

Wairarapa Group Forest Investment

Prospective Financial Information for Expected Life of the Scheme

These Prospective Financial Statements of Wairarapa Group Forest Investment (WGF) comprise the following Prospective Financial Information (PFI) and other PFI related information through to the year ending 31 March 2046. Separately available is PFI for the 7 months and 1 day ending 31 March 2019 (FY19) and the 12 months ending 31 March 2020 (FY20) for which Staples Rodway 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

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 OFR12486).

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 WGF (the "Offer").

Forest Enterprises 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 11 October 2018 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 WGF. 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 WGF's business. Refer further to Section 7 *Risks to returns from Wairarapa Group 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 2046, the expected point at which all harvesting of the second rotation trees have been harvested and the Scheme is at a natural end.

The Directors are responsible for and have authorised the issue of the PFI on 11 October 2018. Each year as part of the annual reporting process, the future period prospective financial information will be updated.

Wairarapa Group Forest LP															
Prospective Statement of Comprehensive Income															
	7 months & 1 day ending 31 March 2019	For the Year to 31 March 2020	For the Year to 31 March 2021	For the Year to 31 March 2022	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	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME															
Interest Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Forestry Right Income	54,200	91,575	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	271,328
TOTAL INCOME	54,200	91,575	0	0	0	0	0	0	0	0	0	0	0	0	271,328
LESS EXPENDITURE															
Forestry Expenditure															
Establishment	102,610	87,400	1,877	0	0	0	0	0	0	0	0	0	0	0	0
Tending	65,430	187,610	331,745	492,005	479,783	588,302	606,935	113,810	102,566	0	0	0	0	0	0
Maintenance	27,830	27,830	28,387	28,954	29,533	30,124	30,727	31,341	31,968	32,607	33,259	33,925	34,603	35,295	
Protection	1,390	1,460	1,489	1,519	1,549	1,580	1,612	1,644	1,677	1,711	1,745	1,780	1,815	1,839	
Insurance	12,870	13,960	14,729	15,523	16,343	17,189	18,052	18,953	19,884	20,844	21,822	22,844	23,898	24,794	
Inventory	0	0	0	0	0	0	0	0	0	0	15,668	0	0	0	11,871
Rates	5,130	6,840	6,977	7,116	7,259	7,404	7,552	7,703	7,857	8,014	8,174	8,338	8,505	8,675	
Total Forestry Expenditure	215,260	325,100	385,203	545,118	534,467	644,599	664,877	173,452	163,952	63,176	80,669	66,886	68,821	82,474	
Other Expenditure															
Management Fees	25,780	27,170	27,713	28,268	28,833	29,410	29,998	30,598	31,210	31,834	32,471	33,120	33,782	34,458	
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	
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	
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	
Investment Update and Valuations	5,500	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	
Legal and Other Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Formation, Mapping and Inventory	3,000	1,820	2,734	2,872	594	541	0	0	0	0	0	0	0	0	
Borrowing Costs and Bank Fees	12,310	10,580	6,540	10,100	14,900	25,050	37,050	28,700	12,570	2,850	1,000	1,000	1,000	1,000	
Industry Subscriptions and Levies	3,000	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585	3,657	3,730	5,136	
Filing Fees and Disbursements	10,000	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	5,858	5,975	6,095	6,217	6,341	
Investor Meeting Costs	0	5,000	510	520	531	541	5520	563	574	586	598	6,095	622	634	
Total Other Expenditure	68,340	71,820	65,292	70,110	73,776	85,038	102,654	90,549	75,656	61,339	60,659	67,338	63,069	65,642	
Depreciation															
TOTAL EXPENDITURE	283,600	396,920	450,495	615,228	608,243	729,638	767,532	264,000	239,608	124,515	141,328	134,224	131,890	148,116	
NET FOREST DEVELOPMENT INCOME (EXPENDITURE)	-229,400	-305,345	-450,495	-615,228	-608,243	-729,638	-767,532	-264,000	-239,608	-124,515	-141,328	-134,224	-131,890	123,212	
Change in Fair Value	168,040	275,010	327,080	472,900	452,110	543,500	549,720	978,598	810,469	793,127	886,682	966,824	1,059,290	952,091	
Scheme Set-up Costs	-232,264	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Profit (Loss)	-293,624	-30,335	-123,415	-142,328	-156,133	-186,138	-217,812	714,597	570,861	668,612	745,355	832,600	927,400	1,075,302	
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Comprehensive Income	-293,624	-30,335	-123,415	-142,328	-156,133	-186,138	-217,812	714,597	570,861	668,612	745,355	832,600	927,400	1,075,302	
Refer to Replated Parties Note - Ongoing Managers Fees and Expenses, Assuming inflation of 2%pa from 1 April 2020															
Manager and associated persons.	Period to 31 March 2019	For the Year to 31 March 2020	For the Year to 31 March 2021	For the Year to 31 March 2022	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	
Base management Fee	25,780	27,170	27,713	28,268	28,833	29,410	29,998	30,598	31,210	31,834	32,471	33,120	33,782	34,458	
Forest Activity Supervision Fee	36,022	53,847	64,003	90,666	88,498	106,831	110,106	28,188	26,590	9,779	12,680	10,368	10,674	13,156	
Non harvest Income Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Investment Update and indicative value	5,500	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	
Harvest Management Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	19,835	
Investor Meeting Costs	0	5,000	510	520	531	541	5,520	563	574	586	598	6,095	622	634	
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	



