

Ngatawhai Group Forest Investment

Prospective Financial Information for Expected Life of the Scheme

These Prospective Financial Statements of Ngatawhai Group Forest Investment (NGF) comprise the following Prospective Financial Information (PFI) and other PFI related information through to the year ending 31 March 2047. Separately available is PFI for the 7 months and 2 days ending 31 March 2020 (FY20) and the 12 months ending 31 March 2021 (FY21) 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

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 OFR12726).

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 NGF (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 20 September 2019 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 NGF. 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 NGF’s business. Refer further to Section 7 *Risks to returns from Ngatawhai 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 2047, 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 20 September 2019. Each year as part of the annual reporting process, the future period prospective financial information will be updated.

Ngatawhai Group Forest LP															
Prospective Statement of Comprehensive Income															
	7 months & 2 days ending 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	For the Year to 31 March 2033	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
INCOME															
Interest Received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Forestry Right Income	160,948	101,459	0	0	0	0	0	0	0	0	0	0	0	0	
Harvest Income	0	0	0	0	0	327,768	0	0	0	290,602	487,874	0	39,271	0	
TOTAL INCOME	160,948	101,459	0	0	0	327,768	0	0	0	290,602	487,874	0	39,271	0	
LESS EXPENDITURE															
Forestry Expenditure															
Establishment	176,905	105,109	2,431	0	0	0	21,357	514	0	0	18,934	32,244	765	2,560	
Tending	204,159	175,877	196,807	221,973	231,655	336,714	317,366	241,570	193,280	63,619	0	16,684	0	18,261	
Maintenance	15,700	15,700	16,014	16,334	16,661	16,994	17,334	17,681	18,034	18,395	18,763	19,138	19,521	19,911	
Protection	856	941	960	979	998	1,001	1,039	1,060	1,081	1,087	1,098	1,147	1,168	1,193	
Insurance	14,889	9,121	9,584	10,070	10,581	10,797	11,496	12,080	12,692	13,053	13,371	14,275	14,961	15,738	
Inventory	3,200	0	0	0	2,971	0	0	0	12,406	0	0	0	16,288	0	
Rates	6,390	7,350	7,497	7,647	7,800	7,956	8,115	8,277	8,443	8,612	8,784	8,960	9,139	9,322	
Total Forestry Expenditure	422,099	314,098	233,292	257,003	270,666	373,462	376,707	281,182	245,936	104,765	60,951	92,447	61,841	66,985	
Other Expenditure															
Management Fees	15,980	17,564	17,915	18,273	18,639	19,011	19,392	19,779	20,175	20,579	20,990	21,410	21,838	22,275	
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	3,300	3,300	3,366	3,433	3,502	3,572	3,643	3,716	3,791	3,866	3,944	4,023	4,103	4,185	
Legal and Other Professional Fees	0	0	0	0	1,061	0	0	0	1,149	0	0	0	0	0	
Formation, Mapping and Inventory	1,289	1,126	1,031	928	1,029	612	120	0	0	0	235	178	0	14	
Borrowing Costs and Bank Fees	23,530	24,100	24,100	24,100	24,100	24,100	24,100	24,100	24,100	13,710	3,300	1,000	1,000	1,000	
Industry Subscriptions and Levies	0	0	0	0	0	1,903	0	0	0	1,687	2,833	0	228	0	
Filing Fees and Disbursements	10,500	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	
Investor Meeting Costs	500	5,000	510	520	531	541	5,520	563	574	586	598	6,095	622	634	
Total Other Expenditure	63,849	64,840	60,947	61,560	63,453	64,624	67,956	63,644	65,583	56,539	48,332	49,467	44,887	45,547	
Depreciation															
TOTAL EXPENDITURE	485,948	378,938	294,239	318,563	334,119	438,085	444,664	344,825	311,519	161,304	109,283	141,914	106,729	112,532	
NET FOREST DEVELOPMENT INCOME (EXPENDITURE)	(325,000)	(277,479)	(294,239)	(318,563)	(334,119)	(110,317)	(444,664)	(344,825)	(311,519)	129,298	378,591	(141,914)	(67,457)	(112,532)	
Change in Fair Value of Tree Crop	381,064	280,986	195,331	213,353	218,293	311,071	4,291,229	1,018,913	1,086,411	743,616	547,577	1,119,200	1,203,543	1,350,136	
Amortisation of Intangible Asset	(160,948)	(101,459)													
Scheme Set-up Costs	(235,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Profit (Loss)	(339,884)	(97,951)	(98,908)	(105,210)	(115,826)	200,754	3,846,565	674,087	774,892	872,914	926,168	977,286	1,136,085	1,237,604	
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Comprehensive Income	(339,884)	(97,951)	(98,908)	(105,210)	(115,826)	200,754	3,846,565	674,087	774,892	872,914	926,168	977,286	1,136,085	1,237,604	
Refer to Replated Parties Note - Ongoing Managers Fees and Expenses, Assuming inflation of 2%pa from 1 April 2021															
Manager and associated persons.	7 months & 2 days ending 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	For the Year to 31 March 2033	
Base management Fee	15,980	17,564	17,915	18,273	18,639	19,011	19,392	19,779	20,175	20,579	20,990	21,410	21,838	22,275	
Forest Activity Supervision Fee	69,500	51,312	37,804	41,714	43,983	61,337	61,452	45,484	39,582	16,307	9,206	13,944	8,822	9,613	
Non harvest Income Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Investment Update and indicative valuation fee	3,300	3,300	3,366	3,433	3,502	3,572	3,643	3,716	3,791	3,866	3,944	4,023	4,103	4,185	
Harvest Management Fee	0	0	0	0	0	31,884	0	0	0	26,116	42,985	0	3,326	0	
Investor Meeting Costs	500	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	



