor agrees that the Grantor shall indemnify and keep indemnified the Attorney against all claims demands, costs, damages, losses and expenses, however arising consequent upon the exercise of the Power of Attorney hereby granted, and further agrees to ratify and confirm whatever the Attorney shall do in the exercise of the power hereby granted.
4. This Power of Attorney will be governed by and construed in accordance with the laws of Victoria.
5. Words and expressions used in this Power of Attorney have the same meanings as in the Constitution unless the contrary requires.
6. This Power of Attorney is irrevocable until the expiration of the Project under the Constitution.



Executed as a Deed Poll on the _____ day of _____

Sole/First Grantor sign below

INDIVIDUAL

DATE OF SIGNING ____/____/____

Signature _____

Signature of Witness _____

Name of Witness _____

Address _____

COMPANY

DATE OF SIGNING ____/____/____

Are you the sole director Yes ☐ No ☐

Executed in accordance with its Constitution and section 127 of the Corporations Act by:

Director

Director/Secretary

Print Name

Print Name

(If applicable) Second Grantor sign below

INDIVIDUAL

DATE OF SIGNING ____/____/____

Signature _____

Signature of Witness _____

Name of Witness _____

Address _____

COMPANY

DATE OF SIGNING ____/____/____

Are you the sole director Yes ☐ No ☐

Executed in accordance with its Constitution and section 127 of the Corporations Act by:

Director

Director/Secretary

Print Name

Print Name

16. APPLICATION FOR FINANCE

*I/We hereby apply to **ALBANY FINANCIAL PTY LTD** for finance in relation to this Application.
(*delete if not applicable) by completing the Direct Debit Request section below.

WHAT AMOUNT OF FINANCE IS REQUESTED FROM ALBANY FINANCIAL PTY LTD?

\$ _____

(Refer to Section 3.5 of Part B of this Product Disclosure Statement)

DIRECT DEBIT REQUEST

Request and Authority to Debit the Account named below to pay Albany Financial Pty Ltd:

SURNAME OR COMPANY NAME: _____

GIVEN NAME OR ACN/ABN: _____

ADDRESS: _____

I/We hereby request and authorise Albany Financial Pty Ltd (User ID:320134) to arrange for any amount Albany Financial Pty Ltd may debit or charge me/us to be debited through the Bulk Electronic Clearing System ("BECS") from an account held at the financial institution identified below subject to the terms of the Service Agreement and any further instructions provided below.

NAME OF FINANCIAL INSTITUTION
AT WHICH THE ACCOUNT IS HELD: _____

ADDRESS: _____

STATE: _____ POSTCODE: _____

ACCOUNT NAME: _____

BRANCH NUMBER (BSB): –

ACCOUNT NUMBER:

SERVICE AGREEMENT

I/We understand and acknowledge that:

1. The financial institution may, in its absolute discretion, at any time by notice in writing to me/us, terminate this request as to future debits.
2. Albany Financial Pty Ltd may, by prior notice in writing to me/us within 14 days, vary the timing of future debits.
3. Where the due date does not fall on a business day and I/we am/are uncertain whether sufficient cleared funds will be available to meet the direct debit, I will contact the financial institution directly and ensure that sufficient cleared funds are available.
4. I/We can modify or defer this regular Direct Debit Request at any time by giving Albany Financial Pty Ltd 14 days' notice, in writing. I/We need to do this by the 1st day of the month for the change I/we are requesting to take effect in that month.
5. I/We can stop or cancel the regular Direct Debit Request at any time by giving Albany Financial Pty Ltd 14 days' notice in writing. I/We need to do this by the 1st day of the month for cancellation to take effect in that month.
6. If at any time I/we feel that a direct debit against my/our nominated account is inappropriate or wrong it is my/our responsibility to notify Albany Financial Pty Ltd as soon as possible.
7. If I/we believe there has been an error in debiting my/our account, I/we will notify Albany Financial Pty Ltd directly and confirm by notice in writing with Albany Financial Pty Ltd as soon as possible so that Albany Financial Pty Ltd can resolve my/our query more quickly. If Albany Financial Pty Ltd concludes as a result of its investigations that my/our account has been incorrectly debited, it will respond to my/our query by adjusting my/our account accordingly. Albany Financial Pty Ltd will also notify me/us in writing of the amount by which my/our account has been adjusted. If Albany Financial Pty Ltd concludes as a result of its investigation that my/our account has not been incorrectly debited it will respond to my/our query by providing me/us with reasons and with evidence of its finding.
8. Direct debiting through BECS is not available on all accounts. I/We can check my/our account details against a regular statement or check with the financial institution as to whether I/we can request a direct debit from my/our account.
9. It is my/our responsibility to ensure that there are sufficient cleared funds in my/our nominated account to honour the Direct Debit Request. I/We understand that the Direct Debit Request will be automatically cancelled if three direct debit payments are dishonoured because of insufficient funds within a 12 month period. Albany Financial Pty Ltd will give me/us 14 days' notice in writing if they intend to cancel my/our Direct Debit Request. Albany Financial Pty Ltd will also charge the cost of dishonoured direct debits against my/our account.
10. Albany Financial Pty Ltd may need to pass on details of my/our Direct Debit Request to their sponsor bank in BECS to assist with the checking of any incorrect or wrongful debits to my/our nominated account.