Wairarapa Group Forest LP														
Prospective Statement of Comprehensive Income Contd														
	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	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME														
Interest Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Forestry Right Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harvest Income	0	0	0	117,208	0	0	0	6,926,610	5,456,338	4,671,811	15,211,669	15,945,725	3,305,591	2,976,726
TOTAL INCOME	0	0	0	117,208	0	0	0	6,926,610	5,456,338	4,671,811	15,211,669	15,945,725	3,305,591	2,976,726
LESS EXPENDITURE														
Forestry Expenditure														
Establishment	11,500	303	0	0	4,873	129	0	0	293,539	238,653	203,830	649,664	692,057	157,184
Tending	0	0	0	0	0	9,269	0	15,900	0	3,927	0	6,739	591	237,006
Maintenance	36,001	36,721	37,456	38,205	38,969	39,748	40,543	41,354	42,181	43,025	43,885	44,763	45,658	46,571
Protection	1,889	1,926	1,965	2,004	2,044	2,085	2,127	1,887	1,986	2,056	1,672	1,689	2,264	2,326
Insurance	26,001	27,142	28,331	29,474	30,777	32,064	33,405	29,868	29,722	29,636	21,793	16,953	21,279	21,537
Inventory	0	0	0	0	0	18,724	0	0	14,187	0	0	0	0	0
Rates	8,848	9,025	9,206	9,390	9,578	9,769	9,965	10,164	10,367	10,575	10,786	11,002	11,222	11,446
Total Forestry Expenditure	84,240	75,118	76,957	79,072	86,241	111,789	86,039	99,172	391,982	327,871	281,965	730,810	773,070	476,071
Other Expenditure														
Management Fees	35,147	35,850	36,567	37,299	38,045	38,805	39,582	40,373	41,181	42,004	42,844	43,685	44,575	45,467
Supervisor Fees	5,498	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
Financial Audit - Staples Rodway	3,234	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
Forestry Audit - Forme Consultancy	2,587	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
Investment Update and Valuations	7,115	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
Legal and Other Professional Fees	0	0	0	0	0	39,291	0	0	0	0	0	0	0	0
Formation, Mapping and Inventory	78	0	0	0	126	0	0	0	2,001	1,546	1,325	4,311	6,644	2,611
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	3,881	3,958	4,038	4,695	4,201	4,285	4,370	38,337	31,238	27,488	79,113	82,802	21,098	19,579
Filing Fees and Disbursements	6,468	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
Investor Meeting Costs	647	660	6,729	686	700	714	728	7,430	758	773	788	804	8,203	837
Total Other Expenditure	65,654	66,868	74,242	70,106	71,026	111,589	73,724	115,745	105,354	102,571	155,426	163,565	113,103	101,706
Depreciation														
TOTAL EXPENDITURE	149,894	141,986	151,199	149,178	157,267	223,378	159,763	214,917	497,335	430,442	437,391	894,374	886,173	577,777
NET FOREST DEVELOPMENT INCOME (EXPENDITURE)	-149,894	-141,986	-151,199	-31,970	-157,267	-223,378	-159,763	6,711,693	4,959,003	4,241,369	14,774,278	15,051,351	2,419,419	2,398,949
Change in Fair Value	1,261,414	1,387,985	1,532,007	1,591,822	1,840,740	2,067,815	2,232,498	-1,584,250	-562,021	-175,076	-6,725,823	-7,447,766	-581,336	-1,176,157
Scheme Set-up Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit (Loss)	1,111,520	1,245,999	1,380,808	1,559,852	1,683,473	1,844,437	2,072,734	5,127,443	4,396,982	4,066,293	8,048,455	7,603,585	1,838,083	1,222,793
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	1,111,520	1,245,999	1,380,808	1,559,852	1,683,473	1,844,437	2,072,734	5,127,443	4,396,982	4,066,293	8,048,455	7,603,585	1,838,083	1,222,793
Refer to Replated Parties Note - Ongoing Managers Fees and Expenses, Assuming inflation of 2%pa from 1 April 2020														
Manager and associated persons.	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	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
Base management Fee	35,147	35,850	36,567	37,299	38,045	38,805	39,582	40,373	41,181	42,004	42,844	43,685	44,575	45,467
Forest Activity Supervision Fee	13,225	11,675	11,965	12,396	13,498	17,717	13,408	21,224	69,142	57,722	58,603	134,487	131,598	81,136
Non harvest Income Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment Update and indicative value	7,115	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
Harvest Management Fee	0	0	0	7,916	0	0	0	432,183	333,770	280,177	894,383	919,159	186,807	164,924
Investor Meeting Costs	647	660	6,729	686	700	714	728	7,430	758	773	788	804	8,203	837
Disbursements	6,468	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



