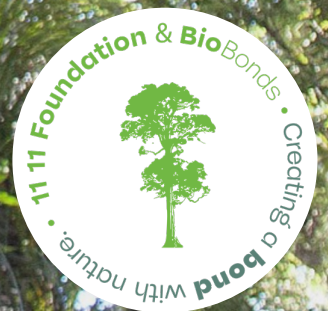


Product Disclosure Statement

11 11 Foundation &
BioBonds



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Product Disclosure Statement

Dated 28 December 2023

This Product Disclosure Statement (PDS) provides a summary of important information to wholesale investors to help them decide whether they want to participate by purchasing BioBonds which are bonds representative of the future biodiversity and carbon sequestration value of the indigenous forest restoration project being undertaken by 11 11 Charitable Native Forest No 1 Limited (the Forest Owner).

There is other useful information about this offer at biobonds.co.nz.

This PDS has been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013.

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Definitions

“Bond”, “Bio-Bond”, “BioBond” and “BioBonds” mean and refer to the product that represents the aggregation of the future Biodiversity Benefit and the future Carbon Sequestration Benefit of the Forest to be established by the Forest Owner.

“BioBond Reporting” means and refers to the reporting to Bondholders on the Forest’s ecosystem including its future assessed Biodiversity Benefit and Carbon Sequestration Benefit as required.

“Biodiversity Benefit” means and refers to the Land’s ecology being the biological communities of interacting organisms living in the Forest (the Forest’s ecosystem) including its animal life.

“Bond Holder” and “Participant” mean and refer to individuals, corporate persons and organisations who purchase BioBonds for the Price.

“Bond Promoter” and “Promoter” mean and refer to BioBonds Limited a private limited liability company number 8608667 on the Companies Office Register with the New Zealand Business Number 9429051127459.

Definitions continued

“**Carbon Offset**” means an action taken with the intent to compensate for the emission of carbon dioxide into the atmosphere as a result of human activity when quantified and traded as part of a commercial scheme.

“**Carbon Sequestration Benefit**” means and refers to that component of the Forest’s ecosystem that absorbs carbon dioxide during photosynthesis and stores it as carbon in biomass being the trunks, branches, foliage and roots of the tree.

“**Eligible Investor Certificate**” and “**EIC**” means the certificate that the Participant completes and supplies to the Forest Owner under Regulation 47 of the FMCR.

“**11 11 Foundation**” and “**Foundation**” mean and refer to the charitable trust registered 2696111 on the Charitable Trusts Register with the New Zealand Business Number 9429046621252.

“**Forest**” means and refers to the native indigenous trees that will be planted on the Land by the Forest Owner and protected in perpetuity by Conservation Covenant or registrable encumbrance.

“**Forestry Operations**” means and includes the clearing of wilding non-native trees from the Land, establishing access tracks, fencing, the purchase of native tree seedlings, planting the seedlings and managing the Land and Forest with the purpose of re-establishing and protecting the natural environment to preserve and protect the Land and Forest and its ecosystems including the Biodiversity Benefit and Carbon Sequestration Benefit.

“**Forest Owner**” and “**Owner**” means and refers to 11 11 Charitable Native Forest No 1 Limited a company registered on the Companies Office Register with a charitable constitution under number 8196488 with the New Zealand Business Number 9429049411416 whose shareholding is held by the Foundation.

“**FMCA**” means the Financial Markets Conduct Act 2013.

“**FMCR**” means the Financial Markets Conduct Regulations 2014.

“**GHG**” and “**Greenhouse Gases**” mean and refer to gases in the earth’s atmosphere that trap heat.

“**Issuer**” means the Forest Owner.

“**Issue Price**” means the sum of NZ\$22 per Bond.

“**Land**” means and refers to land identified by the Forest Owner as suitable for native afforestation restoration and purchased for such purpose.

“**Manager**” means and refers to such person or persons as the Forest Owner appoints to manage the Forest including meeting the Forest Owner’s obligations under any Conservation Covenant or encumbrance.

“**Management Contract**” means and refers to the agreement that the Forest Owner will require the Manager to enter into in respect of the management of the Forest.

“**Ministry Guidance**” refers to the “Interim guidance for voluntary climate change mitigation” published February 2022 by the Ministry for the Environment.

“**NDC**” means New Zealand’s Nationally Determined Contribution under the Paris Agreement which is to reduce net greenhouse gas emissions (except for biogenic methane) to zero by 2050 and to reduce biogenic methane emissions to 24-47% below 2017 levels by 2050.

Definitions continued

“**Organisation**” and “**Organisations**” mean and refer to persons with the purpose of reducing or removing GHG emissions whether their own or others.

“**Participants**” means and refers to Organisations and corporate bodies who purchase BioBonds.

“**Paris Agreement**” is a reference to New Zealand being a party to the Paris Climate Change Agreement (adopted December 2015) under which New Zealand is to set and regularly update domestic emissions reduction targets.

“**PDS**” means this Product Disclosure Statement.

“**P Van Dorp**” refers to Paul Anthony Van Dorp.

“**P Van Dorp FT**” refers to the P Van Dorp Family Trust whose trustees are P Van Dorp and PVD Trustee Limited.

“**Reduction Targets**” means and refers to the targets under the Paris Agreement designed to limit global warming to 1.5 degrees Celsius above pre-industrial levels the targets require gross emissions of biogenic methane to reduce to at least 10% below 2017 levels by 2030 and to reduce to at least 24 to 47% by 2050 with the emission of all other greenhouse gases reaching net zero by 2050.