I/We acknowledge that I/we have read and understand the terms and conditions governing the direct debit agreement between me/us and Albany Financial Pty Ltd as set out above.

The first direct debit may be made on the 15 July 2017 and at monthly intervals thereafter, unless otherwise agreed.

By signing below I/we hereby certify that I/we are authorised signatories to the account named above and have the authority to enter into this Direct Debit Request.

SIGNATURE: _____

PRINT NAME: _____

DATE: ____ / ____ / ____

SIGNATURE: _____

PRINT NAME: _____

DATE: ____ / ____ / ____

Sole/First Applicant or First Joint Grower Sign below**INDIVIDUAL APPLICANT****DATE OF SIGNING** ____ / ____ / ____

Signature _____

Signature of Witness _____

Name of Witness _____

Address _____

COMPANY APPLICANT**DATE OF SIGNING** ____ / ____ / ____Are you the sole director Yes ☐ No ☐

Executed in accordance with its Constitution and section 127 of the Corporations Act by:

Director

Director/Secretary

Print Name

Print Name

(If applicable) Second Applicant or Second Joint Grower Sign below**INDIVIDUAL APPLICANT****DATE OF SIGNING** ____ / ____ / ____

Signature _____

Signature of Witness _____

Name of Witness _____

Address _____

COMPANY APPLICANT**DATE OF SIGNING** ____ / ____ / ____Are you the sole director Yes ☐ No ☐

Executed in accordance with its Constitution and section 127 of the Corporations Act by:

Director

Director/Secretary

Print Name

Print Name

17. (IF APPLICABLE) POWER OF ATTORNEY FOR GUARANTEE AND INDEMNITY WHERE THE APPLICANT IS A COMPANY

Whereas:

- A.** The person named below (the Grantor) is a director of the company named below (the Company).
- B.** The Company has executed an application form to become a Grower.
- C.** At the request of the Grantor, W.A. Blue Gum Limited has agreed to accept the Company as a Grower.
- D.** (If applicable), at the request of the Grantor, Albany Financial Pty Ltd has agreed to enter into a loan agreement between Albany Financial Pty Ltd and the Company (the Loan Agreement).
- E.** In consideration for the promises provided, the Grantor has agreed to provide a Guarantee and Indemnity in respect of the Company's obligations under the Project Agreements (as defined in the Constitution for the WA Blue Gum Project 2017) and, where relevant, the Loan Agreement.

The Grantor, HEREBY APPOINT(S) any person being a Director of W.A. Blue Gum Limited from time to time to be the Grantor's Attorney (the Attorney) to exercise, subject to any conditions and limitations specified in Clause 2 below, the authority conferred on the Attorney hereby and to do on the Grantor's behalf anything the Grantor has lawfully authorised the Attorney to do.

- 1.** In the exercise of the authority conferred by this Power of Attorney, the Attorney is authorised to execute any assurance or other document or to do any other act whereby a benefit is conferred on the Attorney.
- 2.** This Power of Attorney is expressly limited to conferring on the Attorney authority to:
 - (a)** Enter into and execute on the Grantor's behalf a Guarantee and Indemnity of the Company's obligations under the Project Agreements (the Project Guarantee) and, where relevant, a separate Guarantee and Indemnity of the Company's obligations under the Loan Agreement (the Loan Guarantee):
 - (i)** date the said Project Guarantee and, where applicable the Loan Guarantee, and complete as appropriate any blank spaces in the Schedules thereto; and
 - (ii)** make and initial any alterations to the Project Guarantee and, where applicable the Loan Guarantee, which are not prejudicial in the opinion of the Attorney to the Grantor's interests.
 - (b)** Without limiting the foregoing and following make, do and sign all such acts, deeds and things as may be necessary to give effect to procure the

stamping of the said Project Guarantee and, where applicable the Loan Guarantee.

