

Bideford Forest Investment

Prospective Financial Information for Expected Life of the Scheme

These Prospective Financial Statements of Bideford Forest Investment (BID) comprise Prospective Financial Information (PFI) and other PFI related information through to the year ending 31 March 2051. Separately available is PFI for the 4 months ending 31 March 2023 (FY23) and the 12 months ending 31 March 2024 (FY24) for which Baker Tilly Staples Rodway Audit Limited was engaged to issue a limited assurance opinion.

Introduction

These prospective financial statements comprise the following:

- Prospective Statement of Comprehensive Income
- Prospective Statement of Changes in Equity
- Prospective Statement of Financial Position
- Prospective Statement of Cashflows
- Notes, comprising a summary of significant accounting policies, significant assumptions and any relevant information underlying the prospective financial statements

This document should be read in conjunction with the Product Disclosure Statement (PDS) and the Forest Management Plan provided on the Disclose Register (www.business.govt.nz/disclose, Offer Number OFR13461).

Basis of Preparation and Presentation

The PFI has been prepared in accordance with the requirements of Financial Reporting Standard 42: Prospective Financial Statements. The PFI, and underlying assumptions, have been prepared by management and approved by the Forest Enterprises Limited Board (the "Directors") specifically for the Public Offer of shares in BID (the "Offer").

Forest Enterprises Limited is the licenced Manager of the Scheme. The Directors have given due care and attention to the preparation of the PFI and authorised the PFI as at 24 November 2022 for the purpose of providing investors with information to be able to determine the future prospects of the scheme subject to the assumptions stated. The PFI may not be suitable for any other purpose.

PFI, by its nature, is inherently uncertain. It involves predictions of future events that cannot be assured as well as risks and uncertainties which are often beyond the control of BID. These risks and uncertainties include, but are not limited to, the non-occurrence of anticipated events or alternatively events occurring that were not anticipated. Various risk factors and the management thereof may influence the success of BID's business. Refer further to Section 7 *Risks to returns from Bideford Forest Investment* in the PDS. Accordingly, actual results may vary from the PFI, and those variations may be significantly more or less favourable.

The Directors cannot and do not guarantee the achievement of the PFI.

Financial Periods

The PFI covers the periods through to the year ending 31 March 2051, the expected point at which all harvesting of the second rotation pre 1990 trees has been completed and the Scheme is at a natural end. Any trees yet to be harvested will be sold as standing timber at that point.

The Directors are responsible for and have authorised the issue of the PFI on 24 November 2022. Each year as part of the annual reporting process, the future period prospective financial information will be updated.



Bideford Forest LP															
Prospective Statement of Comprehensive Income															
	For the Period ending 31 March 2023	For the Year to 31 March 2024	For the Year to 31 March 2025	For the Year to 31 March 2026	For the Year to 31 March 2027	For the Year to 31 March 2028	For the Year to 31 March 2029	For the Year to 31 March 2030	For the Year to 31 March 2031	For the Year to 31 March 2032	For the Year to 31 March 2033	For the Year to 31 March 2034	For the Year to 31 March 2035	For the Year to 31 March 2036	For the Year to 31 March 2037
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE															
Carbon Income Received	0	0	0	0	0	0	0	971,228	1,779,079	1,731,970	1,621,099	2,245,110	2,646,476	2,693,163	2,699,472
Forestry Right Income	29,651	15,613	0	0	0	0	0	0	0	0	0	0	0	0	0
Harvest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	29,651	15,613	0	0	0	0	0	971,228	1,779,079	1,731,970	1,621,099	2,245,110	2,646,476	2,693,163	2,699,472
LESS EXPENDITURE															
Forestry Expenditure															
Establishment	51,614	261,782	275,490	7,755	0	0	0	0	0	0	0	0	0	0	0
Tending	12,487	25,444	23,797	21,086	78,449	55,555	42,590	274,666	155,074	213,096	73,147	168,098	106,601	0	0
Maintenance	19,142	19,142	19,525	19,916	20,314	20,720	21,135	21,557	21,989	22,428	22,877	23,334	23,801	24,277	24,763
Protection	5,160	5,160	5,263	5,368	5,476	5,585	5,697	5,811	5,927	6,046	6,167	6,290	6,416	6,544	6,675
Insurance	4,041	5,650	7,667	9,165	10,679	12,207	13,749	15,303	16,869	18,446	20,032	21,626	23,227	24,834	26,445
Inventory	0	0	0	0	0	0	0	0	542	5,041	4,439	6,331	987	6,025	6,196
Rates	7,280	7,280	7,426	7,574	7,726	7,880	8,038	8,198	8,362	8,530	8,700	8,874	9,052	9,233	9,417
Total Forestry Expenditure	99,724	324,458	339,168	70,865	122,643	101,948	91,208	325,536	208,764	273,587	135,361	234,553	170,084	70,913	73,496
Other Expenditure															
Management Fees	11,266	14,961	19,060	19,442	19,830	20,227	20,632	21,044	21,465	21,894	22,332	22,779	23,234	23,699	24,173
Supervisor Fees	4,250	4,250	4,335	4,422	4,510	4,600	4,692	4,786	4,882	4,980	5,079	5,181	5,284	5,390	5,498
Financial Audit - Staples Rodway	2,500	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929	2,988	3,047	3,108	3,171	3,234
Forestry Audit - Forme Consultancy	2,000	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438	2,487	2,536	2,587
Investment Update and Valuations	0	5,500	5,610	5,722	5,837	5,953	6,072	6,194	6,318	6,444	6,573	6,704	6,839	6,975	7,115
Legal and Other Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Formation, Mapping and Inventory	220	1,320	1,357	0	0	76	1,201	1,162	1,511	1,400	2,810	2,759	274	1,674	1,721
Borrowing Costs and Bank Fees	7,470	43,210	86,480	88,510	79,180	69,400	57,270	14,100	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Industry Subscriptions and Levies	21,500	21,500	21,930	22,369	22,816	23,272	23,738	24,212	24,697	25,191	25,694	26,208	26,733	27,267	27,813
Filing Fees and Disbursements	23,036	7,914	6,509	8,300	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	12,434	12,682	12,936
Investor Meeting Costs	500	5,000	510	520	531	541	552	563	574	586	597	609	622	634	647
Total Other Expenditure	72,743	108,155	150,381	153,966	148,091	144,637	130,166	88,391	77,103	78,484	86,793	82,916	82,015	85,029	86,724
Depreciation	359	2,491	4,578	4,349	4,131	3,925	3,729	3,542	3,365	3,197	3,037	2,885	2,741	2,604	2,474
TOTAL EXPENDITURE	172,826	435,104	494,127	229,180	274,866	250,509	225,103	417,470	289,231	355,267	225,191	320,354	254,840	158,545	162,693
NET FOREST DEVELOPMENT INCOME (EXPENDITURE)	(143,175)	(419,491)	(494,127)	(229,180)	(274,866)	(250,509)	(225,103)	553,759	1,489,848	1,376,702	1,395,908	1,924,755	2,391,636	2,534,618	2,536,779
Change in Fair Value of Tree Crop	64,101	287,226	323,240	(1,437,311)	113,078	107,978	101,126	231,018	134,612	190,262	213,716	161,940	179,236	197,189	223,728
Net Profit (Loss)	(79,074)	(132,265)	(170,887)	(1,666,490)	(161,788)	(142,532)	(123,976)	784,777	1,624,460	1,566,964	1,609,624	2,086,695	2,570,872	2,731,807	2,760,507
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	(79,074)	(132,265)	(170,887)	(1,666,490)	(161,788)	(142,532)	(123,976)	784,777	1,624,460	1,566,964	1,609,624	2,086,695	2,570,872	2,731,807	2,760,507
Refer to Replated Parties Note - Ongoing Managers Fees and Expenses, Assuming inflation of 2%pa from 1 April 2024															
Manager and Associated Persons	For the Period ending 31 March 2023	For the Year to 31 March 2024	For the Year to 31 March 2025	For the Year to 31 March 2026	For the Year to 31 March 2027	For the Year to 31 March 2028	For the Year to 31 March 2029	For the Year to 31 March 2030	For the Year to 31 March 2031	For the Year to 31 March 2032	For the Year to 31 March 2033	For the Year to 31 March 2034	For the Year to 31 March 2035	For the Year to 31 March 2036	For the Year to 31 March 2037
Base Management Fee	11,266	14,961	19,060	19,442	19,830	20,227	20,632	21,044	21,465	21,894	22,332	22,779	23,234	23,699	24,173
Forest Activity Supervision Fee	19,027	56,666	59,172	14,276	22,956	19,569	18,018	57,119	37,768	48,608	25,861	42,441	31,340	15,103	15,602
Non harvest Income Fee	0	0	0	0	0	0	0	48,561	88,954	86,598	81,055	112,255	132,324	134,658	134,974
Investment Update and indicative valuation fee	0	5,500	5,610	5,722	5,837	5,953	6,072	6,194	6,318	6,444	6,573	6,704	6,839	6,975	7,115
Harvest Management Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investor Meeting Costs	500	5,000	510	520	531	541	552	563	574	586	597	609	622	634	647
Disbursements	5,000	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975	6,095	6,217	6,341	6,468