Wairarapa Group Forest LP														
Prospective Statement of Changes In Equity														
	For the Period to 31 March 2019	For the Year to 31 March 2020	For the Year to 31 March 2021	For the Year to 31 March 2022	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EQUITY														
Opening Equity	0	4,160,601	4,624,766	5,001,851	5,379,523	5,756,391	6,099,753	6,449,441	7,678,038	8,763,399	9,681,511	10,568,366	11,534,966	12,594,366
Contributions from owners														
Application / Calls	232,264	494,500	500,500	520,000	533,000	529,500	567,500	514,000	514,500	249,500	141,500	134,000	132,000	0
Issued Shares	4,221,961													
Distributions to owners														
Distributions during the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Investment by Limited Partners	4,454,225	4,655,101	5,125,266	5,521,851	5,912,523	6,285,891	6,667,253	6,963,441	8,192,538	9,012,899	9,823,011	10,702,366	11,666,966	12,594,366
Total Comprehensive Income	-293,624	-30,335	-123,415	-142,328	-156,133	-186,138	-217,812	714,597	570,861	668,612	745,355	832,600	927,400	1,075,302
NET EQUITY	4,160,601	4,624,766	5,001,851	5,379,523	5,756,391	6,099,753	6,449,441	7,678,038	8,763,399	9,681,511	10,568,366	11,534,966	12,594,366	13,669,668



Wairarapa Group Forest LP															
Prospective Statement of Changes In Equity Contd															
	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	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	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EQUITY															
Opening Equity	13,669,668	14,857,688	16,195,687	17,727,495	19,394,347	21,210,320	23,228,257	25,460,992	23,876,935	23,314,917	23,139,710	16,413,665	8,965,749	8,384,333	
Contributions from owners															
Application / Calls	76,500	92,000	151,000	107,000	132,500	173,500	160,000	0	0	0	0	0	0	0	
Issued Shares															
Distributions to owners															
Distributions during the period	0	0	0	0	0	0	0	6,711,500	4,959,000	4,241,500	14,774,500	15,051,500	2,419,500	9,607,125	
Closing Investment by Limited Partners	13,746,168	14,949,688	16,346,687	17,834,495	19,526,847	21,383,820	23,388,257	18,749,492	18,917,935	19,073,417	8,365,210	1,362,165	6,546,249	0	
Total Comprehensive Income	1,111,520	1,245,999	1,380,808	1,559,852	1,683,473	1,844,437	2,072,734	5,127,443	4,396,982	4,066,293	8,048,455	7,603,585	1,838,083	1,222,793	
NET EQUITY	14,857,688	16,195,687	17,727,495	19,394,347	21,210,320	23,228,257	25,460,992	23,876,935	23,314,917	23,139,710	16,413,665	8,965,749	8,384,333	0	



