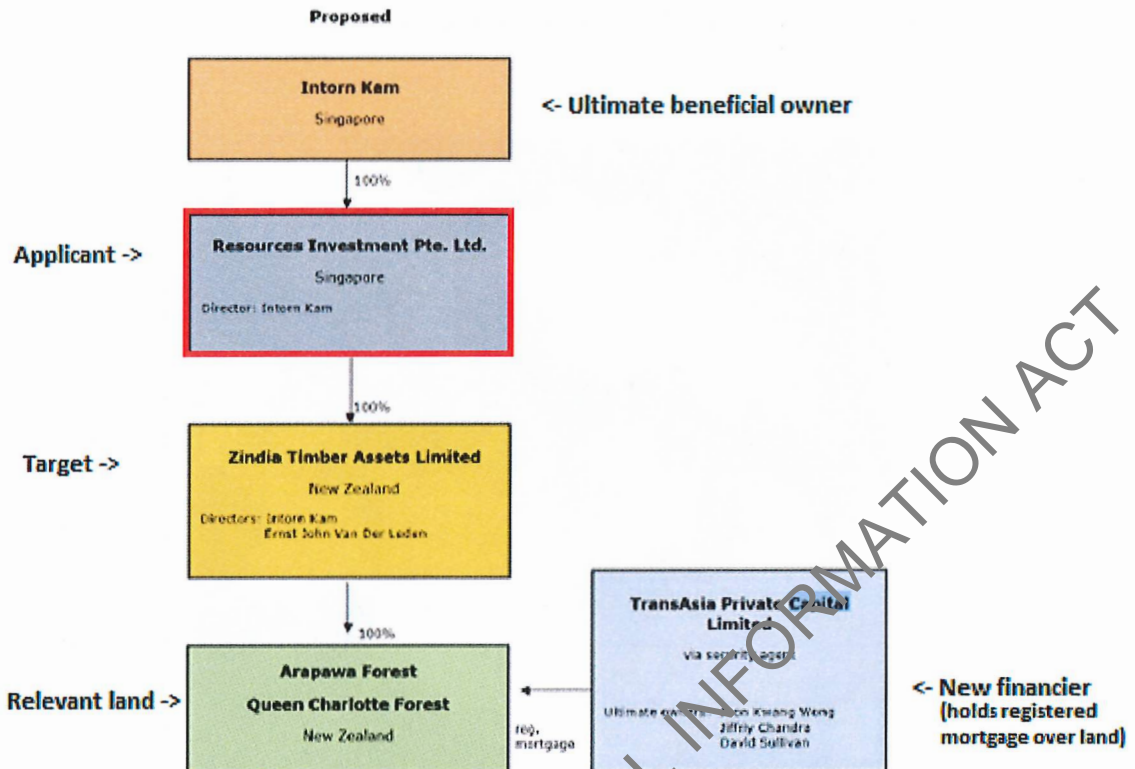


Out of scope

## Summary of the proposed transaction and Investment Plan

### *Transaction*

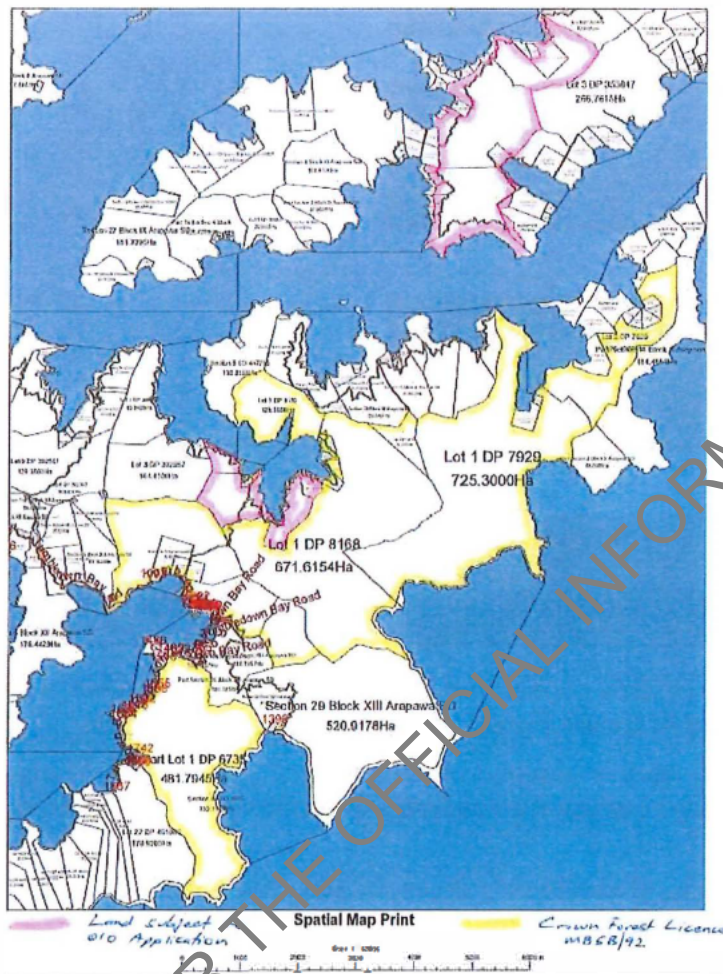
31. The Applicant is seeking consent to acquire 100% of the shares in Zindia (the **Investment**).
32. The diagram below shows the proposed structure of the transaction:



