

# Bideford 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 2 forest properties
- Prospective Financial Information

25 November 2022

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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 Bideford Forest Investment is \$234,700:

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

Baker Tilly Staples Rodway	\$4,400
Forme Consulting Group	\$3,600
Land Valuations	\$3,000
Supervisor	\$5,000
Supervisors Legal advisor	\$28,000
Legal Fees for Property	16,000
PDS, Scheme Registration & FMA Levy	\$7,200
Total for External Parties	\$67,200

The fees and expenses charged to the Investment on its set-up by the Manager are:

Offeror's Fee	\$120,000
Internal Legal Fees	\$47,500
Total for Internal Parties	\$167,500

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.



# Summary of Prospective Income, Expenses & 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 Kevin Reardon 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, 2022 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 log 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 2024 in the preparation of the projections. Historical inflation over the last 30 years and the present target of 1–3% support the use of 2% in the projections.

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 716 tonnes per hectare for the Clearwood Regime trees in the Plan.
- Area attrition of 2% has been allowed between establishment and harvest.
- A sales scenario based upon a range of markets achieved during the first rotation harvest including Masterton and the Port of Wellington as the points of sale has been used.
- Log prices are based on Forest Enterprises Growth Limited's (FEG) actual achieved 36-month average prices to 30 September 2022.
- Production costs to the point of sale have been based on \$71.71 per tonne based on 2022 dollars for the Clearwood Regime trees in the Plan.

Stumpage per hectare for Clearwood Regime trees is \$37,517. If September 2022 spot prices had been used rather than 36-month average prices, stumpage would have increased to \$44,184. Assuming inflation of 2% per year this increases stumpage from \$37,517 in 2022 dollars to \$60,971 (and to \$62,782 in the final year). Refer further to page 32 for Sensitivity Analysis and Return on Investment.