- (c)** Alter, modify, add to or cancel the provisions of the Project Guarantee and, where applicable the Loan Guarantee provided that such alteration, modification, addition or cancellation:
 - (i)** in the opinion of the Attorney does not and is not likely to adversely affect the interests of the Grantor;
 - (ii)** is in the opinion of the Attorney, or of a barrister or solicitor instructed by the Attorney, necessary or expedient to comply with the provisions of any statute, ordinance, rule, regulation or by-law which may be passed and which affects projects of the nature of the Project, or is a requirement of any competent statutory authority; or
 - (iii)** is in the opinion of the Attorney made to correct a manifest error or is of a formal, technical or administrative nature only.
 - (d)** Appoint one or more substitute attorneys to exercise the powers granted to the Attorney and to revoke any appointment of any substitute attorney or attorneys made under the relevant document.
- 3.** The Grantor agrees that the Grantor shall indemnify and keep indemnified the Attorney against all claims demands, costs, damages, losses and expenses, however arising consequent upon the exercise of the Power of Attorney hereby granted, and further agrees to ratify and confirm whatever the Attorney shall do in the exercise of the power hereby granted.
 - 4.** This Power of Attorney will be governed by and construed in accordance with the laws of Victoria.
 - 5.** Words and expressions used in this Power of Attorney have the same meanings as in the Constitution unless the contrary requires.
 - 6.** This Power of Attorney is irrevocable until the expiration of the Project under the Constitution.

Name of Grantor _____ **Name of Company** _____

Executed as a Deed Poll on the _____ day of _____

Grantor sign below

DATE OF SIGNING ____ / ____ / ____

Signature _____

Signature of Witness _____

Name of Witness _____

Address _____

18. INVESTOR IDENTIFICATION FORM

The following is a guide to help complete the W.A. Blue Gum Limited (WABG) Investor Identification Form. If you have previously completed this form and there have been no changes to the information you provided at that time, you do not need to complete this form again.

If you have any queries with completing the Form please contact WABG on 1300 888 511 or info@wabbluegum.com.au.

Applicant Details

Please use the same details for the Applicant's name to be completed in the Form as completed for a relevant Application Form.

If you are a Joint Grower, you will need to complete a separate Form for each Joint Grower.

If you are an association, government body or another type of entity not listed above, you will need to contact WABG about completing a different form.

Tax File Number

Please insert the tax file number of each Applicant. Although Applicants do not legally have to provide their tax file number, we may be required to deduct amounts from distributions to those Applicants who do not provide tax file number details.

Lodgment

Please return the completed form with attachments (where applicable) to WABG at:

W.A. Blue Gum Limited

Address: Level 6, 140 William Street, Melbourne VIC 3000

Telephone: 1300 888 511

Email Address: info@wabbluegum.com.au

Personal Information Collection Statement

WABG collects information from investors via this Form in its capacity as responsible entity.

In order to assist WABG in operating its investment projects, issuing interests in its projects, performing its duties as a responsible entity and processing and administering applications and investments, information relating to you may be disclosed to other WABG entities, to regulators (where it is required by law) or to third parties such as administrators, custodians, registry and/or identity verification service providers who assist and provide services to our business. By signing and/or submitting this Form, you consent to all such disclosures by WABG.

If you do not provide the information requested in this Form or provide incomplete or inaccurate information, WABG may not be able to accept or process your application or may be limited in the services it can provide.

WABG's Privacy Policy sets out details of how it will collect, store, manage, use and disclose information it collects from you. The Privacy Policy is available at www.wabbluegum.com.au. The Privacy Policy also contains information about how you can access and seek correction of the information held by WABG, and how you can complain about a breach of the Privacy Act or any registered code under the Privacy Act that binds WABG.

