

Wairarapa Group Forest Investment

Other Material Information

This Other Material Information Document (*Document*) has been prepared to meet the requirements of section 57(1)(b) of the Financial Markets Conduct Act 2013 (*FMCA*). In terms of clauses 48 to 50 of Schedule 5 to the Financial Markets Conduct Regulations 2014 (*FMCR*), it includes items not separately included on the Offer Register.

Separately included information is —

- Sale and Purchase Agreements of the 3 forest properties
- Prospective Financial Information

11 October 2018

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Total Estimated Costs of Offer and Sale

The total of the amounts paid or agreed to be paid in connection with the offer and sale of shares in Wairarapa Group Forest Investment is \$316,115:

The total paid or agreed to be paid to external parties:

Staples Rodway	\$4,000
Forme Consulting Group	\$2,350
Land Valuation Updates	\$2,150
Supervisor	\$5,000
Supervisors Legal advisor	\$27,000
Legal Fees for Property	\$15,664
PDS, Scheme Registration & FMA Levy	\$6,100

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 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
Offeror's fee / Brokerage	Brokerage is payable to third parties if applicable	\$100,000
Legal Fees	FEL internal Legal Fees for Documentation	\$70,000

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.



Experts and Persons Making Endorsements

Forme Consulting Group Limited – Forest Auditor

An independent audit of the Forest Management Plan was provided by John Schrider of Forme Consulting Group Limited.

John Schrider is a NZIF Registered Forestry Consultant.

Forme Consulting Group Limited's address is 173 Main Road, Tawa, PO Box 56-030 Tawa, Wellington 6230.

The company received \$2,350 for the audit.

The audit of the Forest Management Plan was for the purposes of the Wairarapa Group Forest Investment and for use by prospective investors in the Limited Partnership. The auditor has consented to the distribution of the audit report to prospective investors and, as at the date of the PDS, has not withdrawn that consent.

Staples Rodway – Limited Assurance Review Engagement

A limited assurance review engagement of the Prospective Financial Information for the period ending 31 March 2019 & year ending 31 March 2020 has been provided by Philip Pinckney of Staples Rodway Audit Limited.

Philip Pinckney's qualification is a CA and FMC reporting entity Licensed Auditor.

Staples Rodway Audit Limited's address is Level 6, 95 Customhouse Quay, PO Box 1208, Wellington 6140.

The company received \$4,000 for their review.

The review of the Prospective Financial Information was for the purposes of the Wairarapa Group Forest Investment and for use by prospective investors in the Limited Partnership. The accountant has consented to the distribution of their report to prospective investors and, as at the date of the PDS, have not withdrawn that consent.

Morice Limited – Valuation of Rangiora Forest Land

An independent valuation desktop market valuation update of the forest land has been provided by Mark Morice of Morice Limited at \$1,328,000 (excluding the treecrop) plus GST (if any) as at 31 August 2018 with reference to the International Valuation Standards and Property Institute of New Zealand Practice Standards and Guidance Notes. The valuation was prepared using a combination of approaches.

Mark Morice's qualification is a B.Com.Ag (VFM), Dip.Fore., ANZIV, SPINZ, RMNZIF.

Morice Limited's address is 11 Ossian Street, Ahuriri, PO Box 12252, Napier 4144.

The company received \$1,000 for the valuation update.

The valuer made the valuation for the purposes of the Wairarapa Group Forest Investment and for use by prospective investors in the Limited Partnership. The valuer has consented to the distribution of the valuation report to prospective investors and, as at the date of the PDS, has not withdrawn that consent.

BakerAg NZ Limited – Valuation of Korori and Awaroa Forest Land

Independent valuation updates of the Korori forest land has been provided by Stuart McCoshim of BakerAg NZ Limited at \$328,000 (excluding the treecrop) plus GST (if any) as at 28 August 2018. Also, an independent valuation update of the Awaroa forest land at \$695,000 (excluding the treecrop) plus GST (if any) as at 28 August 2018 was prepared. These valuation updates should be read in conjunction with the valuation performed earlier in the year. The valuations were prepared using a combination of approaches.

Stuart McCoshim's qualification is a MRICS, PINZ.

BakerAg's address is 11 Ossian Street, Ahuriri, PO Box 900, Masterton 5840.