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 and Carbon Price Changes

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

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

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

### Projected return on Investment

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

#### **\$83,624 gross**

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

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

#### **\$121,809 gross**

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

### Internal Rate of Return (IRR)

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

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

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

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

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

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



## **Return Parameters**

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

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

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



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

CASHFLOW PROJECTION - Bideford Forest Investment													
No. Investment Units (200 Shares)	500												
Financial Year ending March	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Hectares Planted	22.0	132.0	133.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Hectares Harvested	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EXPENDITURE</b>													
Capital Expenditure													
Non Depreciable													
Land and Improvements	4,804,300	-	-	-	-	-	-	-	-	-	-	-	-
Preliminary Expenses	234,700	-	-	-	-	-	-	-	-	-	-	-	-
Land Preparation	7,184	43,000	44,221	-	-	-	-	-	-	-	-	-	-
Mortgage Repayment	-	-	-	140,000	100,000	120,000	150,000	625,000	-	-	-	-	-
Deductible Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-
Establishment	51,614	261,782	275,490	7,755	-	-	-	-	-	-	-	-	-
Tending	12,487	25,444	23,797	21,086	78,449	55,555	42,590	274,666	155,074	213,096	73,147	168,098	106,601
Maintenance	19,142	19,142	19,525	19,916	20,314	20,720	21,135	21,557	21,989	22,428	22,877	23,334	23,801
Protection	5,160	5,160	5,263	5,368	5,476	5,585	5,697	5,811	5,927	6,046	6,167	6,290	6,416
Inventory	-	-	-	-	-	-	-	-	542	5,041	4,439	6,331	987
Mapping	220	1,320	1,357	-	-	76	1,201	1,162	1,511	1,400	2,810	2,759	274
Insurance	4,041	5,650	7,667	9,165	10,679	12,207	13,749	15,303	16,869	18,446	20,032	21,626	23,227
Rates	7,280	7,280	7,426	7,574	7,726	7,880	8,038	8,198	8,362	8,530	8,700	8,874	9,052
Other Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-
Management	11,266	14,961	19,060	19,442	19,830	20,227	20,632	21,044	21,465	21,894	22,332	22,779	23,234
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
Audit Fees	4,500	4,500	4,590	4,682	4,775	4,871	4,968	5,068	5,169	5,272	5,378	5,485	5,595
Investment Update & Valuation	-	5,500	5,610	5,722	5,837	5,953	6,072	6,194	6,318	6,444	6,573	6,704	6,839
Borrowing Costs & Bank Fees	7,470	43,210	86,480	88,510	79,180	69,400	57,270	14,100	1,000	1,000	1,000	1,000	1,000
Industry Subscriptions & Levies	21,500	21,500	21,930	22,369	22,816	23,272	23,738	24,212	24,697	25,191	25,694	26,208	26,733
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
Investor Meeting Costs	500	5,000	510	520	531	542	552	563	574	586	5,975	609	622
Contingency	18,036	2,914	1,409	3,098	5,306	5,412	5,520	5,631	5,743	5,858	5,975	6,095	6,217
<b>TOTAL EXPENDITURE</b>	<b>5,218,652</b>	<b>475,613</b>	<b>533,771</b>	<b>364,831</b>	<b>370,735</b>	<b>366,584</b>	<b>371,374</b>	<b>1,038,927</b>	<b>285,866</b>	<b>352,071</b>	<b>222,154</b>	<b>317,469</b>	<b>252,099</b>
<b>RECEIPTS</b>													
Capital Receipts													
Net Current Assets	-	-	8,771	- 8,771	-	-	-	-	-	-	-	-	-
Sale of Land & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	150,000	460,000	525,000	-	-	-	-	-	-	-	-	-	-
Income Receipts													
Land Rental	29,651	15,613	-	-	-	-	-	-	-	-	-	-	-
Carbon	-	-	-	-	-	-	-	971,228	1,779,079	1,731,970	1,621,099	2,245,110	2,646,476
Harvest	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Third Rotation Trees	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<b>179,651</b>	<b>475,613</b>	<b>533,771</b>	<b>- 8,771</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>971,228</b>	<b>1,779,079</b>	<b>1,731,970</b>	<b>1,621,099</b>	<b>2,245,110</b>	<b>2,646,476</b>
<b>NET CASHFLOW</b>	<b>- 5,039,000</b>	<b>0</b>	<b>0</b>	<b>- 373,602</b>	<b>- 370,735</b>	<b>- 366,584</b>	<b>- 371,374</b>	<b>- 67,699</b>	<b>1,493,213</b>	<b>1,379,899</b>	<b>1,398,945</b>	<b>1,927,640</b>	<b>2,394,377</b>
<b>CASHFLOW FOR EACH INVESTMENT UNIT</b>													
Calendar Year of Call Payment	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Payable per Unit per Annum	- 10,078	-	-	- 747	- 741	- 733	- 743	- 135	-	-	-	-	-
Payable on Application	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable 30 June	- 10,078	-	-	- 747	- 741	- 733	- 743	- 135	-	-	-	-	-
Cash Receivable per Unit per Annum	-	0	0	-	-	-	-	-	2,986	2,760	2,798	3,855	4,789
<b>TAX ANALYSIS FOR EACH INVESTMENT UNIT</b>													
Tax Year ending March	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cashflow per Unit before Tax	- 10,078	0	0	- 747	- 741	- 733	- 743	- 135	2,986	2,760	2,798	3,855	4,789
Taxation Benefit at 33%	94	-	-	148	179	163	146	368	-	-	-	-	-
Taxation Payable at 33%	-	275	323	-	-	-	-	-	- 986	- 911	- 923	- 1,272	- 1,580
Cash Payable per Unit after Tax	- 9,984	-	-	- 599	- 563	- 570	- 597	- 503	-	-	-	-	-
Cash Receivable per Unit after Tax	-	275	323	-	-	-	-	-	2,001	1,849	1,875	2,583	3,208

Refer to assumptions on page 4.

### Note: Land and Improvements

The \$4,804,300 represents the value of the 100,000 shares in the Scheme which were issued to the sellers of the 2 forest properties (Foundation Investors).