Ngatawhai Group Forest LP															
Prospective Statement of Comprehensive Income Contd															
	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	For the Year to 31 March 2047	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
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	0	0	3,050,203	3,963,360	2,784,833	2,036,215	3,644,842	6,701,578	6,032,167	6,687,335	3,979,869	
TOTAL INCOME	0	0	0	0	0	3,050,203	3,963,360	2,784,833	2,036,215	3,644,842	6,701,578	6,032,167	6,687,335	3,979,869	
LESS EXPENDITURE															
Forestry Expenditure															
Establishment	62	0	0	0	0	0	132,159	174,901	124,791	91,128	160,047	294,163	268,344	296,035	
Tending	13,449	14,791	24,832	16,189	41,104	20,018	2,189	1,612	0	0	0	104,397	135,325	208,463	
Maintenance	20,310	20,716	21,130	21,553	21,984	22,423	22,872	23,329	23,796	24,272	24,757	25,252	25,758	26,273	
Protection	1,217	1,242	1,266	1,292	1,317	1,235	1,229	1,299	1,353	1,325	1,245	1,298	1,305	1,433	
Insurance	16,536	17,375	18,257	19,184	20,157	19,193	18,522	18,865	19,352	18,586	16,283	15,238	13,508	13,654	
Inventory	0	0	0	0	10,642	0	0	0	19,855	0	0	5,147	0	0	
Rates	9,508	9,698	9,892	10,090	10,292	10,498	10,708	10,922	11,140	11,363	11,590	11,822	12,058	330,483	
Total Forestry Expenditure	61,082	63,822	75,378	68,308	105,495	73,367	187,679	230,928	200,287	146,673	213,923	457,318	456,298	876,340	
Other Expenditure															
Management Fees	22,720	23,175	23,638	24,111	24,593	25,085	25,587	26,099	26,620	27,153	27,696	28,250	28,815	29,391	
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	192,025	
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	4,269	4,354	4,441	4,530	4,621	4,713	4,807	4,904	5,002	5,102	5,204	5,308	5,414	149,102	
Legal and Other Professional Fees	0	0	0	0	25,204	0	0	0	0	0	0	0	0	0	
Formation, Mapping and Inventory	115	193	0	16	0	0	740	961	676	494	1,685	2,666	2,194	2,157	
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	0	0	0	0	0	12,447	16,174	11,364	8,309	14,874	27,348	24,616	27,290	16,241	
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	235,115	
Investor Meeting Costs	647	660	6,729	686	700	714	728	7,430	758	773	788	804	8,203	68,610	
Total Other Expenditure	46,538	47,524	54,315	49,219	75,372	63,598	69,068	72,190	63,205	70,653	85,404	84,761	95,475	701,171	
Depreciation															
TOTAL EXPENDITURE	107,620	111,346	129,693	117,526	180,867	136,966	256,746	303,117	263,493	217,325	299,326	542,078	551,772	1,577,512	
NET FOREST DEVELOPMENT INCOME (EXPENDITURE)	(107,620)	(111,346)	(129,693)	(117,526)	(180,867)	2,913,237	3,706,614	2,481,716	1,772,722	3,427,517	6,402,252	5,490,089	6,135,563	2,402,357	
Change in Fair Value of Tree Crop	1,487,665	1,638,997	1,811,608	1,989,073	2,228,282	(771,899)	(1,523,114)	(520,542)	170,208	(1,395,731)	(4,507,294)	(4,300,235)	(5,365,522)	(2,386,269)	
Amortisation of Intangible Asset Scheme Set-up Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Profit (Loss)	1,380,045	1,527,651	1,681,915	1,871,547	2,047,415	2,141,338	2,183,499	1,961,174	1,942,930	2,031,785	1,894,958	1,189,854	770,041	16,088	
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Comprehensive Income	1,380,045	1,527,651	1,681,915	1,871,547	2,047,415	2,141,338	2,183,499	1,961,174	1,942,930	2,031,785	1,894,958	1,189,854	770,041	16,088	
Refer to Replated Parties Note - Ongoing Managers Fees and Expenses, Assuming inflation of 2%pa from 1 April 2021															
Manager and associated persons.	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	For the Year to 31 March 2047	
Base management Fee	22,720	23,175	23,638	24,111	24,593	25,085	25,587	26,099	26,620	27,153	27,696	28,250	28,815	29,391	
Forest Activity Supervision Fee	8,615	9,053	10,914	9,706	15,867	12,553	32,314	38,722	33,022	25,113	38,561	78,796	78,954	94,043	
Non harvest Income Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Investment Update and indicative valuation fee	4,269	4,354	4,441	4,530	4,621	4,713	4,807	4,904	5,002	5,102	5,204	5,308	5,414	149,102	
Harvest Management Fee	0	0	0	0	0	172,818	220,153	151,656	108,714	190,783	343,904	303,483	329,848	192,455	
Investor Meeting Costs	647	660	6,729	686	700	714	728	7,430	758	773	788	804	8,203	68,610	
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	225,911	