The company is estimated to receive \$1,150 for the valuation updates.

The valuer made the valuation for the purposes of the Wairarapa Group Forest Investment and for use by prospective investors in the Limited Partnership. The valuer has consented to the distribution of the valuation reports to prospective investors and, as at the date of the PDS, has not withdrawn that consent.



Summary of Prospective Income, Expenses and Returns

Prospective Financial Information

The purpose of the prospective financial statements is to assist Investors in assessing the viability of and return on funds invested. The Product Disclosure Statement (PDS) includes a cashflow summary year by year of the expected life of the investment extracted from financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS 42) which is available on the Offer Register.

Summary of Principal Assumptions in the Cashflow Projection on the Expected Life of the Investment

The Cashflow Projection has been derived from GAAP compliant Prospective Financial Information (available on the Offer Register). Although this information is of a long-term nature, it is, in the Manager's view, relevant for basing investment decisions on a forestry investment where there are continuing financial commitments over the life of the investment.

The best information that can reasonably be expected to be available to base the forest assumptions on is the Forest Management Plan, which has been audited by John Schrider of Forme Consulting Group Limited, a Registered Forest Consultant of the NZ Institute of Forestry. The Forest Management Plan and audit report are both available on the Offer Register.

The Forest Management Plan has assumptions about the timing of silvicultural work and harvesting of the forest. In line with common forest practice, 2018 dollars have been used for the costs of the work programme and stumpage has been assumed using projected yields from forest growth modelling software, using the last 36 month's average prices for the expected log grades to be harvested.

Actual costs and timing will vary from the projections as a consequence of changes over time to the work program and prices. These changes may be material although changes to the work program that have a material cost impact are subject to Investor vote.

Given the purpose and objective of the Prospective Financial Information 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.

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.
- Production costs to the point of sale have been based on \$69.03 per tonne based on 2018 dollars.

Average stumpage per hectare is \$36,735. If June 2018 spot prices had been used rather than 36-month average prices, this would have increased to \$46,237. Assuming inflation of 2% per year this increases stumpage from \$36,735 in 2018 dollars to \$61,485 in the 2046 financial year.

Other assumptions (in addition to the harvest assumptions) include –

- It is assumed that the Land will be sold in the final harvest year at the purchase price (adjusted for inflation).
- Replanting of the areas harvested has been assumed to occur in the winter following harvest and the replanted Treecrop sold at the conclusion of harvest (in addition to the Land).
- The cashflow above excludes the annual \$60 Investor Administration Fee, charged once per investor per year in addition to Calls regardless of the size of shareholding.

NOTE: Future Calls and Distributions in the Cashflow Projection should be taken as a guide only.



Sensitivity Analysis of Log Price Changes

Based on 36-month average prices to 30 June 2019, average stumpage is \$36,735. Current June 2018 spot prices would yield \$46,237, and 2% p.a. inflation on \$36,735 stumpage increases to \$61,485. 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 2018 prices.

- Return on Investment

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.

- 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 2018 log prices:

Gross IRR based on past 36-month log prices	6.44%
Gross IRR based on June 2018 spot prices	7.61%
Gross IRR based on inflation adjusted 36-month log prices	8.53%

- What happens if log prices increase or decrease?

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

Log Price Change Over Term	Projected before Tax Return based on 2018 dollars for a 200-share parcel	IRR
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

- Return Parameters

It is anticipated that the forest will be harvested based upon the trees being in their 26th year. As the trees will grow at different rates according to site specific factors and because of the impact of harvest practicalities, harvest is unlikely to occur exactly according to this program.

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.



Summary of Income and Expenses over Expected Life of the Investment – 2% Inflation