WABG may be required by law to collect certain information from you and/or disclose your information. For example, it is required to collect and disclose certain information in order to comply with the identification and verification requirements imposed under the Anti-Money Laundering and Counter Terrorism Financing Act.

For queries or information regarding privacy matters please contact:

W.A. Blue Gum Limited

Address: Level 6, 140 William Street, Melbourne VIC 3000

Telephone: 1300 888 511

Email Address: info@wabbluegum.com.au

INVESTOR IDENTIFICATION FORM

Please use **black** pen and print in **CAPITAL LETTERS** and ☐ where appropriate

1 Contact details of person completing the form

Please provide your contact details.

Title _____ Given name(s) _____
 Surname _____
 Phone _____
 Email _____
 Postal address _____
 Suburb _____ State _____ Postcode _____
 Country _____

2 Applicant details

Entity type	Complete section:
<input type="checkbox"/> Individual investor / joint holding	A + B
<input type="checkbox"/> Australian Proprietary Company	C + E
<input type="checkbox"/> Australian Public Company (or wholly owned subsidiary)	C
<input type="checkbox"/> Unregulated trust ¹ with corporate trustee	C + D + E
<input type="checkbox"/> Unregulated trust ¹ with individual trustee	A + D + E
<input type="checkbox"/> Australian Regulated trust ¹ with corporate trustee	C + D
<input type="checkbox"/> Australian Regulated trust ¹ with individual trustee	A + D
<input type="checkbox"/> Australian-Registered Foreign Company	E + F
<input type="checkbox"/> Foreign Company Unregistered in Australia	E + G
<input type="checkbox"/> Other (e.g. sole traders, partnerships)	Please contact us

Then ALL entities should complete sections 4 and 5 plus the Verification Details.

A Individual investor or individual trustee

Title _____
 Given name(s) _____
 Surname _____
 Date of Birth [DD] / [MM] / [YY] _____
 Email _____
 Residential address _____
 Suburb _____ State _____ Postcode _____
 Are you an Australian resident for tax purposes?
☐ Yes ☐ No, if no specify country
 TFN or exemption code [provide to ensure tax is not deducted from an investment] _____
 Occupation _____

¹ A **Regulated trust** includes a self managed super fund, registered retail managed investment scheme and a wholesale managed investment scheme that doesn't make small scale offerings. Other trusts, such as a Family Discretionary Trust, are **Unregulated Trusts**.

Australian Driver's Licence No: _____

Are you a Politically Exposed Person²? ☐ Yes ☐ No

B Joint investor

Title _____
 Given name(s) _____
 Surname _____
 Date of Birth [DD] / [MM] / [YY] _____
 Email _____
 Residential address ☐ Same as other investor, or specify below

Suburb _____ State _____ Postcode _____

Are you an Australian resident for tax purposes?

☐ Yes ☐ No, if no specify country

TFN or TFN exemption code _____

Australian Driver's Licence No: _____

Occupation _____

Are you a Politically Exposed Person²? ☐ Yes ☐ No

C Company or corporate trustee

Full company name/ corporate trustee name as registered by ASIC _____

TFN or TFN exemption _____

ACN _____

Registered office address (not a PO Box) _____

Suburb _____ State _____ Postcode _____

Principal place of business address (if different)

Suburb _____ State _____ Postcode _____

Business activities _____

Is the company/corporate trustee a proprietary or public company?
☐ Proprietary ☐ Public

If you are public company, provide the name of the relevant market and details of its listing

If you are proprietary company, provide the full name of each director

Director 1 name _____

Director 2 name _____

Director 3 name _____

Director 4 name _____

² A **Politically Exposed Person** includes a head of state or government, government minister or senior politician, senior government official, judge, governor of a central bank or any other person who holds a position of influence with a reserve bank, senior foreign representative, high ranking member of the armed forces or board chair or senior executive of a state owned enterprise **or the immediate family member or associate of any such persons**.

D Trusts

Trustee No. 1 Name

Trustee No. 1

Address

Suburb State Postcode

Trustee No. 2 Name

Trustee No. 2 Address

Suburb State Postcode

Are there additional trustees?

☐ Yes. Please attach a separate page to this form with the details.☐ No

Trust name

ABN, TFN or TFN exemption

Type of trust

Country in which trust was established

Only complete the remaining part of section D if the trust is an Unregulated Trust¹

Do the terms of the trust identify the beneficiaries by reference to membership of a class?