Wairarapa Group Forest LP														
Prospective Statement of Financial Position														
	As at 31 March 2019	As at 31 March 2020	As at 31 March 2021	As at 31 March 2022	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS														
Cash and cash equivalents	20,600	0	0	0	0	0	0	0	0	0	0	0	0	122,267
Total Other Current Assets	20,600	0	0	0	0	0	0	0	0	0	0	0	0	122,267
TOTAL CURRENT ASSETS														
PROPERTY, PLANT & EQUIPMENT														
Roading														
Road Formation	0	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total Roding	0	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Non Depreciable Assets														
Land at Cost	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315
Biological Assets														
Forest Crop Value	1,828,686	2,103,696	2,430,776	2,903,676	3,355,786	3,899,286	4,449,006	5,427,604	6,238,072	7,031,199	7,917,882	8,884,706	9,943,996	10,896,086
Total Non Depreciable Assets	4,390,001	4,665,011	4,992,091	5,464,991	5,917,101	6,460,601	7,010,321	7,988,919	8,799,387	9,592,514	10,479,197	11,446,021	12,505,311	13,457,401
TOTAL ASSETS	4,410,601	4,755,011	5,082,091	5,554,991	6,007,101	6,550,601	7,100,321	8,078,919	8,889,387	9,682,514	10,569,197	11,536,021	12,595,311	13,669,668
LESS CURRENT LIABILITIES														
Cash and cash equivalents	0	245	240	468	710	848	880	880	988	1,003	831	1,055	945	0
TOTAL CURRENT LIABILITIES	0	245	240	468	710	848	880	880	988	1,003	831	1,055	945	0
TOTAL LONG TERM ASSETS														
Less BNZ Term Loan	250,000	130,000	80,000	175,000	250,000	450,000	650,000	400,000	125,000	0	0	0	0	0
TOTAL LIABILITIES	250,000	130,245	80,240	175,468	250,710	450,848	650,880	400,880	125,988	1,003	831	1,055	945	0
EQUITY	4,160,601	4,624,766	5,001,851	5,379,523	5,756,391	6,099,753	6,449,441	7,678,038	8,763,399	9,681,511	10,568,366	11,534,966	12,594,366	13,669,668
TOTAL LIABILITIES and EQUITY	4,410,601	4,755,011	5,082,091	5,554,991	6,007,101	6,550,601	7,100,321	8,078,919	8,889,387	9,682,514	10,569,197	11,536,021	12,595,311	13,669,668



Wairarapa Group Forest LP														
Prospective Statement of Financial Position Contd														
	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	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS														
Cash and cash equivalents	48,873	0	0	73,717	48,950	0	0	0	0	0	0	0	0	0
Total Other Current Assets	48,873	0	0	73,717	48,950	0	0	0	0	0	0	0	0	0
TOTAL CURRENT ASSETS														
PROPERTY, PLANT & EQUIPMENT														
Roading														
Road Formation	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	0
Total Roding	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	0
Non Depreciable Assets														
Land at Cost	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	2,561,315	0
Biological Assets														
Forest Crop Value	12,157,500	13,545,486	15,077,493	16,669,315	18,510,055	20,577,870	22,810,367	21,226,117	20,664,097	20,489,021	13,763,197	6,315,431	5,734,096	0
Total Non Depreciable Assets	14,718,815	16,106,801	17,638,808	19,230,630	21,071,370	23,139,185	25,371,682	23,787,432	23,225,412	23,050,336	16,324,512	8,876,746	8,295,411	0
TOTAL ASSETS	14,857,688	16,196,801	17,728,808	19,394,347	21,210,320	23,229,185	25,461,682	23,877,432	23,315,412	23,140,336	16,414,512	8,966,746	8,385,411	0
LESS CURRENT LIABILITIES														
Cash and cash equivalents	0	1,114	1,313	0	0	928	691	498	495	626	848	997	1,078	0
TOTAL CURRENT LIABILITIES	0	1,114	1,313	0	0	928	691	498	495	626	848	997	1,078	0
TOTAL LONG TERM ASSETS														
Less BNZ Term Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL LIABILITIES	0	1,114	1,313	0	0	928	691	498	495	626	848	997	1,078	0
EQUITY	14,857,688	16,195,687	17,727,495	19,394,347	21,210,320	23,228,257	25,460,992	23,876,935	23,314,917	23,139,710	16,413,665	8,965,749	8,384,333	0
TOTAL LIABILITIES and EQUITY	14,857,688	16,196,801	17,728,808	19,394,347	21,210,320	23,229,185	25,461,682	23,877,432	23,315,412	23,140,336	16,414,512	8,966,746	8,385,411	0