Bideford Forest LP														
Prospective Statement of Comprehensive Income Contd														
	For the Year to 31 March 2038	For the Year to 31 March 2039	For the Year to 31 March 2040	For the Year to 31 March 2041	For the Year to 31 March 2042	For the Year to 31 March 2043	For the Year to 31 March 2044	For the Year to 31 March 2045	For the Year to 31 March 2046	For the Year to 31 March 2047	For the Year to 31 March 2048	For the Year to 31 March 2049	For the Year to 31 March 2050	For the Year to 31 March 2051
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE														
Carbon Income Received	2,696,567	2,670,597	2,650,677	2,633,317	2,631,383	2,619,920	2,621,747	2,611,604	2,573,840	2,556,755	2,558,704	2,497,171	1,941,280	1,500,850
Forestry Right Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harvest Income	0	0	0	0	0	0	0	0	0	3,362,685	0	0	3,568,508	0
TOTAL REVENUE	2,696,567	2,670,597	2,650,677	2,633,317	2,631,383	2,619,920	2,621,747	2,611,604	2,573,840	5,919,440	2,558,704	2,497,171	5,509,788	1,500,850
LESS EXPENDITURE														
Forestry Expenditure														
Establishment	0	0	0	0	0	0	0	0	0	0	188,608	0	0	194,701
Tending	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maintenance	25,258	25,763	26,278	26,804	27,340	27,887	28,445	29,013	29,594	30,186	30,789	31,405	32,033	32,674
Protection	6,809	6,945	7,084	7,225	7,370	7,517	7,667	7,821	7,977	8,137	8,300	8,466	8,635	8,808
Insurance	28,058	29,673	31,287	32,899	34,507	36,094	37,689	38,452	32,486	28,243	21,180	22,691	15,825	9,643
Inventory	0	0	0	0	0	3,438	31,969	28,146	40,145	6,258	38,205	39,291	0	0
Rates	9,606	9,798	9,994	10,194	10,398	10,606	10,818	11,034	11,255	11,480	11,709	11,944	12,182	12,426
Total Forestry Expenditure	69,731	72,179	74,643	77,122	79,615	85,541	116,588	114,466	121,457	84,303	298,792	113,796	68,676	258,252
Other Expenditure														
Management Fees	24,657	25,150	25,653	26,166	26,689	27,223	27,767	28,323	28,889	29,467	30,056	30,657	31,271	31,896
Supervisor Fees	5,608	5,720	5,834	5,951	6,070	6,191	6,315	6,442	6,570	6,702	6,836	6,973	7,112	7,254
Financial Audit - Staples Rodway	3,299	3,365	3,432	3,501	3,571	3,642	3,715	3,789	3,865	3,942	4,021	4,102	4,184	4,267
Forestry Audit - Forme Consultancy	2,639	2,692	2,746	2,800	2,856	2,914	2,972	3,031	3,092	3,154	3,217	3,281	3,347	3,414
Investment Update and Valuations	7,257	7,402	7,550	7,701	7,855	8,012	8,173	8,336	8,503	8,673	8,846	9,023	9,204	9,388
Legal and Other Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Formation, Mapping and Inventory	0	0	0	0	0	191	1,780	1,564	2,433	2,232	3,782	4,550	369	2,252
Borrowing Costs and Bank Fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Industry Subscriptions and Levies	28,369	28,936	29,515	30,105	30,707	31,321	31,948	32,587	33,239	33,903	34,581	35,273	35,978	36,698
Filing Fees and Disbursements	13,195	13,459	13,728	14,002	14,282	14,568	14,859	15,157	15,460	15,769	16,084	16,406	16,734	13,534
Investor Meeting Costs	6,597	673	686	700	714	728	743	758	773	788	804	820	837	853
Total Other Expenditure	92,620	88,396	90,144	91,927	93,745	102,347	99,272	100,986	103,824	105,631	109,228	119,468	110,035	110,557
Depreciation	2,350	2,232	2,121	2,015	1,914	1,818	1,727	1,641	1,559	1,481	1,407	1,337	1,270	(70,279)
TOTAL EXPENDITURE	164,701	162,807	166,908	171,064	175,274	189,706	217,588	217,093	226,840	191,415	409,427	234,601	179,981	298,531
NET FOREST DEVELOPMENT INCOME (EXPENDITURE)	2,531,866	2,507,789	2,483,769	2,462,253	2,456,108	2,430,213	2,404,159	2,394,510	2,347,000	5,728,025	2,149,277	2,262,570	5,329,807	1,202,319
Change in Fair Value of Tree Crop	242,111	267,812	296,140	327,363	364,292	413,549	446,393	131,260	(161,749)	491,134	(1,081,188)	(979,636)	332,244	(3,027,163)
Net Profit (Loss)	2,773,977	2,775,601	2,779,908	2,789,616	2,820,400	2,843,762	2,850,552	2,525,771	2,185,251	6,219,158	1,068,089	1,282,934	5,662,051	(1,824,844)
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	2,773,977	2,775,601	2,779,908	2,789,616	2,820,400	2,843,762	2,850,552	2,525,771	2,185,251	6,219,158	1,068,089	1,282,934	5,662,051	(1,824,844)
Refer to Repeated Parties Note - Ongoing Managers Fees and Expenses, Assuming inflation of 2%pa from 1 April 2024														
Manager and Associated Persons	For the Year to 31 March 2038	For the Year to 31 March 2039	For the Year to 31 March 2040	For the Year to 31 March 2041	For the Year to 31 March 2042	For the Year to 31 March 2043	For the Year to 31 March 2044	For the Year to 31 March 2045	For the Year to 31 March 2046	For the Year to 31 March 2047	For the Year to 31 March 2048	For the Year to 31 March 2049	For the Year to 31 March 2050	For the Year to 31 March 2051
Base Management Fee	24,657	25,150	25,653	26,166	26,689	27,223	27,767	28,323	28,889	29,467	30,056	30,657	31,271	31,896
Forest Activity Supervision Fee	14,749	15,219	15,694	16,172	16,654	17,141	23,250	22,930	24,312	18,160	54,241	23,613	15,473	47,463
Non harvest Income Fee	134,828	133,530	132,534	131,666	131,569	130,996	131,087	130,580	128,692	127,838	127,935	124,859	97,064	75,042
Investment Update and indicative valuation fee	7,257	7,402	7,550	7,701	7,855	8,012	8,173	8,336	8,503	8,673	8,846	9,023	9,204	9,388
Harvest Management Fee	0	0	0	0	0	0	0	0	0	206,159	0	0	211,305	0
Investor Meeting Costs	6,597	673	686	700	714	728	743	758	773	788	804	820	837	853
Disbursements	6,597	6,729	6,864	7,001	7,141	7,284	7,430	7,578	7,730	7,884	8,042	8,203	8,367	8,534