☐ Yes, what are the terms?

OR

☐ No, please provide the full name of each beneficiary

Are there additional beneficiaries?

☐ Yes. Please attach a separate page to this form with the details. ☐ No

Full name of settlor of trust

You do not need to provide the name of the settlor if you are a Regulated Trust or if the settlor of the trust is now deceased or if the settlor contributed to the trust at the time of its establishment a material asset contribution of less than \$10,000.

E Beneficial Ownership (Foreign or Domestic Companies or Trusts)

Are there Beneficial Owners of the Company/Trust?

Beneficial Owner means a natural person (**not a company, trust or other entity**) who ultimately 'Owns' or 'Controls' the entity making this application.

'Owns' means ownership (either directly or indirectly) of **25% or more** of the entity.

'Control' includes control as a result of, or by means of, trusts, agreements, arrangements, understandings and practices, whether or not having legal or equitable force and whether or not based on legal or equitable rights, and includes exercising control through the capacity to determine decisions about financial and operating policies.

☐ **Yes** - Please complete the remainder of this section.

Please note that if the ownership or control of the Company/ Trust making this application is also a Company or Trust, you will need to look through those entities until you reach a level of natural persons. If you require additional space, please attach a separate page to this form with the details

☐ **No, I certify that there are no Beneficial Owners of the Company/Trust** - Please go to section 3.**Beneficial Owner 1**

Name

Date of Birth [DD] / [MM] / [YY]

Residential address

Suburb State Postcode

Are you a Politically Exposed Person¹?☐ **Yes** ☐ **No****Beneficial Owner 2**

Name

Date of Birth [DD] / [MM] / [YY]

Residential address

Suburb State Postcode

Are you a Politically Exposed Person¹?☐ **Yes** ☐ **No****Beneficial Owner 3**

Name

Date of Birth [DD] / [MM] / [YY]

Residential address

Suburb State Postcode

Are you a Politically Exposed Person²?☐ **Yes** ☐ **No****Beneficial Owner 4**

Name

Date of Birth [DD] / [MM] / [YY]

Residential address

Suburb State Postcode

Are you a Politically Exposed Person²?☐ **Yes** ☐ **No****F Australian-Registered Foreign Company**

Full company name as registered by ASIC

TFN or TFN exemption

ARBN

Registered office address in Australia (not a PO Box)

Suburb State Postcode

Principal place of business address in Australia (if different)

Suburb State Postcode

Country in which company was incorporated or registered

Business activities

If also registered by a foreign registration body is the entity registered as a private or public company or some other type of company?

☐ Proprietary/Private

☐ Public

☐ Other

If the entity is registered by a foreign registration body and is a proprietary/private company, provide the full name of each director

Director 1 name

Director 2 name

Director 3 name

Director 4 name

G Foreign Company Unregistered in Australia

Full company name

TFN or TFN exemption

ARBN

Registered office address in Australia (not a PO Box)

Suburb State Postcode

Principal place of business address in Australia (if different)

Suburb State Postcode

Country in which company was incorporated or registered

Business activities

Are you registered by a foreign registration body?

☐ No

☐ Yes

If **No**, please provide the full address of the principal place of business of the company in its country of formation or incorporation.

If **Yes**, please complete the following 3 questions:

Any identification number issued to the company by the relevant foreign registration body upon the company's formation, incorporation or registration

The full address of the company in its country of formation, incorporation or registration as registered by the relevant foreign registration body

Are you registered as a private or public company or some other type of company?

☐ Private

☐ Public

☐ Other (please specify)

If Private please, provide the full name of each director

Director 1 name

Director 2 name

Director 3 name

Director 4 name

3 Electronic verification

Electronic Verification

WABG may use the personal information collected about investors or borrowers for any purpose stated in its Privacy Policy and on this Form as well as for the purposes of verifying investor and borrower identity in accordance with WABG's obligations under Anti-Money Laundering Laws.

When conducting customer identification using electronic means:

- WABG may disclose personal information about individuals (generally borrowers only) to a credit reporting agency for the purposes of providing an assessment as to whether the personal information matches (in whole or part) personal information contained in a credit information file in the possession or control of the credit reporting agency.
- The credit reporting agency may provide WABG with the assessment.
- The credit reporting agency may use the personal information about the individual, and the names, residential addresses and dates of birth contained in credit information files of other individuals, for the purpose of preparing the assessment. Other uses of your personal information by the credit reporting agency are restricted under Privacy laws.