Ngatawhai Group Forest LP														
Prospective Statement of Changes In Equity														
	7 Months & 2 Days Ending 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	For the Year to 31 March 2033
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EQUITY														
Opening Equity	0	2,577,916	2,757,443	2,952,774	3,166,128	3,384,421	3,875,492	8,066,721	9,020,633	10,092,045	11,065,661	11,952,387	13,006,587	14,210,129
Contributions from owners														
Application / Calls	235,000	277,479	294,239	318,563	334,119	290,317	344,664	279,825	296,519	100,702	0	76,914	67,457	68,383
Issued Shares	2,682,800	0	0	0	0	0	0	0	0	0	0	0	0	0
Distributions to owners														
Distributions during the period	0	0	0	0	0	0	0	0	0	0	39,442	0	0	0
Closing Investment by Limited Partners	2,917,800	2,855,395	3,051,682	3,271,337	3,500,247	3,674,738	4,220,156	8,346,546	9,317,153	10,192,747	11,026,218	12,029,301	13,074,044	14,278,512
Total Comprehensive Income	(339,884)	(97,951)	(98,908)	(105,210)	(115,826)	200,754	3,846,565	674,087	774,892	872,914	926,168	977,286	1,136,085	1,237,604
NET EQUITY	2,577,916	2,757,443	2,952,774	3,166,128	3,384,421	3,875,492	8,066,721	9,020,633	10,092,045	11,065,661	11,952,387	13,006,587	14,210,129	15,516,116