Bideford Forest LP															
Prospective Statement of Financial Position															
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at 31 March 2026	As at 31 March 2027	As at 31 March 2028	As at 31 March 2029	As at 31 March 2030	As at 31 March 2031	As at 31 March 2032	As at 31 March 2033	As at 31 March 2034	As at 31 March 2035	As at 31 March 2036	As at 31 March 2037
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS															
Cash and cash equivalents	0	0	(8,771)	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Current Assets	0	0	(8,771)	0	0	0	0	0	0	0	0	0	0	0	0
NONCURRENT ASSETS															
PROPERTY, PLANT & EQUIPMENT															
Land Preparation															
Land Preparation	7,184	50,184	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405
Less Accumulated Depreciation	359	2,850	7,428	11,777	15,908	19,833	23,562	27,104	30,469	33,666	36,703	39,588	42,329	44,933	47,406
Total Land Preparation	6,825	47,333	86,977	82,628	78,497	74,572	70,843	67,301	63,936	60,739	57,702	54,817	52,076	49,473	46,999
Property Plant & Equipment															
Land at Cost	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000
Biological Assets															
Forest Crop Value	910,401	1,197,627	1,520,867	83,557	196,634	304,612	405,738	636,756	771,369	961,631	1,175,346	1,337,287	1,516,522	1,713,712	1,937,440
Total NonCurrent Assets	4,868,401	5,155,627	5,478,867	4,041,557	4,154,634	4,262,612	4,363,738	4,594,756	4,729,369	4,919,631	5,133,346	5,295,287	5,474,522	5,671,712	5,895,440
TOTAL ASSETS	4,875,226	5,202,961	5,557,073	4,124,185	4,233,132	4,337,185	4,434,582	4,662,058	4,793,305	4,980,370	5,191,049	5,350,104	5,526,599	5,721,185	5,942,439
LESS LIABILITIES															
BNZ Term Loan	150,000	610,000	1,135,000	995,000	895,000	775,000	625,000	0	0	0	0	0	0	0	0
TOTAL NON CURRENT LIABILITIES	150,000	610,000	1,135,000	995,000	895,000	775,000	625,000	0	0	0	0	0	0	0	0
NET ASSETS	4,725,226	4,592,961	4,422,073	3,129,185	3,338,132	3,562,185	3,809,582	4,662,058	4,793,305	4,980,370	5,191,049	5,350,104	5,526,599	5,721,185	5,942,439
EQUITY	4,725,226	4,592,961	4,422,074	3,129,185	3,338,132	3,562,184	3,809,582	4,662,058	4,793,305	4,980,370	5,191,049	5,350,104	5,526,599	5,721,184	5,942,439
TOTAL EQUITY	4,725,226	4,592,961	4,422,074	3,129,185	3,338,132	3,562,184	3,809,582	4,662,058	4,793,305	4,980,370	5,191,049	5,350,104	5,526,599	5,721,184	5,942,439
Bideford Forest LP															
Prospective Statement of Changes In Equity															
	For the Year to 31 March 2023	For the Year to 31 March 2024	For the Year to 31 March 2025	For the Year to 31 March 2026	For the Year to 31 March 2027	For the Year to 31 March 2028	For the Year to 31 March 2029	For the Year to 31 March 2030	For the Year to 31 March 2031	For the Year to 31 March 2032	For the Year to 31 March 2033	For the Year to 31 March 2034	For the Year to 31 March 2035	For the Year to 31 March 2036	For the Year to 31 March 2037
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EQUITY															
Opening Equity	0	4,725,226	4,592,961	4,422,074	3,129,185	3,338,132	3,562,184	3,809,582	4,662,058	4,793,305	4,980,370	5,191,049	5,350,104	5,526,599	5,721,184
Contributions from owners															
Application / Calls	234,700	0	0	373,602	370,735	366,584	371,374	67,699	0	0	0	0	0	0	0
Issued Shares	4,804,300														
Scheme Establishment Costs	(234,700)														
Distributions to owners															
Distributions during the period	0	0	0	0	0	0	0	0	1,493,213	1,379,899	1,398,945	1,927,640	2,394,377	2,537,221	2,539,253
Closing Investment by Limited Partners	4,804,300	4,725,226	4,592,961	4,795,675	3,499,920	3,704,716	3,933,558	3,877,281	3,168,845	3,413,406	3,581,425	3,263,408	2,955,727	2,989,377	3,181,932
Total Comprehensive Income	(79,074)	(132,265)	(170,887)	(1,666,490)	(161,788)	(142,532)	(123,976)	784,777	1,624,460	1,566,964	1,609,624	2,086,695	2,570,872	2,731,807	2,760,507
NET EQUITY	4,725,226	4,592,961	4,422,074	3,129,185	3,338,132	3,562,184	3,809,582	4,662,058	4,793,305	4,980,370	5,191,049	5,350,104	5,526,599	5,721,184	5,942,439