Wairarapa Group Forest LP														
Prospective Statement of Cash Flows														
	Period to 31 March 2019	12 months ending 31 March 2020	12 months ending 31 March 2021	12 months ending 31 March 2022	12 months 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Activities														
Receipts from Suppliers and Others (Awaroa FR)	54,200	91,575	0	0	0	0	0	0	0	0	0	0	0	0
Interest Received														
Harvest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	271,328
Payments to Suppliers and Others	-283,600	-396,920	-450,495	-615,228	-608,243	-729,638	-767,532	-264,000	-239,608	-124,515	-141,328	-134,224	-131,890	-148,116
Interest Paid														
Net Cash from Operating Activities	-229,400	-305,345	-450,495	-615,228	-608,243	-729,638	-767,532	-264,000	-239,608	-124,515	-141,328	-134,224	-131,890	123,212
Investment Activities														
Cash flows from Investment activities														
Cash was applied to:														
Sale/ (Purchase) of Fixed Assets		-90,000	0	0	0	0	0	0	0	0	0	0	0	0
Scheme Issue Costs	-232,264													
Net Cash from Investing Activities	-232,264	-90,000	0	0	0	0	0	0	0	0	0	0	0	0
Financing Activities														
Mortgage Borrowings/ (Repayments)	250,000	-120,000	-50,000	95,000	75,000	200,000	200,000	-250,000	-275,000	-125,000	0	0	0	0
Partners' Investments	232,264	494,500	500,500	520,000	533,000	529,500	567,500	514,000	514,500	249,500	141,500	134,000	132,000	0
Net Cash from Financing Activities	482,264	374,500	450,500	615,000	608,000	729,500	767,500	264,000	239,500	124,500	141,500	134,000	132,000	0
Net increase (decrease) in cash and cash equivalents	20,600	-20,845	5	-228	-243	-138	-32	-0	-108	-15	172	-224	110	123,212
Cash and cash equivalents at start of period	0	20,600	-245	-240	-468	-710	-848	-880	-880	-988	-1,003	-831	-1,055	-945
CLOSING FUNDS ON HAND at year end	20,600	-245	-240	-468	-710	-848	-880	-880	-988	-1,003	-831	-1,055	-945	122,267
Reconciliation to Profit (Loss)	7 months & 1 day ending 31 March 2019	12 months ending 31 March 2020	12 months ending 31 March 2021	12 months ending 31 March 2022	12 months 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net profit (loss)	-293,624	-30,335	-123,415	-142,328	-156,133	-186,138	-217,812	714,597	570,861	668,612	745,355	832,600	927,400	1,075,302
Less increase (decrease) in fair value	168,040	275,010	327,080	472,900	452,110	543,500	549,720	978,598	810,469	793,127	886,682	966,824	1,059,290	952,091
Plus Scheme Set-up Costs	232,264	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Second Rotation Treecrop														
NET CASH FROM OPERATING ACTIVITIES	-229,400	-305,345	-450,495	-615,228	-608,243	-729,638	-767,532	-264,000	-239,608	-124,515	-141,328	-134,224	-131,890	123,212