You may consent to WABG providing your personal information to a credit reporting agency for electronic verification purposes by signing the declaration below.

Please note - if this consent is not signed, you may need to provide WABG with additional certified copies of documents so that we can verify your identity manually.

I/we consent to WABG providing my/our personal information to a credit reporting agency for the purposes of conducting customer identification.

Individual Investor / Director / Trustee Name and signature

Individual Investor / Director / Trustee Name and signature

Individual Investor / Director / Trustee Name and signature

Beneficial Owner 1 Name and signature

Beneficial Owner 2 Name and signature

Beneficial Owner 3 Name and signature

Beneficial Owner 4 Name and signature

4 Declaration

I/we declare and agree that:

- My/our application is true and correct.
- I/ we confirm that if signed under power of attorney, the attorney verifies that no notice of revocation of that power has been received.
- I/we acknowledge that WABG and its related bodies corporate may disclose and use personal information as contemplated in the personal information collection in this form and WABG's Privacy Policy available at www.wabluegum.com.au
- I/we understand and agree that, even if all information requested on this form has been provided and received by WABG prior to the cut-off time for receiving instructions, the processing of my/our application may be postponed or delayed while WABG verifies and considers information, in which case my/our application will be processed at the price applicable for the business day as at which all information has been received and verified.
- I/we will provide to WABG or its nominee any information that WABG reasonably requires in order to enable WABG to comply with all its obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and its associated rules and regulations (in force from time to time).
- I/we acknowledge that the information collected by WABG (including in this form) may be used for identification purposes, including via a third party verification service, to enable WABG to comply with all its customer identification obligations under the Act and associated rules and regulations referred to above.
- I/we confirm that all the above details I have provided are true and correct and I have read the Privacy Policy on the WABG website and consent to the handling and disclosure of my personal information as described in the Privacy Policy.

Signature 1

Name	
Date	
Title	
If a company officer or trustee, specify your title	
<input type="checkbox"/> Director	<input type="checkbox"/> Sole director and company secretary
<input type="checkbox"/> Trustee	<input type="checkbox"/> Other (please specify)

Signature 2

Name	
Date	
Title	
If a company officer or trustee, specify your title	
<input type="checkbox"/> Director	<input type="checkbox"/> Sole director and company secretary
<input type="checkbox"/> Trustee	<input type="checkbox"/> Other (please specify)

Investor type	Signature Required
Individual	<ul style="list-style-type: none"> • Signature of each applicant
Company	<ul style="list-style-type: none"> • by two directors, or • by a director and a secretary, or • if there is only one director by that sole director
Minor	<ul style="list-style-type: none"> • signature of each trustee/ individual • if trustee is a company see above
Trusts	<ul style="list-style-type: none"> • signature of each trustee/ individual • if trustee is a company see above
Superannuation Funds	<ul style="list-style-type: none"> • signature of each trustee • if trustee is a company, see above
Partnerships	<ul style="list-style-type: none"> • signature of each applicant
Deceased Estates	<ul style="list-style-type: none"> • signature of the executor

VERIFICATION DETAILS

To be completed by all individuals listed in sections A, B and E of section 2 'Applicant details'

OPTION 1 — provide ONE certified copy of one primary identification document

- ☐ **Valid Australian state or territory driver's licence** containing a photograph of the person
- ☐ **Australian passport** (a passport expired within the preceding two years is acceptable)
- ☐ **Card issued by a state or territory** for the purposes of providing a person's age containing a photograph of the person
- ☐ **Valid foreign passport** or similar travel document containing a photograph and the signature of the person (and if applicable, an English translation by an accredited translator)

OPTION 2 — provide TWO certified copies of secondary identification documents One from A and one from B

Category A

- ☐ Australian birth certificate
- ☐ Australian citizenship certificate
- ☐ Foreign citizenship certificate (and if applicable, an English translation by an accredited translator)
- ☐ Foreign birth certificate (and if applicable, an English translation by an accredited translator)
- ☐ Pension card issued by Centrelink
- ☐ Health card issued by Centrelink
- ☐ Valid Medicare card