Bideford Forest LP														
Prospective Statement of Financial Position Contd														
	As at 31 March 2038	As at 31 March 2039	As at 31 March 2040	As at 31 March 2041	As at 31 March 2042	As at 31 March 2043	As at 31 March 2044	As at 31 March 2045	As at 31 March 2046	As at 31 March 2047	As at 31 March 2048	As at 31 March 2049	As at 31 March 2050	As at 31 March 2051
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS														
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NONCURRENT ASSETS														
PROPERTY, PLANT & EQUIPMENT														
Land Preparation														
Land Preparation	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	94,405	0
Less Accumulated Depreciation	49,756	51,989	54,110	56,124	58,038	59,857	61,584	63,225	64,784	66,265	67,672	69,009	70,279	0
Total Land Preparation	44,649	42,417	40,296	38,281	36,367	34,549	32,821	31,180	29,621	28,140	26,733	25,396	24,127	0
Property Plant & Equipment														
Land at Cost	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	3,958,000	0
Biological Assets														
Forest Crop Value	2,179,551	2,447,362	2,743,502	3,070,865	3,435,157	3,848,705	4,295,098	4,426,359	4,264,610	4,755,743	3,674,555	2,694,919	3,027,163	0
Total NonCurrent Assets	6,137,551	6,405,362	6,701,502	7,028,865	7,393,157	7,806,705	8,253,098	8,384,359	8,222,610	8,713,743	7,632,555	6,652,919	6,985,163	0
TOTAL ASSETS	6,182,200	6,447,779	6,741,798	7,067,146	7,429,524	7,841,254	8,285,920	8,415,539	8,252,231	8,741,884	7,659,289	6,678,316	7,009,290	0
LESS LIABILITIES														
BNZ Term Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL NON CURRENT LIABILITIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET ASSETS	6,182,200	6,447,779	6,741,798	7,067,146	7,429,524	7,841,254	8,285,920	8,415,539	8,252,231	8,741,884	7,659,289	6,678,316	7,009,290	0
EQUITY	6,182,200	6,447,779	6,741,798	7,067,146	7,429,524	7,841,254	8,285,920	8,415,539	8,252,231	8,741,883	7,659,288	6,678,316	7,009,290	0
TOTAL EQUITY	6,182,200	6,447,779	6,741,798	7,067,146	7,429,524	7,841,254	8,285,920	8,415,539	8,252,231	8,741,883	7,659,288	6,678,316	7,009,290	0

Bideford Forest LP														
Prospective Statement of Changes In Equity Contd														
	For the Year to 31 March 2038	For the Year to 31 March 2039	For the Year to 31 March 2040	For the Year to 31 March 2041	For the Year to 31 March 2042	For the Year to 31 March 2043	For the Year to 31 March 2044	For the Year to 31 March 2045	For the Year to 31 March 2046	For the Year to 31 March 2047	For the Year to 31 March 2048	For the Year to 31 March 2049	For the Year to 31 March 2050	For the Year to 31 March 2051
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EQUITY														
Opening Equity	5,942,439	6,182,200	6,447,779	6,741,798	7,067,146	7,429,524	7,841,254	8,285,920	8,415,539	8,252,231	8,741,883	7,659,288	6,678,315	7,009,289
Contributions from owners														
Application / Calls	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Issued Shares														
Scheme Establishment Costs														
Distributions to owners														
Distributions during the period	2,534,216	2,510,022	2,485,889	2,464,268	2,458,022	2,432,032	2,405,886	2,396,151	2,348,559	5,729,506	2,150,684	2,263,907	5,331,077	7,009,289
Closing Investment by Limited Partners	3,408,223	3,672,178	3,961,890	4,277,530	4,609,124	4,997,492	5,435,367	5,889,768	6,066,980	2,522,725	6,591,199	5,395,381	1,347,238	0
Total Comprehensive Income	2,773,977	2,775,601	2,779,908	2,789,616	2,820,400	2,843,762	2,850,552	2,525,771	2,185,251	6,219,158	1,068,089	1,282,934	5,662,051	0
NET EQUITY	6,182,200	6,447,779	6,741,798	7,067,146	7,429,524	7,841,254	8,285,920	8,415,539	8,252,231	8,741,883	7,659,288	6,678,315	7,009,289	0