CASHFLOW PROJECTION - Wairarapa Group Forest Investment													
No.Investment Units (200 Shares)	500												
Financial Year ending March 2019		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Hectares Planted		55.9	49.4										
Total Hectares Harvested													
EXPENDITURE													
Capital Expenditure													
Non Depreciable													
Land and Improvements		4367736	90000										
Preliminary Expenses		232264											
Mortgage Repayment			120000	50000					250000	275000	125000		
Deductible Expenditure													
Forestry Expenditure													
Establishment		102610	87400	1877									
Tending		65430	187610	331745	492005	479783	588302	606935	113810	102566			
Maintenance		27830	27830	28387	28954	29533	30124	30727	31341	31968	32607	33259	33925
Protection		1390	1460	1489	1519	1549	1580	1612	1644	1677	1711	1745	1780
Inventory												15668	
Mapping		3000	1820	2734	2872	594	541						
Insurance		12870	13960	14729	15523	16343	17189	18052	18953	19884	20844	21822	22844
Rates		5130	6840	6977	7116	7259	7404	7552	7703	7857	8014	8174	8338
Other Expenditure													
Management		25780	27170	27713	28268	28833	29410	29998	30598	31210	31834	32471	33120
Investor Admin Fee													
Supervisor Fees		4250	4250	4335	4422	4510	4600	4692	4786	4882	4980	5079	5181
Audit Fees		4500	4500	4590	4682	4775	4871	4968	5068	5169	5272	5378	5485
Investment Update & Valuation		5500	5500	5610	5722	5837	5953	6072	6194	6318	6444	6573	6704
Legal & Other Professional Fees													
Borrowing Costs & Bank Fees		12310	10580	6540	10100	14900	25050	37050	28700	12570	2850	1000	1000
Industry Subscriptions & Levies		3000	3000	3060	3121	3184	3247	3312	3378	3446	3515	3585	3657
Disbursements		5000	5000	5100	5202	5306	5412	5520	5631	5743	5858	5975	6095
Investor Meeting Costs			5000	510	520	531	541	5520	563	574	586	598	6095
Contingency		5000	5000	5100	5202	5306	5412	5520	5631	5743			
TOTAL EXPENDITURE		4883600	606920	500495	615228	608243	729638	767532	514000	514608	249515	141328	134224
RECEIPTS													
Capital Receipts													
Net Current Assets		-20600	20600										
Sale of Land & Improvements													
Borrowings		250000			95000	75000	200000	200000					
Income Receipts													
Forestry Right		54200	91575										
Grazing													
Interest													
Harvest													
Sale of Second Rotation Trees													
TOTAL RECEIPTS		283600	112175		95000	75000	200000	200000					
NET CASHFLOW		-4600000	-494745	-500495	-520228	-533243	-529638	-567532	-514000	-514608	-249515	-141328	-134224
CASHFLOW FOR EACH INVESTMENT UNIT (200 Share parcel)													
Calendar Year of Call Payment		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Cash Payable per Unit per Annum		-9200	-989	-1001	-1040	-1066	-1059	-1135	-1028	-1029	-499	-283	-268
Payable on Application		-9200											
Payable 30 June			-989	-1001	-1040	-1066	-1059	-1135	-1028	-1029	-499	-283	-268
Cash Receivable per Unit per Annum													
TAX ANALYSIS FOR EACH INVESTMENT UNIT													
Tax Year ending March		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cashflow per Unit before Tax		-9200	-989	-1001	-1040	-1066	-1059	-1135	-1028	-1029	-499	-283	-268
Taxation Benefit at 33%		163	285	365	461	446	518	536	198	178	98	105	89
Taxation Payable at 33%													
Cash Payable per Unit after Tax		-9037	-704	-636	-579	-620	-541	-599	-830	-851	-401	-178	-179
Cash Receivable per Unit after Tax													

Refer to assumptions on page 4.

Note: Land and Improvements

\$4,367,736 represents the value of the 100,000 shares in the Scheme which were issued to the sellers of the 3 forest properties. No cash has or will change hands for this transaction other than the Awaroa Forestry Right contribution to the Scheme of \$145,775. Refer to the "Awaroa Property" on page 13 of the PDS for further details on the \$145,775 arising from the Forestry Right. The Prospective Financial Statements on the Offer Register show issued capital of \$4,221,961 (\$4,367,736 - \$145,775) in the period to 31 March 2019.