Category B

- ☐ **A document issued by the Commonwealth** or a state or territory within the preceding 12 months that records the provision of financial benefits
- ☐ **A document issued by the ATO** within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or the Commonwealth to the individual), which contains the individual's name and residential address (block out any TFN references)
- ☐ **A document issued by a local government body or utilities provider** within the preceding three months which records the provision of services to that address or to that person (must contain the individual's name and residential address)
- ☐ **Australian marriage certificate**

To be completed by all entities who completed subsection C of section 2 'Applicant details'

In respect of a private domestic company please provide a copy of one identification document

- ☐ A "current and historical" company information extract from the ASIC Connect website
- ☐ A current search of the Australian Business Register database
- ☐ A certified copy of a certificate of registration

In respect of a domestic listed company or its majority owned subsidiary and a company licensed and subject to the regulatory oversight of a Commonwealth or State regulator please provide a copy of one identification document

- ☐ A "current and historical" company information extract from the ASIC Connect website
- ☐ A search of the relevant domestic stock exchange

- ☐ A public document issued by the applicant
- ☐ A search of the licence or other records of the relevant regulator

To be completed by all entities who completed subsection D of section 2 'Applicant details'

To be completed by Trust Applicants.
Individual trustees also must complete the "individuals" verification details, and Corporate trustees must also complete the "corporate" verification details.

OPTION 1 — Regulated Trusts Provide a copy of one identification document

- ☐ A search extract from the ASIC, ATO or relevant regulator's website (e.g. 'Super Fund Lookup' at superfundlookup.gov.au)
- ☐ A certified full copy or extract of the trust deed

Option 2 — Unregulated Trusts Provide an original certified copy of one identification document

- ☐ A certified full copy or extract of the trust deed
- ☐ A letter from a solicitor or qualified accountant that confirms the name of the trust and settlor (if relevant);
- ☐ An original bank statement in the name of the trust issued within the last 12 months;

To be completed by all entities who completed subsections F and G of section 2 'Applicant details'

If you are an Australian-Registered Foreign Company please provide a copy of one identification document from each of Section A and Section B below.
If you are an Unregistered Foreign Company please provide one of the identification documents from Section B below only.

Section A

- ☐ A "current and historical" company information extract from the ASIC Connect website
 - ☐ A certified copy of a certificate of registration
- and**

Section B

- ☐ A company information extract from the relevant foreign registration body's website
- ☐ A certified copy of a certificate of registration issued by the relevant foreign registration body

Dated: 12 May 2017
W.A. Blue Gum Limited
ABN 91 060 179 982
AFS License Number 246264

1. ABOUT THIS DOCUMENT

This Financial Services Guide ('FSG') is an important document, which we are required to give to you under the requirements of our Australian Financial Services Licence. It provides you with information about W.A. Blue Gum Limited (the 'Company', 'we', 'us' or 'our') to help you decide whether to use the financial services we provide. This FSG explains the services we can offer to you and the types of products we offer. It also explains how we (and other related persons) are remunerated for these services, and includes details of our internal and external complaints handling procedures and how you can access them.

To invest in any of our financial products you must complete the application form attached to the Product Disclosure Statement ('PDS'). The PDS contains information about the particular product and will assist you in making an informed decision about that product.

We only provide general financial product advice and you must seek independent personal financial product advice to meet your individual financial situation. Personal financial product advice is advice that takes into account one or more of your objectives, financial situation and needs.

2. WHO ARE WE?

The Company is licensed under the Corporations Act to provide these services to you. Our Australian Financial Services Licence Number is 246264.

We do not act as a representative of any other licensee in relation to the services we provide to you.

You can contact us by:

- calling 1300 888 511;
- writing to us at Level 6, 140 William Street, Melbourne VIC 3000;
- emailing us at info@wablugum.com.au; or
- visiting our website at www.wablugum.com.au.

W.A. Blue Gum Limited is an unlisted public company which was incorporated on 19 May 1993. The Company is the Responsible Entity of a managed investment scheme, WA Blue Gum Project 2017 ARSN 618 890 574. The scheme involves the sale of Tasmanian Blue Gum (Eucalyptus Globulus) Harvested in the south-west of Western Australia.