Bideford Forest LP															
Prospective Statement of Cash Flows															
	Period ending 31 March 2023	12 months ending 31 March 2024	12 months ending 31 March 2025	12 months ending 31 March 2026	12 months ending 31 March 2027	12 months ending 31 March 2028	12 months ending 31 March 2029	12 months ending 31 March 2030	12 months ending 31 March 2031	12 months ending 31 March 2032	12 months ending 31 March 2033	12 months ending 31 March 2034	12 months ending 31 March 2035	12 months ending 31 March 2036	12 months ending 31 March 2037
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Activities															
Receipts from Customers and Others	29,651	15,613	0	0	0	0	0	971,228	1,779,079	1,731,970	1,621,099	2,245,110	2,646,476	2,693,163	2,699,472
Harvest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments to Suppliers and Others	(164,997)	(389,403)	(403,070)	(136,321)	(191,555)	(177,184)	(164,104)	(399,827)	(284,866)	(351,071)	(221,154)	(316,469)	(251,099)	(154,942)	(159,219)
Interest Paid	(7,470)	(43,210)	(86,480)	(88,510)	(79,180)	(69,400)	(57,270)	(14,100)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Net Cash from Operating Activities	(142,816)	(417,000)	(489,550)	(224,831)	(270,735)	(246,584)	(221,374)	557,301	1,493,213	1,379,899	1,398,945	1,927,640	2,394,377	2,537,221	2,539,253
Investment Activities															
Sale/ (Purchase) of Fixed Assets	(7,184)	(43,000)	(44,221)	0	0	0	0	0	0	0	0	0	0	0	0
Scheme Issue Costs	(234,700)														
Net Cash from Investing Activities	(241,884)	(43,000)	(44,221)	0	0	0	0	0	0	0	0	0	0	0	0
Financing Activities															
Mortgage Borrowings/ (Repayments)	150,000	460,000	525,000	(140,000)	(100,000)	(120,000)	(150,000)	(625,000)	0	0	0	0	0	0	0
Partners' Investments/ (Distributions)	234,700	(0)	(0)	373,602	370,735	366,584	371,374	67,699	(1,493,213)	(1,379,899)	(1,398,945)	(1,927,640)	(2,394,377)	(2,537,221)	(2,539,253)
Net Cash from Financing Activities	384,700	460,000	525,000	233,602	270,735	246,584	221,374	(557,301)	(1,493,213)	(1,379,899)	(1,398,945)	(1,927,640)	(2,394,377)	(2,537,221)	(2,539,253)
Net increase/ (decrease) in cash and cash equivalents	(0)	0	(8,771)	8,771	0	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at start of period	0	(0)	(0)	(8,771)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
CLOSING FUNDS ON HAND at year end	(0)	(0)	(8,771)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Reconciliation to Profit/ (Loss)															
	Period ending 31 March 2023	12 months ending 31 March 2024	12 months ending 31 March 2025	12 months ending 31 March 2026	12 months ending 31 March 2027	12 months ending 31 March 2028	12 months ending 31 March 2029	12 months ending 31 March 2030	12 months ending 31 March 2031	12 months ending 31 March 2032	12 months ending 31 March 2033	12 months ending 31 March 2034	12 months ending 31 March 2035	12 months ending 31 March 2036	12 months ending 31 March 2037
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net profit / (loss)	(79,074)	(132,265)	(170,887)	(1,666,490)	(161,788)	(142,532)	(123,976)	784,777	1,624,460	1,566,964	1,609,624	2,086,695	2,570,872	2,731,807	2,760,507
(increase) /decrease in fair value	(64,101)	(287,226)	(323,240)	1,437,311	(113,078)	(107,978)	(101,126)	(231,018)	(134,612)	(190,262)	(213,716)	(161,940)	(179,236)	(197,189)	(223,728)
Amortisation	359	2,491	4,578	4,349	4,131	3,925	3,729	3,542	3,365	3,197	3,037	2,885	2,741	2,604	2,474
NET CASH FROM OPERATING ACTIVITIES	(142,816)	(417,000)	(489,550)	(224,831)	(270,735)	(246,584)	(221,374)	557,301	1,493,213	1,379,899	1,398,945	1,927,640	2,394,377	2,537,221	2,539,253