Wairarapa Group Forest LP														
Prospective Statement of Cash Flows Contd														
	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	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Activities														
Receipts from Suppliers and Others (Awaroa FR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Received														
Harvest Income	0	0	0	117,208	0	0	0	6,926,610	5,456,338	4,671,811	15,211,669	15,945,725	3,305,591	5,899,829
Payments to Suppliers and Others	-149,894	-141,986	-151,199	-149,178	-157,267	-223,378	-159,763	-214,917	-497,335	-430,442	-437,391	-894,374	-886,173	-577,777
Interest Paid														
Net Cash from Operating Activities	-149,894	-141,986	-151,199	-31,970	-157,267	-223,378	-159,763	6,711,693	4,959,003	4,241,369	14,774,278	15,051,351	2,419,419	5,322,052
Investment Activities														
Cash flows from Investment activities														
Cash was applied to:														
Sale/ (Purchase) of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	4,286,151
Scheme Issue Costs														
Net Cash from Investing Activities	0	0	0	0	0	0	0	0	0	0	0	0	0	4,286,151
Financing Activities														
Mortgage Borrowings/ (Repayments)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partners' Investments	76,500	92,000	151,000	107,000	132,500	173,500	160,000	-6,711,500	-4,959,000	-4,241,500	-14,774,500	-15,051,500	-2,419,500	-9,607,125
Net Cash from Financing Activities	76,500	92,000	151,000	107,000	132,500	173,500	160,000	-6,711,500	-4,959,000	-4,241,500	-14,774,500	-15,051,500	-2,419,500	-9,607,125
Net increase (decrease) in cash and cash equivalents	-73,394	-49,986	-199	75,030	-24,767	-49,878	237	193	3	-131	-222	-149	-81	1,078
Cash and cash equivalents at start of period	122,267	48,873	-1,114	-1,313	73,717	48,950	-928	-691	-498	-495	-626	-848	-997	-1,078
CLOSING FUNDS ON HAND at year end	48,873	-1,114	-1,313	73,717	48,950	-928	-691	-498	-495	-626	-848	-997	-1,078	0
Reconciliation to Profit (Loss)	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	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net profit (loss)	1,111,520	1,245,999	1,380,808	1,559,852	1,683,473	1,844,437	2,072,734	5,127,443	4,396,982	4,066,293	8,048,455	7,603,585	1,838,083	1,222,793
Less increase (decrease) in fair value	1,261,414	1,387,985	1,532,007	1,591,822	1,840,740	2,067,815	2,232,498	-1,584,250	-562,021	-175,076	-6,725,823	-7,447,766	-581,336	-1,176,157
Plus Scheme Set-up Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Second Rotation Treecrop														2,923,102
NET CASH FROM OPERATING ACTIVITIES	-149,894	-141,986	-151,199	-31,970	-157,267	-223,378	-159,763	6,711,693	4,959,003	4,241,369	14,774,278	15,051,351	2,419,419	5,322,052



Notes and Assumptions Used Through to the Year Ending 31 March 2046

Wairarapa Group Forest Investment is the Scheme name for the forest investment comprising both Wairarapa Group Forest LP and Wairarapa Group Forest GP Limited. Under the Financial Markets Conduct Act 2013 (FMCA) it is a registered managed investment scheme. It is scheme number SCH12481 on the Disclose Register.

Wairarapa Group 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, 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 in the periods shown in the Statement of Comprehensive Income on pages 2 & 3. All fees and costs are based on 2018 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 trees are in their 26th year. The volume estimates produce recoverable volume of 665 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 June 2018 (subject to inflation adjustment discussed below).
- Production costs to the point of sale have been based on \$69.03 per tonne based on 2018 dollars (subject to inflation adjustment discussed below).

Settlement of the 3 forest properties occurred on 31 August 2018 (the first day of the PFI and this actual information is incorporated in the PFI) and shares in the LP were issued to the sellers. As one of the sellers, Forest Enterprises Growth Limited will then offer its shares in the LP to the public 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 2020 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 15 for sensitivity of the key assumptions not being borne out.

The Prospective Financial Statements were authorised for issue on 11 October 2018 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 Practice 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 Debtors and Creditors where the gross amount due or owing is shown.

Accounting Policies Adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these Financial Statements. None of these are expected to have a significant effect on the Financial Statements of the LP. Standards issued that are available for early adoption include NZ IFRS 9 - Financial Instruments and NZ IFRS 15 - Revenue from Contracts with Customers (both effective for annual reporting periods beginning on or after 1 January 2018), as well as NZ IFRS 16 - Leases (effective for annual reporting periods beginning on or after 1 January 2019).

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services net of discounts and GST.

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.

Financial Risk Management Strategies

The LP is committed to establishing and managing the treecrop through to harvest. It is exposed to financial risks arising from changes in log prices. There will be no derivative or other contracts in place to manage the risk of a decline in log prices.

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 (as tabled below).

Depreciable Asset	Depreciation Basis and Rate
Land Preparation	Diminishing Value 6.3%
Roading	Diminishing Value 20.0 – 25.0%
Fencing	Diminishing Value 10.0%

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.



Treecrop

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

If the average age of the treecrop is 5 years old or younger, fair value is assumed to equal cost. In other cases, fair value of the treecrop is derived by discounting back the projected cashflows for the remainder of the current rotation.

Quantitative information about unobservable inputs	Inter-relationship with fair value measurement
Average weighted stumpage is estimated at \$36,735 per hectare based on the expected log volumes and types based on 2018 dollars. Applying inflation of 2% from 1 April 2020, stumpage increases to \$61,485 in the year ending 31 March 2046.	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 \$60 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 10% pre-tax.	The estimated fair value would increase (decrease) if the discount rate was lower (higher).