Summary of Income and Expenses over Expected Life of the Investment – 2% Inflation (Continued)

2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	TOTAL
	5.8	5.9			2.3	2.3			126.8	98.0	82.2	262.5	269.7	54.8	48.4	970.0
																950.6
																\$4,457,736
																\$232,264
																\$820,000
		11500	303			4873	129			293539	238653	203830	649664	692057	157184	\$2,443,619
						9269	15900			3927			6739	591	237006	\$3,241,618
34603	35295	36001	36721	37456	38205	38969	39748	40543	41354	42181	43025	43885	44763	45658	46571	\$1,011,463
1815	1839	1889	1926	1965	2004	2044	2085	2127	1887	1986	2056	1672	1689	2264	2326	\$50,731
	11871						18724			14187						\$60,449
		78				126				2001	1546	1325	4311	6644	2611	\$30,201
23898	24794	26001	27142	28331	29474	30777	32064	33405	29868	29722	29636	21793	16953	21279	21537	\$639,685
8505	8675	8848	9025	9206	9390	9578	9769	9965	10164	10367	10575	10786	11002	11222	11446	\$246,885
33782	34458	35147	35850	36567	37299	38045	38805	39582	40373	41181	42004	42844	43685	44575	45467	\$986,069
5284	5390	5498	5608	5720	5834	5951	6070	6191	6315	6442	6570	6702	6836	6973	7112	\$154,463
5595	5707	5821	5938	6056	6178	6301	6427	6556	6687	6820	6957	7096	7238	7383	7530	\$163,549
6839	6975	7115	7257	7402	7550	7701	7855	8012	8173	8336	8503	8673	8846	9023	9204	\$199,894
							39291									\$39,291
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$178,650
3730	5136	3881	3958	4038	4695	4201	4285	4370	38337	31238	27488	79113	82802	21098	19579	\$377,456
6217	6341	6468	6597	6729	6864	7001	7141	7284	7430	7578	7730	7884	8042	8203	8367	\$181,722
622	634	647	660	6729	686	700	714	728	7430	758	773	788	804	8203	837	\$52,752
																\$47,915
131890	148116	149894	141986	151199	149178	157267	223378	159763	214917	497335	430442	437391	894374	886173	577777	\$15,616,411
	-123212	73272	49940		-75000	25000	50000								4286151	\$4,286,151
																\$820,000
																\$145,775
	271328				117208				6926610	5456338	4671811	15211669	15945725	3305591	2976726	\$54,883,008
															2923102	\$2,923,102
	148116	73272	49940		42208	25000	50000		6926610	5456338	4671811	15211669	15945725	3305591	10185980	\$63,058,036
-131890		-76622	-92046	-151199	-106970	-132267	-173378	-159763	6711693	4959003	4241369	14774278	15051351	2419419	9608203	\$47,441,625
2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	TOTALS
-264		-153	-184	-302	-214	-265	-347	-320								-\$20,647
-264		-153	-184	-302	-214	-265	-347	-320								
									13423	9918	8483	29549	30103	4839	19216	\$115,531
2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	TOTALS
-264		-153	-184	-302	-214	-265	-347	-320	13423	9918	8483	29549	30103	4839	19216	94885
87	-75	99	94	100	24	104	147	105	-4291	-3166	-2710	-9465	-9640	-1537	-3460	4126
-177	-75	-54	-90	-202	-190	-161	-200	-215								-16520
									9132	6752	5773	20084	20463	3302	15756	81263

Refer to assumptions on page 4.