Ngatawhai Group Forest LP															
Prospective Statement of Changes In Equity Contd															
	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	For the Year to 31 March 2046	For the Year to 31 March 2046
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EQUITY															
Opening Equity	15,516,116	17,003,782	18,642,779	20,444,387	22,433,460	24,596,742	23,824,844	22,301,729	21,781,188	21,951,396	20,555,664	16,048,371	11,748,136	6,382,613	
Contributions from owners															
Application / Calls	107,620	111,346	119,693	117,526	115,867	0	0	0	0	0	0	0	0	0	0
Issued Shares															
Distributions to owners															
Distributions during the period	0	0	0	0	0	2,913,237	3,706,614	2,481,716	1,772,722	3,427,517	6,402,252	5,490,089	6,135,563	6,398,701	
Closing Investment by Limited Partners	15,623,736	17,115,128	18,762,472	20,561,913	22,549,327	21,683,506	20,118,230	19,820,013	20,008,466	18,523,879	14,153,413	10,558,281	0	0	0
Total Comprehensive Income	1,380,045	1,527,651	1,681,915	1,871,547	2,047,415	2,141,338	2,183,499	1,961,174	1,942,930	2,031,785	1,894,958	1,189,854	770,041	16,088	
NET EQUITY	17,003,782	18,642,779	20,444,387	22,433,460	24,596,742	23,824,844	22,301,729	21,781,188	21,951,396	20,555,664	16,048,371	11,748,136	6,382,613	0	



Ngatawhai Group Forest LP														
Prospective Statement of Financial Position														
	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	As at 31 March 2033
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS														
Cash and cash equivalents	0	0	0	0	0	180,000	80,000	15,000	0	0	184,149	119,149	119,149	75,000
Total Other Current Assets	0	0	0	0	0	180,000	80,000	15,000	0	0	184,149	119,149	119,149	75,000
NONCURRENT ASSETS														
PROPERTY, PLANT & EQUIPMENT														
Land at Cost	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000
Biological Assets														
Forest Crop Value	1,320,457	1,601,443	1,796,774	2,010,128	2,228,421	2,539,493	6,830,721	7,849,634	8,936,045	9,679,661	10,227,238	11,346,438	12,549,980	13,900,117
Intangible Asset - Trees to be planted	101,459													
Total NonCurrent Assets	2,962,916	3,142,443	3,337,774	3,551,128	3,769,421	4,080,493	8,371,721	9,390,634	10,477,045	11,220,661	11,768,238	12,887,438	14,090,980	15,441,117
TOTAL ASSETS	2,962,916	3,142,443	3,337,774	3,551,128	3,769,421	4,260,493	8,451,721	9,405,634	10,477,045	11,220,661	11,952,387	13,006,587	14,210,129	15,516,117
LESS LIABILITIES														
BNZ Term Loan	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	155,000	0	0	0	0
TOTAL NON CURRENT LIABILITIES	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	155,000	0	0	0	0
NET ASSETS	2,577,916	2,757,443	2,952,774	3,166,128	3,384,421	3,875,493	8,066,721	9,020,634	10,092,045	11,065,661	11,952,387	13,006,587	14,210,129	15,516,117
EQUITY	2,577,916	2,757,443	2,952,774	3,166,128	3,384,421	3,875,492	8,066,721	9,020,633	10,092,045	11,065,661	11,952,387	13,006,587	14,210,129	15,516,116
TOTAL EQUITY	2,577,916	2,757,443	2,952,774	3,166,128	3,384,421	3,875,492	8,066,721	9,020,633	10,092,045	11,065,661	11,952,387	13,006,587	14,210,129	15,516,116