Bideford Forest LP														
Prospective Statement of Cash Flows Contd														
	12 months ending 31 March 2038	12 months ending 31 March 2039	12 months ending 31 March 2040	12 months ending 31 March 2041	12 months ending 31 March 2042	12 months ending 31 March 2043	12 months ending 31 March 2044	12 months ending 31 March 2045	12 months ending 31 March 2046	12 months ending 31 March 2047	12 months ending 31 March 2048	12 months ending 31 March 2049	12 months ending 31 March 2050	12 months ending 31 March 2051
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Activities														
Receipts from Customers and Others	2,696,567	2,670,597	2,650,677	2,633,317	2,631,383	2,619,920	2,621,747	2,611,604	2,573,840	2,556,755	2,558,704	2,497,171	1,941,280	1,500,850
Harvest Income	0	0	0	0	0	0	0	0	0	3,362,685	0	0	3,568,508	0
Payments to Suppliers and Others	(161,351)	(159,575)	(163,787)	(168,049)	(172,360)	(186,888)	(214,860)	(214,452)	(224,281)	(188,934)	(407,020)	(232,264)	(177,711)	(367,809)
Interest Paid	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Net Cash from Operating Activities	2,534,216	2,510,022	2,485,889	2,464,268	2,458,022	2,432,032	2,405,886	2,396,151	2,348,559	5,729,506	2,150,684	2,263,907	5,331,077	1,132,040
Investment Activities														
Sale/ (Purchase) of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Scheme Issue Costs														
Net Cash from Investing Activities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing Activities														
Mortgage Borrowings/ (Repayments)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partners' Investments/ (Distributions)	(2,534,216)	(2,510,022)	(2,485,889)	(2,464,268)	(2,458,022)	(2,432,032)	(2,405,886)	(2,396,151)	(2,348,559)	(5,729,506)	(2,150,684)	(2,263,907)	(5,331,077)	(1,132,040)
Net Cash from Financing Activities	(2,534,216)	(2,510,022)	(2,485,889)	(2,464,268)	(2,458,022)	(2,432,032)	(2,405,886)	(2,396,151)	(2,348,559)	(5,729,506)	(2,150,684)	(2,263,907)	(5,331,077)	(1,132,040)
Net increase/ (decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at start of period	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
CLOSING FUNDS ON HAND at year end	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Reconciliation to Profit/ (Loss) Contd														
	12 months ending 31 March 2038	12 months ending 31 March 2039	12 months ending 31 March 2040	12 months ending 31 March 2041	12 months ending 31 March 2042	12 months ending 31 March 2043	12 months ending 31 March 2044	12 months ending 31 March 2045	12 months ending 31 March 2046	12 months ending 31 March 2047	12 months ending 31 March 2048	12 months ending 31 March 2049	12 months ending 31 March 2050	12 months ending 31 March 2051
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net profit / (loss)	2,773,977	2,775,601	2,779,908	2,789,616	2,820,400	2,843,762	2,850,552	2,525,771	2,185,251	6,219,158	1,068,089	1,282,934	5,662,051	(1,824,844)
(increase) /decrease in fair value	(242,111)	(267,812)	(296,140)	(327,363)	(364,292)	(413,549)	(446,393)	(131,260)	161,749	(491,134)	1,081,188	979,636	(332,244)	3,027,163
Amortisation	2,350	2,232	2,121	2,015	1,914	1,818	1,727	1,641	1,559	1,481	1,407	1,337	1,270	(70,279)
NET CASH FROM OPERATING ACTIVITIES	2,534,216	2,510,022	2,485,889	2,464,268	2,458,022	2,432,032	2,405,886	2,396,151	2,348,559	5,729,506	2,150,684	2,263,907	5,331,077	1,132,040



Notes and Assumptions Used Through to the Year Ending 31 March 2051

Bideford Forest Investment is the scheme name for the forest investment comprising both Bideford Forest LP and Bideford Forest GP Limited. Under the Financial Markets Conduct Act 2013 (FMCA) it is a registered managed investment scheme. It is scheme number SCH13429 on the Disclose Register.

Bideford Forest LP is the operational entity and registered and domiciled in New Zealand under the Limited Partnerships Act 2008 for the purpose of establishing, maintaining, managing and harvesting trees on land owned by the Limited Partners.

The purpose of the prospective financial statements is to assist investors in assessing the viability of and return on funds invested. The PDS and the prospective financial information contained in it may not be appropriate for any other purpose. It should be noted that harvest income will not be received until the trees are around 26 years old but revenue from the sale of NZUs should be available from 2030, so the amount of Calls is the most relevant financial measure in the early years of this long-term investment.

Although it is uncommon to present PFI for such long periods into the future, the nature of a contributory forest investment is that in the Manager's view, it would be misleading not to advise investors of expected contributions/returns and the assumptions on which the information is based.

The assumptions have been based on those set out in the Forest Management Plan and PDS. Briefly these assumptions assume establishment and pruning will be carried out for pre 1990 areas and a framing regime adopted for post 1989 trees which will likely have carbon units sold when generated in the periods shown in the Prospective Statement of Comprehensive income on pages 3 and 4. All fees and costs are based on 2022 dollars, subject to inflation adjustment discussed below.

Harvest assumptions (also available in more detail in the Forest Management Plan available on the Offer Register) include –

- Harvest is anticipated when the pre 1990 trees are in their 26th year. The volume estimates produce recoverable volume of 716 tonnes per hectare.
- Area attrition of 2% has been allowed between establishment and harvest.
- A sales scenario based upon a range of markets achieved during the first rotation harvest including Masterton and the Port of Wellington as the points of sale has been used.
- Log prices are based on Forest Enterprises Growth Limited's (FEG) actual achieved 36-month average prices to 30 September 2022 (subject to inflation adjustment discussed below).
- Production costs to the point of sale have been based on \$71.71 per tonne based on 2022 dollars (subject to inflation adjustment discussed below).
- Harvest is not anticipated for the Framing Regime trees which are primarily the post 1989 trees until after the investment is wound up in 2051. These trees will be sold as standing timber if not harvested.
- Carbon Units generated from the post 1989 trees will be sold which will delay harvest of the post 1989 trees, unless it is economic to repurchase the required carbon units and harvest.

The Scheme was registered on 23 November 2022 and settlement of the two forest properties will occur on or around 1 December 2022 (the first day of the PFI). Forest Enterprises Growth Limited will offer shares in the LP to foundation Investors (original partners of the two forest properties) and new investors under the PDS.

The purpose and objective of the PFI is to give investors a sense of future costs and returns for the expected life of the Scheme. In the context of this one rotation focused forestry Investment, inflation of 2% per annum has been assumed from 1 April 2024 in the preparation of the projections. Historical inflation over the last 30 years and the present target of 1-3% support the use of 2% in the projections.

Refer to page 14 for sensitivity of the key assumptions not being borne out.

The Prospective Financial Statements were authorised for issue on 24 November 2022 by the board of the Manager. The Manager is responsible for the Prospective Financial Statements presented, including the appropriateness of the assumptions underlying the Prospective Financial Statements and all other required disclosures. Each year as part of the annual reporting process, the future period prospective financial information will be updated.



Statement of Accounting Policies

The Entity

The LP will be an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and will report as a Tier 1 For Profit entity. The Prospective Financial Statements have been prepared in accordance with Generally Accepted Accounting Practise in New Zealand (NZGAAP) as it related to the Prospective Financial Statements, and comply with FRS-42 Prospective Financial Statements. The accounting policies and disclosures adopted in these Prospective Financial Statements reflect those required by the New Zealand Equivalents to international Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit orientated entities.