Summary of Cashflow over Expected Life of the Investment – No Inflation

CASHFLOW PROJECTION - Wairarapa Group Forest Investment													
No.Investment Units (200 Shares)	500												
Financial Year ending March 2019		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Hectares Planted		55.9	49.4										
Total Hectares Harvested													
EXPENDITURE													
Capital Expenditure													
Non Depreciable													
Land and Improvements		4367736	90000										
Preliminary Expenses		232264											
Mortgage Repayment			120000	50000					250000	275000	125000		
Deductible Expenditure													
Forestry Expenditure													
Establishment		102610	87400	1840									
Tending		65430	187610	325240	472900	452110	543500	549720	101060	89290			
Maintenance		27830	27830	27830	27830	27830	27830	27830	27830	27830	27830	27830	27830
Protection		1390	1460	1460	1460	1460	1460	1460	1460	1460	1460	1460	1460
Inventory												13110	
Mapping		3000	1820	2680	2760	560	500						
Insurance		12870	13960	14440	14920	15400	15880	16350	16830	17310	17790	18260	18740
Rates		5130	6840	6840	6840	6840	6840	6840	6840	6840	6840	6840	6840
Other Expenditure													
Management		25780	27170	27170	27170	27170	27170	27170	27170	27170	27170	27170	27170
Investor Admin Fee													
Supervisor Fees		4250	4250	4250	4250	4250	4250	4250	4250	4250	4250	4250	4250
Audit Fees		4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500
Investment Update & Valuation		5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500
Legal & Other Professional Fees													
Borrowing Costs & Bank Fees		12310	10580	6540	10100	14900	25050	37050	28700	12570	2850	1000	1000
Industry Subscriptions & Levies		3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
Disbursements		5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Investor Meeting Costs			5000	500	500	500	500	5000	500	500	500	500	5000
Contingency		5000	5000	5000	5000	5000	5000	5000	5000	5000			
TOTAL EXPENDITURE		4883600	606920	491790	591730	574020	675980	698670	487640	485220	231690	118420	110290
RECEIPTS													
Capital Receipts													
Net Current Assets		-20600	20600										
Sale of Land & Improvements													
Borrowings		250000			95000	75000	200000	200000					
Income Receipts													
Forestry Right		54200	91575										
Grazing													
Interest													
Harvest													
Sale of Second Rotation Trees													
TOTAL RECEIPTS		283600	112175	95000	75000	200000	200000						
NET CASHFLOW		-4600000	-494745	-491790	-496730	-499020	-475980	-498670	-487640	-485220	-231690	-118420	-110290
CASHFLOW FOR EACH INVESTMENT UNIT (200 Share parcel)													
Calendar Year of Call Payment		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Cash Payable per Unit per Annum		-9200	-989	-984	-993	-998	-952	-997	-975	-970	-463	-237	-221
Payable on Application		-9200											
Payable 30 June			-989	-984	-993	-998	-952	-997	-975	-970	-463	-237	-221
Cash Receivable per Unit per Annum													
TAX ANALYSIS FOR EACH INVESTMENT UNIT													
Tax Year ending March		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cashflow per Unit before Tax		-9200	-989	-984	-993	-998	-952	-997	-975	-970	-463	-237	-221
Taxation Benefit at 33%		163	285	359	445	423	482	490	181	158	87	90	73
Taxation Payable at 33%													
Cash Payable per Unit after Tax		-9037	-704	-625	-548	-575	-470	-507	-794	-812	-376	-147	-148
Cash Receivable per Unit after Tax													

Refer to assumptions on page 4.

Note: Land and Improvements

\$4,367,736 represents the value of the 100,000 shares in the Scheme which were issued to the sellers of the 3 forest properties. No cash has or will change hands for this transaction other than the Awaroa Forestry Right contribution to the Scheme of \$145,775. Refer to the "Awaroa Property" on page 13 of the PDS for further details on the \$145,775 arising from the Forestry Right. The Prospective Financial Statements on the Offer Register show issued capital of \$4,221,961 (\$4,367,736 - \$145,775) in the period to 31 March 2019.



Summary of Income and Expenses over Expected Life of the Investment – No Inflation (Continued)