Ngatawhai Group Forest LP														
Prospective Statement of Financial Position Contd														
	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	As at 31 March 2047
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS														
Cash and cash equivalents	75,000	75,000	65,000	65,000	0	0	0	0	0	0	0	0	0	0
Total Other Current Assets	75,000	75,000	65,000	65,000	0	0	0	0	0	0	0	0	0	0
NONCURRENT ASSETS														
PROPERTY, PLANT & EQUIPMENT														
Land at Cost	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	1,541,000	0
Biological Assets														
Forest Crop Value	15,387,782	17,026,779	18,838,387	20,827,460	23,055,743	22,283,844	20,760,730	20,240,188	20,410,396	19,014,665	14,507,371	10,207,136	4,841,614	0
Intangible Asset - Trees to be planted														
Total NonCurrent Assets	16,928,782	18,567,779	20,379,387	22,368,460	24,596,743	23,824,844	22,301,730	21,781,188	21,951,396	20,555,665	16,048,371	11,748,136	6,382,614	0
TOTAL ASSETS	17,003,782	18,642,779	20,444,387	22,433,460	24,596,743	23,824,844	22,301,730	21,781,188	21,951,396	20,555,665	16,048,371	11,748,136	6,382,614	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	17,003,782	18,642,779	20,444,387	22,433,460	24,596,743	23,824,844	22,301,730	21,781,188	21,951,396	20,555,665	16,048,371	11,748,136	6,382,614	0
EQUITY	17,003,782	18,642,779	20,444,387	22,433,460	24,596,742	23,824,844	22,301,729	21,781,188	21,951,396	20,555,664	16,048,371	11,748,136	6,382,613	0
TOTAL EQUITY	17,003,782	18,642,779	20,444,387	22,433,460	24,596,742	23,824,844	22,301,729	21,781,188	21,951,396	20,555,664	16,048,371	11,748,136	6,382,613	0



Ngatawhai Group Forest LP														
Prospective Statement of Cash Flows														
	7 months & 2 days 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	12 months ending 31 March 2033
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Activities														
Receipts from Customers and Others	160,948	101,459	0	0	0	327,768	0	0	0	290,602	487,874	0	39,271	0
Payments to Suppliers and Others	(462,418)	(354,838)	(270,139)	(294,463)	(310,019)	(413,985)	(420,564)	(320,725)	(287,419)	(147,594)	(105,983)	(140,914)	(105,729)	(111,532)
Interest Paid	(23,530)	(24,100)	(24,100)	(24,100)	(24,100)	(24,100)	(24,100)	(24,100)	(24,100)	(13,710)	(3,300)	(1,000)	(1,000)	(1,000)
Net Cash from Operating Activities	(325,000)	(277,479)	(294,239)	(318,563)	(334,119)	(110,317)	(444,664)	(344,825)	(311,519)	129,298	378,591	(141,914)	(67,457)	(112,532)
Investment Activities														
Sale/ (Purchase) of Fixed Assets	(60,000)	0	0	0	0	0	0	0	0	0	0	0	0	0
Scheme Issue Costs	(235,000)													
Net Cash from Investing Activities	(295,000)	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing Activities														
Mortgage Borrowings/ (Repayments)	385,000	0	0	0	0	0	0	0	0	(230,000)	(155,000)	0	0	0
Partners' Investments/ (Distributions)	235,000	277,479	294,239	318,563	334,119	290,317	344,664	279,825	296,519	100,702	(39,442)	76,914	67,457	68,383
Net Cash from Financing Activities	620,000	277,479	294,239	318,563	334,119	290,317	344,664	279,825	296,519	(129,298)	(194,442)	76,914	67,457	68,383
Net increase/ (decrease) in cash and cash equivalents	(0)	0	0	0	0	180,000	(100,000)	(65,000)	(15,000)	0	184,149	(65,000)	0	(44,149)
Cash and cash equivalents at start of period	0	(0)	(0)	(0)	(0)	(0)	180,000	80,000	15,000	(0)	(0)	184,149	119,149	119,149
CLOSING FUNDS ON HAND at year end	(0)	(0)	(0)	(0)	(0)	180,000	80,000	15,000	(0)	(0)	184,149	119,149	119,149	75,000
Reconciliation to Profit/ (Loss)														
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net profit / (loss)	(339,884)	(97,951)	(98,908)	(105,210)	(115,826)	200,754	3,846,565	674,087	774,892	872,914	926,168	977,286	1,136,085	1,237,604
(increase) /decrease in fair value	(381,064)	(280,986)	(195,331)	(213,353)	(218,293)	(311,071)	(4,291,229)	(1,018,913)	(1,086,411)	(743,616)	(547,577)	(1,119,200)	(1,203,543)	(1,350,136)
Scheme Set-up Costs	235,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation	160,948	101,459												
NET CASH FROM OPERATING ACTIVITIES	(325,000)	(277,479)	(294,239)	(318,563)	(334,119)	(110,317)	(444,664)	(344,825)	(311,519)	129,298	378,591	(141,914)	(67,457)	(112,532)