The actual annual financial statements for the LP will be prepared in accordance and comply with NZIFRS and also International Financial Reporting Standards (IFRS). The accounting policies adopted in the prospective financial statements reflect the policies expected to be adopted in the actual annual financial statements. Actual financial results achieved for particular periods are likely to vary from information presented and the variations may be material.

Measurement System Adopted

The Prospective Financial Statements are presented in New Zealand Dollars. The Prospective Financial Statements have been prepared on the basis of historical cost, going concern and accrual accounting, except that forest treecrop and inventory will be valued at fair value. The statements are GST exclusive other than for Receivables and Payables where the gross amount due or owing is shown.

Accounting Policies Adopted

The following specific accounting policies which materially affect the measurement of the financial performance have been applied.

Revenue Recognition

Revenue from contracts with customers (harvest income) is recognised as performance obligations are met. Revenue is measured based on consideration specified in the contract and excludes amounts collected on behalf of third parties. Interest and other investment revenue is recognised in the period it is earned.

Biological Assets

The treecrop is included in the Financial Statements at fair value and increases/(decreases) in fair value are reported in the Statement of Comprehensive Income as a profit or loss each year.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. These are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within Current Liabilities on the Statement of Financial Position.

Sundry Debtors

Debtors are recognised at fair value less any less provision for impairment.

Trade and Other Payables

These amounts represent unsecured liabilities for goods and services provided to the LP prior to the end of the financial year which are unpaid. Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

Inventory

Inventory, represented by logs on hand at balance date, will be recognized at fair value less costs to sell at the point of harvest. Inventory values disclosed in the financial statements are estimated using expected/indicative log grade sales prices.

Property, Plant & Equipment and Depreciation

Property, Plant & Equipment (including land) are recorded at cost and where applicable, Depreciation has been claimed so as to allocate the cost of the assets over their useful lives.



Taxation

The LP is not separately assessable for tax purposes. Tax consequences pass through to the Limited Partners in proportion to their shareholding.

Changes in Accounting Policies

All policies have been applied on a consistent basis throughout the reported prospective periods of these Financial Statements.

Statement of Assumptions, Risks and Uncertainties

In preparing these financial statements, several judgements and estimates have been made regarding financial and other risks. These judgements, estimates and uncertainties are discussed in more detail below.

Financial Risk Management Strategies

The LP is committed to establishing and managing the treecrop through to harvest for the pre 1990 trees and the sale of NZUs from the post 1989 areas. It is exposed to financial risks arising from changes in log prices and carbon prices. There will be no derivative or other contracts in place to manage the risk of a decline in log prices or carbon prices.

Treecrop Valuation

Key assumptions in determining the Forest Crop value, which are categorised as level 3 within the fair value hierarchy are:

- Until the tree age is more than 5 years old, cost is assumed to approximate fair value. Where this applies, the costs of establishment that are recognised in the Statement of Comprehensive Income are capitalised and recognised as a gain in fair value of the treecrop.
- In other cases, fair value of the treecrop is derived by discounting back the projected cashflows for the remainder of the current rotation.

Key assumptions in the projected cashflows are:

- Timing of silvicultural work and harvesting, based on the Forest Management Plan
- Stumpage of \$37,517, based on expected harvest proceeds and costs, estimated using the average 36-month log price and cost data from current forestry operations based on 2022 dollars increases to \$62,782 in the year ending 31 March 2051 by applying inflation of 2% per year from 1 April 2024.
- The framing trees are assumed to have no market value once trees are over 5 years old, given they are unlikely to be able to be harvested economically.
- A discount rate of 8%

Quantitative information about unobservable inputs	Inter-relationship with fair value measurement
Average weighted stumpage is estimated at \$37,517 per hectare based on the expected log volumes and types based on 2022 dollars. Applying inflation of 2% from 1 April 2024 increases stumpage to \$62,782 in the year ending 31 March 2051.	The estimated fair value would increase (decrease) if the average weighted stumpage was higher (lower).
Annual expenditure is based on the current estimate of the costs to be incurred with reference to prior costs incurred and the remaining silviculture program.	The estimated fair value would increase (decrease) if the estimated annual expenditure was lower (higher).
A nominal land use charge of \$120 per hectare per annum, based on calculated market rentals being paid on crown forest leases in the regions of Forest Enterprises managed forests.	The estimated fair value would increase (decrease) if the nominal land use charge was lower (higher).
The discount rate used to derive the fair value is 8% pre-tax.	The estimated fair value would increase (decrease) if the discount rate was lower (higher).



Forest Management Plan

The forestry assumptions have been based on those set out in the Forest Management Plan and PDS. Briefly these assumptions assume establishment will be carried out until 2024. Approximately 116 hectares will be Clearwood Regime and the balance a Framing Regime carried out in accordance with industry standards.

Related Parties

Forest Enterprises is the business name of Forest Enterprises Growth Limited and its subsidiary Forest Enterprises Limited. The fees payable to Forest Enterprises based on 2022 dollars are:

- A base fee for Forest Management, plus Administration and Accounting services of \$28 per planted hectare, per annum.
- An Investor Administration fee of \$60 per investor per annum.
- A Coordination and Supervision fee of 20% of actual expenditure charged, of a non-disbursement nature.
- Where sundry income is arranged, 10% of the sundry income is deducted as a coordination and supervision fee except for the sale of NZUs, where the fee is 5%.
- An Investment Update and Indicative Valuation fee of 5.5 cents per share (equivalent to \$11 per 200 shares).
- A fee for harvest management and related activities of \$3 per tonne plus 2.5% of the net stumpage (before roading and other costs)

Where it is commercially practical and not disadvantageous to Investors, the Manager may undertake work that would otherwise be contracted to a third party and charge a commercially reasonable fee for that work. The Manager is also entitled to recover all reasonable disbursements and third-party charges.

Refer to the Note below the Statement of Comprehensive income on pages 3 and 4 for the Managers ongoing fees each year.