33. The Applicant requires consent as Zindia has freehold interests in sensitive land which constitute Arapawa Forest and Queen Charlotte Forests.
34. In particular, consent is required under section 12(b) of the Act because Zindia (the Target entity in which the Applicant is acquiring a 100% interest) owns sensitive land.<sup>3</sup>
35. The sensitive land (**Land**) totals approximately 657.77 hectares and is comprised in the following Records of Title:
- a) MB5A/669, MB5A/670, MB5A/671, MB5A/672, MB5A/675, MB5A/676, MB5A/677, MB5A/678, MB5A/685, MB5A/686, MB5A/687, MB5A/688, MB5A/689, MB5A/690, MB5D/1039, MB5D/1474 (known as **Arapawa Forest**), and
  - b) MB2D/1292, MB3E/992, MB5D/752 (known as **Queen Charlotte Forest**).
36. Further details relating to the sensitive land are set out in **Attachment 2**.

<sup>3</sup> The Target (Zindia) is also the licensee of a Crown forestry licence over of approximately 2,675 hectares in the Marlborough Sounds. However, the acquisition of an interest in a Crown forestry licence does not require consent under the Act as a Crown forestry licence is not an interest in land by virtue of section 16 of the Crown Forest Assets Act 1989.

37. The sensitive land is outlined in pink in the below map:<sup>4</sup>



Background to the transaction

9 (2) (b) (ii)

38. The consideration for this transaction is [REDACTED]. The Applicant states this is because the value of Target entities assets is less than the amount of its liabilities.

39. The application explains that the Vendor and his related forestry companies (including Zindia) have [REDACTED] borrowings [REDACTED]. Those borrowings were secured under a variety of instruments and guarantees, including registered mortgages over Zindia's land holding interests.

9 (2) (b) (ii)

40. The loan facilities were financed by TransAsia Private Capital Limited ("TransAsia") and TriLinc Global Impact Fund – Asia III Ltd ("TriLinc"), and TriLinc (via a security agent) has existing registered mortgages over the Land.

41. The application states that repayment under both facilities was due to occur earlier this year but because of sluggish timber sales and falls in world timber prices default situations have arisen under both facilities.

42. The financiers have been in discussion with the Vendor and other parties to find a solution before enforcement of the securities takes place.

<sup>4</sup> The land subject to Crown forestry licences is in yellow. However, the Crown Forestry Licence acquisition does not require consent, as a crown forestry licence is not an interest in land by virtue of section 16 of the Crown Forest Assets Act.



43. TransAsia has agreed to refinance Zindia's business on the condition that a new owner and management structures be put in place, including appointing a professional forestry management company. This is to ensure the business is turned around so Zindia can be profitable in the future and service its loan repayments.
44. As part of this arrangement TransAsia invited Mr Kam, to consider investing in Zindia. Mr Kam was previously known to TransAsia, but the Applicant assures us that Mr Kam will be the ultimate beneficial owner of Zindia and TransAsia will be its sole financier. The Applicant confirms "Mr Kam an arm's length independent investor and ultimate beneficial owner of ZTA, with TransAsia's role being its sole financier".
45. Following the acquisition of the shares in Zindia its debt to TriLinc will be refinanced by TransAsia and it will guarantee the liabilities of a related company, Zindia Limited. TransAsia will then, take a new registered mortgage over the Land, via its related security agent.
46. The Applicant states TransAsia is relying on the permitted security exemption in regulation 41 of the Overseas Investment Regulations 2005 to gain a mortgagee interest over the Land.

*Vendor*

47. The vendor is Jacob Mani Mannothea (**Vendor**) who is the current sole director and shareholder in Zindia Timber Assets Limited.
48. The Vendor is a New Zealand citizen. **9 (2) (b) (ii)**

49.

*Investment Plan and rationale for the investment*

50. Mr Kam is making the acquisition to diversify his portfolio of investments to include Australia and New Zealand.
51. The Applicant intends to continue to use the Land as commercial plantation forests and continue to export logs to India, as Zindia previously did.
52. The Applicant states that it will also replant an unstocked area (of approximately 73.5 hectares) that the Vendor did not replant after harvest in 2017 due to lack of funds.

*Note regarding the impact of Covid-19*

53. The COVID-19 pandemic and efforts to control it have had a significant impact on both the domestic and global economy. There has been disruption to supply chains and business operations across many sectors. At the time of writing, New Zealand is at 'Alert Level 1 - Prepare' (the disease is contained in New Zealand). However, the situation is evolving, and alert levels may move up or down in future. It is also acknowledged that the economic environment is unlikely to return to normal for some time.
54. We asked the Applicant if the Investment is likely to be affected by the COVID-19 pandemic. The Applicant confirmed that it is proceeding with the Investment.