Ngatawhai Group Forest LP														
Prospective Statement of Cash Flows Contd														
	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	12 months ending 31 March 2047
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Activities														
Receipts from Customers and Others	0	0	0	0	0	3,050,203	3,963,360	2,784,833	2,036,215	3,644,842	6,701,578	6,032,167	6,687,335	3,979,869
Payments to Suppliers and Others	(106,620)	(110,346)	(128,693)	(116,526)	(179,867)	(135,966)	(255,746)	(302,117)	(262,493)	(216,325)	(298,326)	(541,078)	(550,772)	(1,576,512)
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	(107,620)	(111,346)	(129,693)	(117,526)	(180,867)	2,913,237	3,706,614	2,481,716	1,772,722	3,427,517	6,402,252	5,490,089	6,135,563	2,402,357
Investment Activities														
Sale/ (Purchase) of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	3,996,344
Scheme Issue Costs														
Net Cash from Investing Activities	0	0	0	0	0	0	0	0	0	0	0	0	0	3,996,344
Financing Activities														
Mortgage Borrowings/ (Repayments)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partners' Investments/ (Distributions)	107,620	111,346	119,693	117,526	115,867	(2,913,237)	(3,706,614)	(2,481,716)	(1,772,722)	(3,427,517)	(6,402,252)	(5,490,089)	(6,135,563)	(6,398,701)
Net Cash from Financing Activities	107,620	111,346	119,693	117,526	115,867	(2,913,237)	(3,706,614)	(2,481,716)	(1,772,722)	(3,427,517)	(6,402,252)	(5,490,089)	(6,135,563)	(6,398,701)
Net increase/ (decrease) in cash and cash equivalents	0	0	(10,000)	0	(65,000)	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at start of period	75,000	75,000	75,000	65,000	65,000	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
CLOSING FUNDS ON HAND at year end	75,000	75,000	65,000	65,000	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Reconciliation to Profit/ (Loss)														
	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	12 months ending 31 March 2047
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net profit / (loss)	1,380,045	1,527,651	1,681,915	1,871,547	2,047,415	2,141,338	2,183,499	1,961,174	1,942,930	2,031,785	1,894,958	1,189,854	770,041	16,088
(increase) /decrease in fair value	(1,487,665)	(1,638,997)	(1,811,608)	(1,989,073)	(2,228,282)	771,899	1,523,114	520,542	(170,208)	1,395,731	4,507,294	4,300,235	5,365,522	2,386,269
Scheme Set-up Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation														
NET CASH FROM OPERATING ACTIVITIES	(107,620)	(111,346)	(129,693)	(117,526)	(180,867)	2,913,237	3,706,614	2,481,716	1,772,722	3,427,517	6,402,252	5,490,089	6,135,563	2,402,357



Notes and Assumptions Used Through to the Year Ending 31 March 2047

Ngatawhai Group Forest Investment is the scheme name for the forest investment comprising both Ngatawhai Group Forest LP and Ngatawhai Group Forest GP Limited. Under the Financial Markets Conduct Act 2013 (FMCA) it is a registered managed investment scheme. It is scheme number SCH12683 on the Disclose Register.