“**Registry**” and “**Register**” mean and refer to the register containing the identity of the holder of BioBonds, and the number of Bonds held and maintained by the Promoter and located on the Promoter’s website – register@biobonds.co.nz.

“**Restrictive Covenant**” means an Instrument by which the Land whether in whole or part will be covenanted as an Indigenous Native Forest under section 77 of the Reserves Act 1977.

“**Term**” and “**Maturity Date**” mean and refer to a 20-year period from the date of issue of a Bond or such longer period as the Forest Owner deems necessary for the Bondholder to obtain the represented future Biodiversity Benefit and Carbon Sequestration Benefit of the Bond.

“**Trademark**” means the marks “**Bio-Bond**” and “**BioBonds**” held by the Promoter.

“**Voluntary climate change mitigation**” means persons (individuals and/or corporate bodies and/or organisations) who take voluntary actions intended to reduce or remove GHG emissions whether their own or others.

“**Wholesale Investor**” means a person who has supplied the Farm Owner with an EIC.

“**Zero Carbon Act**” means the Climate Change (Zero Carbon) Amendment Act 2019.

Key Information Summary

- Under the Zero Carbon Act, New Zealand has introduced 2050 emission Reduction Targets consistent with the Paris Agreement.
- The Climate Change Commission is charged under the Zero Carbon Act to set emission budgets with the aim of achieving the Reduction Targets by developing emission reduction plans.
- The Forest Owner will purchase the Land upon which it will establish the Forest and encumber the Land in whole or part by Restrictive Covenant or registrable encumbrance.

Key Information Summary continued

- The Manager following appointment will manage the Forestry Operations in accordance with the Management Contract paid by the Forest Owner.
- The Land and Forest have Biodiversity Benefits.
- The Forest has a Carbon Sequestration Benefit.
- The future Biodiversity Benefit and the Carbon Sequestration Benefit (Benefits) over the Term will be assessed by the Forest Owner utilising and applying accredited formulae so as to forecast a value attributable to the Benefits over the Term at the time of issue of the Bond and as required thereafter.
- The Ministry Guidance identifies as “best practice” that Organisations calculate their own emissions and take as much immediate action as practicable to reduce their emissions and commit to an emissions reduction plan for ongoing emissions reductions over time.
- The Ministry Guidance expressly provides for Organisations to obtain Carbon Offset by financing voluntary climate change mitigation in the form of emissions removal outside the boundary of their Organisation.
- There are 6 principles identified in the Ministry Guidance that need to be met for a claim of voluntary climate change mitigation and the BioBond product satisfies all such Principles and consequently Organisations purchasing BioBonds would be supporting the Ministry Guidance.

How BioBonds work

- Ministry Guidance Principle 1 is met as the Forest Owner is publicly disclosing that its Forest helps New Zealand meet its NDC Budget.
- Ministry Guidance Principle 2 is met as the BioBond is representative following measurement and verification by the Forest Owner of the then and future Biodiversity Benefit and Carbon Sequestration Benefit (Benefits) by reference to the Term of the Bond.
- Ministry Guidance Principle 3 is met as the Forest’s establishment has as one of its express purposes the removal of GHG.
- Ministry Guidance Principle 4 requires that the GHG removal is not “double used” which is met as it is an express provision of the BioBond that the Bond’s quantifiable GHG removal (Carbon Offset) can only be used once during the Term of the Bond.
- Ministry Guidance Principle 5 requires that the GHG removal does not result in increases in emissions elsewhere (referred to in the guidance as “Leakage”) and this Leakage is not applicable as the Land is not otherwise productive land.
- Ministry Guidance Principle 6 requires that the GHG removal be maintained over time and unlikely to be reversed which is satisfied by the Conservation Covenant or encumbrance.
- The Price a Participant pays at the issue of the Bond by the Forest Owner can be treated as to 100% as a charitable donation depending on the purpose of the Donation.
- Under the Management Contract, the Manager is obligated to conduct the Forest Operations paid by the Forest Owner.
- The Promoter will maintain the Register.

How BioBonds work continued

- The life of a BioBond is the Term.
- A Bondholder with the prior consent of the Forest Owner may visit the Forest with invitees and partake in the Biodiversity Benefit.
- A Bondholder may utilise the Carbon Sequestration Benefit of the Bond as a Carbon Offset at such time as the Offset is quantified and available as calculated by the Forest Owner.

Why purchase BioBonds

- A high percentage of the Price paid to the Forest Owner qualifies as a charitable donation entitling the Participant to a tax offset of 28 cents in the dollar of the Participant's income tax liability in the year of purchase.
- To have access to and enjoy the Biodiversity Benefit of the Land and Forest by the Bondholder and their approved invitees.
- To support New Zealand's Reduction Targets under the Paris Agreement.
- To offset a future GHG emissions obligation.
- To enable the Participant to have a Carbon Offset in the future.

Who is involved

- The Foundation.
- The Forest Owner which is a wholly owned subsidiary of the Foundation and a charitable entity registered with Charities Services.
- The Promoter whose shareholding is split 50 / 50 between the P Van Dorp FT and Kyria Mailman and her KM Trust, with both, Paul van Dorp and Kyria Mailman being the Directors of the Promoter.

Risks

- The BioBond product is an innovative product designed to represent the Benefits that will accrue from the Land and Forest's future ecosystems.
- Assessing the future value of such ecosystems will be achieved by estimating of the Land and Forest's future Biodiversity Benefit and the Forest's Carbon Sequestration Benefit (Benefits).
- Because it is innovative, new and untried it is currently on offer only to Wholesale Investors.

Further information

info@biobonds.co.nz

How to purchase BioBonds

application@biobonds.co.nz