Related Party Set Up Fees

The fees and expenses charged to the Investment on its Set Up by the Manager are:

Set Up Fees		
Manager and Associated Persons	Nature of Fee	Period to 31 March 2023
Offeror's Fee	Payable to FEG who will pay Issuer fees and costs including brokerage	\$120,000
Legal Fees	FEL internal Legal Fees for Documentation	\$47,500
Other Party Fees		
Legal Fees	Supervisor Review of Scheme Documentation and external legal fees for transferring properties to the Investment	\$46,000
Supervisor	Set-up Fee	\$5,000
PDS, Scheme Registration & FMA Levy		\$7,200
Assurance Fees	Fees paid to Forme for their review of the Forest Plan and to Baker Tilly Staples Rodway for their review of the Prospective Financial Information contained on the offer register	\$9,000
Total Fees		\$234,700

The above fees are payable by the Investment. In respect of the legal fees and other expenses, the Manager may have already met these costs on behalf of the Investment prior to Settlement of the Properties and, accordingly, is entitled to reimbursement.

Other fees may be paid by the Manager between the dates of settlement and this PDS. Those fees will be reimbursed to the Manager. These fees will not change as they are incurred upfront and the Manager is responsible for any under or overs.

Financial & Other Risks

Credit Risk

Financial instruments that potentially subject the investment to credit risk principally consist of the bank balances and accounts receivable. The maximum exposures to credit risk at balance date are disclosed in the Statement of Financial Position.



Liquidity Risk

The major asset of land and trees has no active market for sale. The Clearwood treecrop is being managed through until harvest at approximately age 26 years, where it will be harvested at prevailing prices.

All financial asset risks are being managed in accordance with normal procedures. BNZ and Trustees Executors are being used for cash balances, and accounts receivable are regularly being monitored.

Interest Rate Risk

Market Risk

No reasonable possible movement would be considered to have a material effect on profit or equity.

Fair Values

The carrying amounts of financial instruments are estimated to be fair values of those instruments.

Credit Facilities

The term loan has the following expected maturity profile:

Financial Year Ending 31 March	2023	2024	2025	2026	2027	2028	2029	2030
Balance at Beginning of year	\$0	\$150,000	\$610,000	\$1,135,000	\$995,000	\$895,000	\$775,000	\$625,000
Borrowings	\$150,000	\$460,000	\$525,000					
Repayments				\$140,000	\$100,000	\$120,000	\$150,000	\$625,000
Balance at End of Year	\$150,000	\$610,000	\$1,135,000	\$995,000	\$895,000	\$775,000	\$625,000	\$0

The land for the two forest properties will be held as first mortgage security by the Bank for the borrowings and overdraft facility. The floating interest rate for the term loan facility will be negotiated with the Bank. Similar facilities at the date of the PDS were 7.85%. The forecast borrowing costs have been based on an assumption of 8.5%. Financial covenants and refinancing the will be negotiated. Repayment is scheduled for July 2025 to July 2029.

The LP will have a \$40,000 overdraft facility. The interest rate applying to similar facilities at the date of the PDS is 11.25%.

Other facility costs will likely include 0.15%/ month for the overdraft and a non-utilisation fee of around 2% on approved borrowings not drawn down.



Sensitivity Analysis of Log and Carbon Price Changes

Based on 36-month average log prices to 30 September 2022, average stumpage per hectare for Clearwood Regime trees is \$37,517. Current September 2022 spot prices would yield \$44,184, and 2% p.a. inflation on \$37,517 stumpage increases average stumpage to \$60,971 (and to \$62,782 in the final year).

Harvest costs and other investment costs could continue to rise in price and not be matched by increases in log prices. The following shows the impact of log price changes from 2022 prices.

Carbon prices for the sale of NZUs have been based on a price of \$80 per unit. See the sensitivity to price changes below.

Projected return on Investment

Projected return for a 200-share parcel (using recent average log prices and \$80 per carbon unit) without inflation:

\$83,624 gross

This is the projected net revenue before tax calculated using 36-month average log prices (3 years) to 30 September 2022 and is the base case scenario. Costs to achieve this revenue are the application cost and ongoing Calls, together totalling \$13,198 based on 2022 figures.

Projected return for a 200-share parcel (using recent average log prices \$80 per carbon unit) assuming inflation of 2% p.a.:

\$121,809 gross

This is the projected net revenue before tax calculated using 36-month average log prices (3 years) to 30 September 2022 with inflation at 2% p.a. Costs to achieve this revenue are the application cost and ongoing Calls, together totalling \$13,178.

Internal Rate of Return (IRR)

The percentage return on a forestry investment is the calculated Internal Rate of Return (IRR). The IRR is the discount rate at which discounted costs equal discounted revenues – i.e. the discount rate at which present value cash flows equal zero. Provided all other factors are equal, the IRR provides a basis to compare forestry investments.

Based on the assumptions set out, assuming 2022 log prices:

Gross IRR based on past 36-month log prices	11.82%
Gross IRR based on Carbon price of \$120 per unit, no inflation	15.45%
Gross IRR based on inflation adjusted 36-month log prices	14.00%

What happens if carbon price or log prices increase or decrease?

If log prices or costs change in value during the term of the investment resulting in increases in average stumpage, the projected return would change as follows:

Log Price or Carbon price Change Over Term	Projected pre-tax return based on 2022 dollars for a 200-share parcel	IRR
Without Inflation (base case)	\$83,206	11.82%
Without Inflation, No Carbon Sales, Entire Forest Harvested	\$58,181	4.94%
\$150 Carbon Price, no inflation	\$134,883	17.64%
\$50 Average Carbon Price \$50 Carbon Price, no inflation	\$56,646	8.24%
Inflation 2% with 50% increase in log prices, \$80 Carbon price	\$121,809	14.16%
Inflation 2% with 50% decrease in log prices, \$80 Carbon price	\$114,878	13.84%



Return Parameters

It is anticipated that the Clearwood Regime (mainly pre 1990 trees) will be harvested based upon the trees being in their 26th year. Post 1989 trees (mainly Framing Regime) will likely to be sold as standing timber in the year ending 31 March 2051, the final year of the Investment term.

Under the current taxation regime, harvest proceeds will be distributed before tax. Details of the calculation of the harvest receipts are set out in the Forest Management Plan.

The return is dependent upon movements in log prices, the volume of each log grade produced, harvest costs, the timing of harvest, plus movement in land prices. The returns can only be projected at this time and are therefore not fixed or assured and variations from these projections will occur and may be material.