Ngatawhai 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 Prospective Statement of Comprehensive income on pages 2 & 3. All fees and costs are based on 2019 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 648 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 2019 (subject to inflation adjustment discussed below).
- Production costs to the point of sale have been based on \$67.20 per tonne based on 2019 dollars (subject to inflation adjustment discussed below).

The Scheme was registered on 30 August 2019 (the first day of the PFI) and settlement of the four forest properties occurred on or around 16 September 2019. Forest Enterprises Growth Limited will offer shares in the LP to foundation Investors (original partners of the four 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 2021 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 20 September 2019 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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 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 16 - Leases.

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.

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.

Intangible asset – trees to be planted

The LP recognises an intangible asset for the agreed contribution of the previous forest owner towards replanting harvested trees. As the LP replants the trees, and as the previous owner contributes towards the costs of replanting, the intangible asset will be amortised by the amount received. The amount to be contributed by the previous owner is fixed and the LP will be responsible for any 'under' or 'overs'.

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	5.0%
Roading	Diminishing Value	20.0%

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:

Until the youngest trees average age is more than 5 years old, cost is assumed to approximate fair value. Where this applies, the costs of establishment and tending 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.

Quantitative information about unobservable inputs	Inter-relationship with fair value measurement
Average weighted stumpage is estimated at \$42,096 per hectare based on the expected log volumes and types based on 2019 dollars. Applying inflation of 2% from 1 April 2021, stumpage increases to \$71,801 in the year ending 31 March 2047.	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 2025.

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 2019 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).
- 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 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:

Manager and Associated Persons	Nature of Fee	Period to 31 March 2020
Offeror's Fee / Brokerage	Brokerage is payable to third parties if applicable	\$120,000
Legal Fees	FEL internal Legal Fees for Documentation	\$50,000
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		\$6,100
Assurance Fees	Fees paid to Forme for their review of the Forest Plan & to Baker Tilly Staples Rodway for their review of the prospective financial information contained on the offer register and to Morice Limited for the updated Land Valuation.	\$7,900
Total Fees		\$235,000

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	2020	2029	2030
Balance at Start of year (\$)	\$0	\$385,000	\$155,000
Borrowings (\$)	\$385,000		\$0
Repayments (\$)	\$0	\$230,000	\$155,000
Balance at End of Year (\$)	\$385,000	\$155,000	\$0



The land for the 4 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 5.13% 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 2028 & July 2029.

The LP will have a \$40,000 overdraft facility. The interest rate applying to this facility at the date of the PDS is 10.20%.

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 2019, average stumpage per hectare for all trees planted from 2012 onwards is \$42,905. Current June 2019 spot prices would yield \$38,494. Applying inflation of 2% p.a. inflation on \$42,905 stumpage increases average stumpage to \$67,035 and to \$71,801 in the final year. Average inflation adjusted stumpage incorporating the 1998 to 2005 trees is \$65,115.

Harvest costs and other investment costs could continue to rise in price and not be matched by increases in log prices.

The PFI shows the Scheme receiving \$40,026,000 (rounded) from harvest (\$65,115 x 614.7 hectares). The following shows the impact of log price changes from 2019 prices.

Showing total Scheme revenue divided by 300, for a 200-share parcel.

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

\$89,337 gross

This is the projected net revenue before tax calculated using 36-month average log prices (3 years) to 30 June 2019 and is the base case scenario. Costs to achieve this revenue are the application cost and ongoing Calls of \$20,150 based on 2019 figures.

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

\$133,910 gross

This is the projected net revenue before tax calculated using 36-month average log prices (3 years) to 30 June 2019 with inflation at 2% p.a. Costs to achieve this revenue are the application cost and ongoing Calls of \$20,732.

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 (no inflation)	\$89,209	7.41%
10% Log Price Increase	\$105,781	8.49%
30% Log Price Increase	\$140,071	10.22%
50% Log Price Increase	\$175,015	11.62%
10% Log Price Decrease	\$72,108	6.20%
30% Log Price Decrease	\$38,694	2.65%
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 648 tonnes per hectare increases or decreases?

The 648 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.