All forest crop is considered to be an average age of 5 years or younger until the year ending 31 March 2026.

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 2018 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.
- An Investment Update and Indicative Valuation fee of 5.5 cents per share (equivalent to \$11 per 200 shares).

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 2 and 3 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 2019	
Property Purchase	Managers Fees within the Property purchase price of \$4,367,736 are:		
Managers Supervision Fee	A fee equivalent to the 20% charge of the actual cost of work actively supervised, while the land was held by Forest Enterprises Growth Ltd	\$28,918	
Holding Costs for Rangiora Property	A fee for holding costs pending setting up the Scheme relating to the Rangiora Property	\$54,933	
Total Manager and associated persons Fees included with Property Purchase			\$83,851
Offeror's fee		\$100,000	
Legal Fees	FEL internal Legal Fees for Documentation	\$70,000	
Subtotal of Other Manager and associated persons Fees			\$170,000

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 tree crop 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 BNZ term loan has the following expected maturity profile:

Financial Year Ending 31 March	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Balance at Start of year (\$)	\$0	\$250,000	\$130,000	\$80,000	\$175,000	\$250,000	\$400,000	\$650,000	\$400,000	\$125,000
Borrowings (\$)	\$250,000			\$95,000	\$75,000	\$200,000	\$200,000			
Repayments (\$)		\$120,000	\$50,000					\$250,000	\$275,000	\$125,000
Balance at End of Year (\$)	\$250,000	\$130,000	\$80,000	\$175,000	\$250,000	\$450,000	\$650,000	\$400,000	\$125,000	\$0



The land for the 3 forest properties will be held as first mortgage security by BNZ for the borrowings and overdraft facility. The floating interest rate for the term loan facility is 5.48% at the date of the PDS. There are no financial covenants relating to the loan and refinancing the facility is needed to extend the initial 5-year term. Repayment is scheduled for July 2027.

The LP will have a \$40,000 overdraft facility. The interest rate applying to this facility at the date of the PDS is 10.70%.

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.



Sensitivity Analysis of Log Price Changes

Based on 36-month average prices to 30 June 2018, average stumpage is \$36,735. Current June 2018 spot prices would yield \$46,237, and 2% p.a. inflation on \$36,735 stumpage increases weighted average stumpage to \$57,735 and to \$61,485 in the final year.

The PFI shows the Scheme receiving \$54,833,000 (rounded) from harvest (\$57,735 x 950.6 hectares). The following shows the impact of log price changes from 2018 prices.

Showing total Scheme revenue divided by 500, for a 200-share parcel.

Base Case for a 200-share parcel (using recent average log prices):

\$72,947 gross

This is the projected net revenue before tax calculated using 36-month average log prices (3 years) to 30 June 2018 and is the base case scenario. Costs to achieve this revenue are the application cost and ongoing Calls of \$19,478 based on 2018 dollars.

Assuming inflation of 2% p.a. on the Base Case:

\$115,531 gross

This is the projected net revenue before tax calculated using 36-month average log prices (3 years) to 30 June 2018 with inflation at 2% p.a. Costs to achieve this revenue are the application cost and ongoing Calls of \$20,647.

What happens if log prices increase or decrease?

If log prices increase in value during the term of the investment, the return would change as follows -

Log Price Change Over Term	Projected before Tax Return based on 2018 dollars for a 200-share parcel	Pre-tax IRR*
Base case	\$72,947	6.44%
10% Log Price Increase	\$88,621	7.43%
30% Log Price Increase	\$119,989	8.98%
50% Log Price Increase	\$151,353	10.18%
10% Log Price Decrease	\$57,359	5.21%
30% Log Price Decrease	\$26,187	1.31%
50% Log Price Decrease	Harvest would be postponed unless harvest costs reduced	Negative

* Internal Rate of Return (IRR)

The percentage return on a forestry investment is the calculated 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.

Sensitivity Analysis of recoverable volume changes

What happens if the recoverable volume of 665 tonnes per hectare increases or decreases?

The 665 tonnes is made up of different log grades that have different sales prices. If forest growth occurs at different rates to those predicted in the audited Forest Management Plan, assuming changes in volume are consistent across log grades, any increase or decrease would have the same effect as shown above for changes in log prices.