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

CASHFLOW PROJECTION - Bideford Forest Investment													
Financial Year ending March	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Hectares Planted	22.0	132.0	133.0	0.0	0.0	0.0							
Total Hectares Harvested	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EXPENDITURE</b>													
<b>Capital Expenditure</b>													
<b>Non Depreciable</b>													
Land and Improvements	4,804,300												
Preliminary Expenses	234,700												
Land Preparation	7,184	43,000	43,354	-	-	-	-	-	-	-	-	-	-
Mortgage Repayment	-	-	-	140,000	100,000	120,000	150,000	625,000	-	-	-	-	-
<b>Deductible Expenditure</b>													
<b>Forestry Expenditure</b>													
Establishment	51,614	261,782	270,089	7,454	-	-	-	-	-	-	-	-	-
Tending	12,487	25,444	23,331	20,267	73,924	51,324	38,575	243,896	135,001	181,875	61,206	137,899	85,736
Maintenance	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142
Protection	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160
Inventory	-	-	-	-	-	-	-	-	472	4,303	3,714	5,194	794
Mapping	220	1,320	1,330	-	-	71	1,087	1,032	1,315	1,195	2,351	2,263	220
Insurance	4,041	5,650	7,516	8,809	10,063	11,278	12,453	13,589	14,686	15,743	16,762	17,741	18,681
Rates	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280
<b>Other Expenditure</b>													
Management	11,266	14,961	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687
Supervisor Fees	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250
Audit Fees	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Investment Update & Valuation	-	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Borrowing Costs & Bank Fees	7,470	43,210	86,480	88,510	79,180	69,400	57,270	14,100	1,000	1,000	1,000	1,000	1,000
Industry Subscriptions & Levies	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500
Disbursements	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investor Meeting Costs	500	5,000	500	500	500	500	500	500	500	500	500	500	500
Contingency	18,036	2,914	1,381	2,378	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>TOTAL EXPENDITURE</b>	<b>5,218,652</b>	<b>475,613</b>	<b>525,000</b>	<b>359,537</b>	<b>359,686</b>	<b>353,091</b>	<b>355,904</b>	<b>994,135</b>	<b>248,993</b>	<b>300,635</b>	<b>186,052</b>	<b>260,615</b>	<b>202,949</b>
<b>RECEIPTS</b>													
<b>Capital Receipts</b>													
Net Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Land & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	150,000	460,000	525,000	-	-	-	-	-	-	-	-	-	-
<b>Income Receipts</b>													
Land Rental	29,651	15,613	-	-	-	-	-	-	-	-	-	-	-
Carbon	-	-	-	-	-	-	-	862,423	1,548,795	1,478,220	1,356,463	1,841,772	2,128,463
Harvest	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Third Rotation Trees	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<b>179,651</b>	<b>475,613</b>	<b>525,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>862,423</b>	<b>1,548,795</b>	<b>1,478,220</b>	<b>1,356,463</b>	<b>1,841,772</b>	<b>2,128,463</b>
<b>NET CASHFLOW</b>	<b>- 5,039,000</b>	<b>0</b>	<b>0</b>	<b>- 359,537</b>	<b>- 359,686</b>	<b>- 353,091</b>	<b>- 355,904</b>	<b>- 131,712</b>	<b>1,299,802</b>	<b>1,177,584</b>	<b>1,170,411</b>	<b>1,581,157</b>	<b>1,925,513</b>
<b>CASHFLOW FOR 200 SHARE EXAMPLE</b>													
Calendar Year of Call Payment	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Payable per Unit per Annum	- 10,078	-	0	- 719	- 719	- 706	- 712	- 263	-	-	-	-	-
Payable on Application	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable 30 June	- 10,078	-	0	- 719	- 719	- 706	- 712	- 263	-	-	-	-	-
Cash Receivable per Unit per Annum	-	0	-	-	-	-	-	-	2,600	2,355	2,341	3,162	3,851
<b>TAX ANALYSIS FOR 200 SHARE EXAMPLE</b>													
Tax Year ending March	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cashflow per Unit before Tax	- 10,078	0	0	- 719	- 719	- 706	- 712	- 263	2,600	2,355	2,341	3,162	3,851
Taxation Benefit at 33%	94	-	318	145	171	154	136	326	-	-	-	-	-
Taxation Payable at 33%	-	275	-	-	-	-	-	-	858	777	772	1,044	1,271
Cash Payable per Unit after Tax	- 9,984	-	318	- 574	- 548	- 552	- 576	- 589	-	-	-	-	-
Cash Receivable per Unit after Tax	-	275	-	-	-	-	-	-	1,742	1,578	1,568	2,119	2,580

Refer to assumptions on page 4.

### Note: Land and Improvements

The \$4,804,300 represents the value of the 100,000 shares in the Scheme which were issued to the sellers of the 2 forest properties (Foundation Investors).





