

3 March 2014



Joint Media Statement: Kakano Investment Ltd and NZ Super Fund

North Island iwi join forces to buy into Kaingaroa Timberlands

Six central North Island iwi have joined forces to buy a 2.5% stake in New Zealand's largest forestry business, Kaingaroa Timberlands. The investment is one of the biggest ever involving an iwi collective.

The six iwi representative organisations, Ngati Rangitihi, Ngati Whakaue Assets and Te Arawa River Iwi Limited Partnership, Ngati Whare, Raukawa, Te Arawa Group Holdings Limited and Tuwharetoa, have formed Kakano Investment Limited Partnership (Kakano) and purchased the stake from the New Zealand Superannuation Fund (NZ Super Fund) for an undisclosed price.

Raukawa chairperson Vanessa Eparaima has been appointed chairperson of Kakano. Ms Eparaima said the investment was a major strategic and commercial step forward for iwi, and a win-win that ensured iwi were involved in the forestry business itself as well as being the land owner.

Ninety per cent of the Kaingaroa Timberlands tree crop is on the 176,000ha of land returned by the Crown to eight central North island iwi in 2008, in the largest single Treaty settlement to date between Crown and iwi.

"Kaingaroa Timberlands is a successful enterprise which provides not only significant annual returns to shareholders, but which now, through our investment, also further enhances iwi participation at all levels of the forestry business," Ms Eparaima said.

She said there was excitement and pride among iwi in investing collectively with neighbouring tribes in a commercial venture that provides significant ongoing benefits for the tens of thousands of iwi members that the collective represents.

"This investment shows the value in working collaboratively with like-minded and appropriately structured and resourced iwi," Ms Eparaima said. "Individually we could not make this deal happen - collectively we have."

Ms Eparaima says that, unlike most forestry investments, the size and maturity of the Kaingaroa Timberlands forestry operation means immediate cash returns will be generated for Kakano from its investment – a key investment advantage for the collective.

Adrian Orr, Chief Executive of the NZ Super Fund, said he was delighted to welcome Kakano as a co-investor in Kaingaroa-Timberlands.

Mr Orr said there was a strategic benefit to Kaingaroa Timberlands in having the underlying landowners take a stake in the forestry business itself.

"The involvement of Kakano is also consistent with the NZ Super Fund's strategy to co-invest alongside partners with similar objectives and long time horizons. Iwi are natural investment

partners for the NZ Super Fund and our hope is that this deal opens up further domestic co-investment opportunities with iwi and iwi collectives.”

“By pooling their capital and capability, these six iwi have been able to access a sizeable, highly strategic investment opportunity that will benefit future generations,” Mr Orr said. This is an exciting and ground-breaking step forward for New Zealand and for the Maori economy.”

The deal, which was settled on 28 February 2014, reduces the NZ Super Fund’s stake in the forest from 41.25% to 38.75%. The Fund remains the largest Kaingaroa Timberlands shareholder. The other shareholders are the Public Sector Pension Investment Board (30 per cent), a Canadian Crown corporation investing funds for the pension plans of the Canadian public service, the Canadian Forces, the Royal Canadian Mounted Police and the Reserve Force; and an affiliate of the President and Fellows of Harvard College (28.75 per cent).

Kaingaroa Timberlands is New Zealand’s largest forestry operation, covering 190,000ha of land located east of the area between Lake Taupo in the south to the Rotorua Lakes in the north. It is widely recognized as one of the world’s premier softwood plantations with attractive growth rates, close proximity to the Port of Tauranga and extensive infrastructure. Kaingaroa is managed by Rotorua-based Timberlands Ltd to international Forest Stewardship Council certification standards (www.fsc.org).

Media contacts

Jon Stokes, Kakano Communications adviser, 0276 122095, jon.stokes@xtra.co.nz

Catherine Etheredge, Head of Communications, NZ Super Fund, 0274 777 501, cetheredge@nzsuperfund.co.nz