2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	TOTAL
		5.9				2.3				129.4	99.9	83.9	267.8	275.3		970.0
	5.8				2.3				126.8	98.0	82.2	262.5	269.7	54.8	48.4	950.6
																\$4,457,736
																\$232,264
																\$820,000
		8890	230			3480	90			193670	154370	129260	403910	421830	93930	\$1,601,510
						6490			10700		2540		4190	360	141630	\$2,952,770
27830	27830	27830	27830	27830	27830	27830	27830	27830	27830	27830	27830	27830	27830	27830	27830	\$779,240
1460	1450	1460	1460	1460	1460	1460	1460	1460	1270	1310	1330	1060	1050	1380	1390	\$39,370
	9360						13110				9360					\$44,940
		60				90				1320	1000	840	2680	4050	1560	\$22,920
19220	19550	20100	20570	21050	21470	21980	22450	22930	20100	19610	19170	13820	10540	12970	12870	\$491,150
6840	6840	6840	6840	6840	6840	6840	6840	6840	6840	6840	6840	6840	6840	6840	6840	\$189,810
27170	27170	27170	27170	27170	27170	27170	27170	27170	27170	27170	27170	27170	27160	27170	27170	\$759,360
4250	4250	4250	4250	4250	4250	4250	4250	4250	4250	4250	4250	4250	4250	4250	4250	\$119,000
4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	\$126,000
5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	\$154,000
							27510									\$27,510
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$178,650
3000	4050	3000	3000	3000	3420	3000	3000	3000	25800	20610	17780	50170	51480	12860	11700	\$254,870
5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	\$140,000
500	500	500	500	5000	500	500	500	500	5000	500	500	500	500	5000	500	\$40,500
																\$45,000
106270	117000	116100	107850	112600	108940	112600	156700	109980	144960	328470	278780	277740	556430	540540	345670	\$13,476,600
		-96940	47000	49940		-75000	25000	50000								\$2,561,315
															2561315	\$820,000
																\$145,775
																\$34,936,660
		213940			85380				4661410	3599960	3021910	9646570	9913800	2014860	1778830	\$1,746,785
															1746785	\$1,746,785
	117000	47000	49940		10380	25000	50000		4661410	3599960	3021910	9646570	9913800	2014860	6086930	\$40,210,535
-106270		-69100	-57910	-112600	-98560	-87600	-106700	-109980	4516450	3271490	2743130	9368830	9357370	1474320	5741260	\$26,733,935
2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	TOTALS
-213		-138	-116	-225	-197	-175	-213	-220								-\$19,478
-213		-138	-116	-225	-197	-175	-213	-220								
									9033	6543	5486	18738	18715	2949	11483	\$72,947
2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	TOTALS
-213		-138	-116	-225	-197	-175	-213	-220	9033	6543	5486	18738	18715	2949	11483	53471
70	-58	77	71	74	18	74	103	73								3740
									-2842	-2052	-1721	-5897	-5882	-913	-2046	-21353
-143	-58	-61	-45	-151	-179	-101	-110	-147								-15736
									6191	4491	3765	12841	12833	2036	9437	51594

Refer to assumptions on page 4.



The Principal Assumptions Upon Which the Estimates of Fees and Expenses are Based

The fees and expenses charged by any person in respect of the Scheme fall into three main categories. These are "Set Up Fees and Expenses", "Investor Fees if applicable" and "Ongoing Fees chargeable to the Investor". These are set out in turn below. All references to fees throughout the PDS are exclusive of GST (if applicable).

Set Up Fees

The fees and expenses charged to the Scheme on its set-up 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 / Brokerage	Brokerage is payable to third parties if applicable	\$100,000	
Legal Fees	FEL Internal Legal Fees for Documentation	\$70,000	
Subtotal of Other Manager and associated persons Fees		\$170,000	
Other Party Fees			
Legal Fees	Supervisor Review of Scheme Documentation and external legal fees for transferring properties to the Investment	\$44,814	
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 Staples Rodway for their review of the prospective financial information contained on the offer register.	\$6,350	
Subtotal of Other Party Fees		\$62,264	
Total other Set Up Fees			\$232,264
Total Set Up Fees			\$316,115

The above fees are payable by the Scheme. In respect of the legal fees and other expenses, the Manager may have already met these costs on behalf of the Scheme 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.



Investor Fees if applicable

Possible fees chargeable to an Investor only apply if the particular non-routine service is used. These are:

Investor Fees if applicable	
Manager and associated persons.	
Secondary Market Fees	The fees for selling on the secondary market are a \$375 listing fee and a brokerage fee of \$350 for sales values up to \$10,000 and an additional 2% over \$10,000.
Share Transfer Fees	A fee of \$150 applies to transfer of the investment into different names, after the initial application.
Default Fees	The Manager is entitled to recover from a Defaulting Investor all reasonable costs incurred as a result of the default. See further clause 20.4 of the Deed of Scheme Management.
Credit Card Fees	Investors must ensure that the annual Call amount received is the actual amount of the Call net of any charges deducted by any bank. If investors choose to pay by Visa / Mastercard, the Call amount will be grossed up by the bank charge, currently 2.19%

The Investor fees may be either fixed or variable depending upon the nature of service being provided, and such fixed fees plus an hourly rate for variable fees shall be as approved by the Supervisor and reported annually in the Scheme's financial statements.