3. WHAT FINANCIAL SERVICES AND PRODUCTS DO WE OFFER?

The Company is authorised to offer the following financial services:

- (a) provide general financial product advice in respect of interests in the W.A. Blue Gum Project 2017 ARSN 618 890 574; and
- (b) deal in a financial product by:
 - (i) issuing, applying for, acquiring, varying or disposing of interests in the W.A. Blue Gum Project 2017 ARSN 618 890 574;
 - (ii) applying for, acquiring, varying or disposing of deposit and payment products (limited to basic deposit products and deposit products other than basic deposit products) and general insurance products on behalf of another person;
- (c) operate the registered managed investment scheme, W.A. Blue Gum Project 2017 ARSN 618 890 574.

We do not provide financial planning services and only provide general financial product advice in respect of interests in the W.A. Blue Gum Project 2017 ARSN 618 890 574. We will not give you personal financial advice if you contact us by phone or in writing.

4. COMPENSATION ARRANGEMENTS

We hold a professional indemnity insurance policy which satisfies the requirements for compensation arrangements under section 912B of the Corporations Act. Subject to terms and conditions, the policy covers claims in connection with the professional services provided by our employees and representatives, even where subsequent to these actions they have ceased to be employed by or act for us.

5. HOW CAN YOU TRANSACT WITH US?

You must complete the Application Form in the PDS. Before signing the Application Form, applicants should read the PDS.

The Application Form must not be circulated or distributed unless attached to a copy of the PDS.

You can contact us in writing or another method as agreed by us.

6. HOW ARE WE PAID FOR THE SERVICES WE PROVIDE?

The Company does not receive any fees, nor do we charge you additional fees, for providing general financial product advice.

7. WHAT COMMISSIONS, FEES OR OTHER BENEFITS ARE RECEIVED?

Employees of the Company who give you general financial product advice do not receive payments or commissions for the giving of that advice. These employees and our Directors may receive salaries, bonuses and other benefits from us.

8. THE PDS OR OFFER DOCUMENT FOR THE PARTICULAR PRODUCT WILL DISCLOSE FURTHER DETAILS

You may receive advice in relation to the products we offer from financial advisers who do not work for this Company. These advisers may receive remuneration from us. The adviser's remuneration is included in the fees you pay when subscribing in our product. The amount of this remuneration is set out in the PDS. Your adviser is also required to set out the remuneration and commissions they receive in

a Statement of Advice ('SOA'), which they must give to you. Some of these advisers may be representatives of other licensees.

The Company may pay amounts not exceeding an amount equivalent to 10% in total of the Establishment Fee to eligible recipients who refer Growers to the Project, in accordance with the Corporations Act. This amount may be paid over a period of one or more years.

9. WHAT SHOULD YOU DO IF YOU HAVE A COMPLAINT?

You have the right to enquire into or complain about the operation of our product and service to the extent that it relates to you or your subscription. We have established procedures to ensure all enquiries and complaints are properly considered and dealt with. If you have an enquiry or complaint, please telephone or email us.

If you are not satisfied with our handling of your complaint you may lodge a complaint with the Financial Ombudsman Service Limited Scheme. FOS can be contacted by telephone on 1300 78 08 08 or by writing to Financial Ombudsman Service Limited, GPO Box 3, Melbourne Vic 3001.

10. PRIVACY

We respect your privacy and are totally committed to upholding your rights to privacy protection under the Privacy Act and the Australian Privacy Principles.

This Privacy Statement provides a summary of how we collect, use and disclose personal information.

Your personal information is information or an opinion which can be used to personally identify you. We only collect personal information

that is necessary and relevant for us to provide our services. Subject to any legal requirements, we handle personal information in accordance with the purpose of its collection. Accordingly, failure to provide any personal information which we request may affect our ability to meet our obligations to you.

We take reasonable steps to ensure that the personal information collected and held by us is protected from misuse, loss, unauthorised access, modification or disclosure. We also endeavour to ensure that the personal information we hold about you is up to date, complete and accurate. If you believe that any personal information we hold about you is inaccurate, incomplete or out-dated, please notify our Privacy Officer.

Any queries regarding our Privacy Policy should be directed to our Privacy Officer:

Privacy Officer:

Mr Tom May

Phone:

1300 888 511

Address:

Level 6
140 William Street
Melbourne VIC 3000



W.A. Blue Gum Limited

ACN 060 179 982 AFS Licence 246 264

Level 6
140 William Street
Melbourne Vic 3000