Ongoing Fees chargeable to the Investor

Annual Investor Administration Fee	Maximum Fee - \$60 charged once per Investor in any investment per year, regardless of the size of the investment
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Ongoing Fees chargeable to the Scheme

The ongoing fees and expenses anticipated to be charged to the Scheme are:

Ongoing Scheme Fees	
Manager and Associated Persons	
Base Management Fee	\$28 per planted hectare per annum
Forest Activity Supervision Fee	20% of the actual cost of work actively supervised
Non-harvest Income Fee	Up to 10% of income actively coordinated and supervised
Investment Update and Indicative Valuation Fee	A fee of 5.5 cents per share (\$5,500 per annum for Scheme)
Harvest Management Fee	Currently harvesting fees are \$3 per tonne plus 2.5% of net stumpage. There is an additional \$0.50 per tonne for railyard and wharf infrastructure charges.
Other Fees and Expenses	
Direct Forestry Expenditure	The Manager is authorised to undertake work in accordance with the Forest Management Plan
Supervisor's Fees	Estimated \$4,250 per year
Audit Fees	Financial Audit estimated \$3,000 per year Forest Audit estimated \$1,500 per year

For the avoidance of doubt, the Manager may incur and pay such fees, costs and expenses otherwise payable by the Scheme on the Manager's own account and claim recovery for such fees, costs and expenses from the Limited Partnership. In addition to the fees, the Manager may recover from the Limited Partnership reasonable disbursements.

Where it is commercially practical (and in the reasonable opinion of the Manager, not otherwise disadvantageous to the Limited Partnership) for the Manager to undertake work that could otherwise be contracted to a third party, and for which a coordination and supervision fee would be payable to the Manager, the Manager may undertake such work and charge a commercially reasonable fee plus disbursements for that work (hence the charge will be no more than that payable to a third party).



How the Manager's Fees can be changed

The Manager's fees may be reviewed from time to time with any variation in such fees to be approved by an Ordinary Resolution of the shareholder of the General Partner (subject to the Beneficial Shareholder Direction Process). The Supervisor may however approve the variation or modification of a fee charged to the Limited Partnership if it believes the variation or modification to be fair and equitable to both the Manager and the Limited Partnership and where in the Supervisor's opinion the variation does not warrant the time and expense of approval by Ordinary Resolution.

How Other Fees can be changed

External operational costs such as insurance and rates change subject to market conditions. Supervisor fees and other third party costs like audit fees would change subject to agreement with the Manager. Notice of fee changes to external third parties will only be communicated via the financial statements each year.

Estimate of Ongoing Fees and Expenses

An estimate of ongoing fees and expenses for the period to 31 March 2019 and the year to 31 March 2020 is as follows:

Ongoing Investment Fees & Expenses				
Manager and associated persons.	Period Ended 31 March 2019	As percentage of Scheme Net Assets	Year Ended 31 March 2020	As percentage of Scheme Net Assets
Base management Fee	25780	0.61%	27170	0.60%
Forest Activity Supervision Fee	36022	0.85%	53847	1.19%
Investment Update and indicative valuation fee	5500	0.13%	5500	0.12%
Investor Meeting Costs	0	0.00%	5000	0.11%
Disbursements	5000	0.12%	5000	0.11%
Other Fees and Expenses				
Direct Forestry Expenditure	166883	3.92%	255100	5.63%
Supervisor's Fees	4250	0.10%	4250	0.09%
Audit Fees	4500	0.11%	4500	0.10%
Insurance	10725	0.25%	11633	0.26%
Levies	2500	0.06%	2500	0.06%
Rates	5130	0.12%	6840	0.15%
Interest Charges	12310	0.29%	10580	0.23%
Contingency	5000	0.12%	5000	0.11%
Total	283600	6.7%	396920	8.75%

In addition, there is the \$60 Investor Administration Fee charged annually per Investor regardless of the size of shareholding.

Note, Direct Forestry Expenditure shown above is included with expenses for completeness. However, it more directly relates to increasing the value of the Scheme Property, not operating costs of the Scheme.

Subsequent Period Fees and Expenses

The Offer Register contains Prospective Financial Information for the expected life of the investment. The PDS includes a cashflow summary based on this information, where all fees and expenses are initially based upon 2018 costs, before applying inflation at 2% per annum.

The impact of applying inflation to fees and expenses is that the average contribution for a 200-share parcel increases from \$19,478 to \$20,647.