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

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	TOTAL
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	56.8	57.5	0.0	56.8	57.5	668.1
																	113.7
																	\$4,804,300
																	\$234,700
																	\$93,538
																	\$1,135,000
													117,262			114,068	\$822,268
																	\$1,090,964
	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	19,142	\$555,130
	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	5,160	\$149,640
	4,751	4,790	-	-	-	-	-	2,350	21,514	18,570	25,968	3,969	23,753	23,948	-	-	\$144,097
	1,320	1,330	-	-	-	-	-	131	1,198	1,032	1,574	1,416	2,351	2,773	220	1,320	\$27,070
	19,581	20,443	21,265	22,047	22,791	23,495	24,161	24,776	25,364	25,370	21,013	17,910	13,168	13,531	9,457	5,650	\$467,334
	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	7,280	\$211,120
	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	\$530,766
	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	\$123,250
	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	\$130,500
	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	\$154,000
	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	1,000	1,000	1,000	\$466,620
	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	\$623,500
	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$145,000
	500	500	5,000	500	500	500	500	5,000	500	500	500	500	500	5,000	500	500	\$41,500
	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$150,309
	123,170	124,082	123,284	119,566	120,310	121,014	121,680	129,285	145,595	142,490	146,074	120,814	254,053	142,572	107,196	218,556	\$12,100,606
																	\$0
																	\$0
																	\$0
																	\$4,804,300
																	\$1,135,000
																	\$0
																	\$45,264
	2,123,541	2,086,780	2,043,660	1,984,293	1,930,874	1,880,616	1,842,387	1,798,393	1,764,360	1,723,073	1,664,860	1,621,382	1,590,801	1,522,103	1,160,069	879,291	\$36,832,619
												2,132,466					\$4,264,933
																	\$231,330
	2,123,541	2,086,780	2,043,660	1,984,293	1,930,874	1,880,616	1,842,387	1,798,393	1,764,360	1,723,073	1,664,860	3,753,848	1,590,801	1,522,103	3,292,535	5,914,921	\$47,313,446
	2,000,370	1,962,698	1,920,377	1,864,726	1,810,564	1,759,602	1,720,708	1,669,108	1,618,766	1,580,583	1,518,786	3,633,034	1,336,748	1,379,531	3,185,339	5,696,365	\$35,212,840
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	TOTALS
																	-\$13,198
	4,001	3,925	3,841	3,729	3,621	3,519	3,441	3,338	3,238	3,161	3,038	2,916	2,767	2,759	6,371	11,393	\$83,624
	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	TOTALS
	4,001	3,925	3,841	3,729	3,621	3,519	3,441	3,338	3,238	3,161	3,038	2,916	2,767	2,759	6,371	11,393	\$70,426
																	\$693
	1,320	1,295	1,267	1,231	1,195	1,161	1,136	1,102	1,068	1,043	1,002	2,350	882	910	2,055	589	-\$24,055
																	-\$12,505
	2,680	2,630	2,573	2,499	2,426	2,358	2,306	2,237	2,169	2,118	2,035	4,916	1,791	1,849	4,316	10,804	\$59,569

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

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 plus brokerage 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

<b>Annual Investor Administration Fee</b>	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:

<b>Ongoing Scheme Fees</b>	
<b>Manager and Associated Persons</b>	
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
Fee on sale of NZUs	A coordination and supervision fee of 5% of sale proceeds net of brokerage received by the LP from the sale of NZUs managed by the Manager
Investment Update and Indicative Valuation Fee	A fee of 5.5 cents per share (\$5,500 per annum for whole 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.
<b>Other Fees and Expenses</b>	
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 2023 and the year to 31 March 2024 is as follows:

Ongoing Investment Fees & Expenses				
Manager and Associated Persons	Period Ended 31 March 2023	As percentage of Scheme Net Assets	Year Ended 31 March 2024	As percentage of Scheme Net Assets
Base Management Fee	\$11,266	0.24%	\$14,961	0.33%
Forest Activity Supervision Fee	\$19,027	0.40%	\$56,666	1.23%
Investment Update & Indicative Valuation Fee	\$0	0.00%	\$5,500	0.12%
Investor Meeting Costs	\$500	0.01%	\$5,000	0.11%
Disbursements	\$5,000	0.11%	\$5,000	0.11%
<b>Other Fees and Expenses</b>				
Direct Forestry Expenditure	\$73,853	1.56%	\$260,707	5.68%
Supervisor's Fees	\$4,250	0.09%	\$4,250	0.09%
Audit Fees	\$4,500	0.10%	\$4,500	0.10%
Insurance	\$3,368	0.07%	\$4,708	0.10%
Levies	\$17,917	0.38%	\$17,917	0.39%
Rates	\$7,280	0.15%	\$7,280	0.16%
Interest Charges	\$7,470	0.16%	\$43,210	0.94%
Contingency	\$18,036	0.38%	\$2,914	0.06%
<b>Total</b>	<b>\$172,467</b>	<b>3.6%</b>	<b>\$432,613</b>	<b>9.42%</b>

In addition, there is the annual \$60 Investor Administration Fee charged once per Investor per year in any investment regardless of the size of their 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 2022 costs, before applying inflation at 2% per annum.

The impact of applying inflation to fees and expenses is that the contribution for a 200-share parcel increases from \$12,935 to \$13,041 up to 30 June 2028. The overall contribution with no inflation is projected to be \$13,199 up to 30 June 2029 after which carbon income is expected.



## Experts and Persons Making Endorsements

### **Forme Consulting Group Limited – Forest Auditor**

An independent audit of the Forest Management Plan was provided by Kevin Reardon, Director of Forme Consulting Group Limited.

Kevin Reardon is a New Zealand Institute of Forestry (NZIF) Registered Forestry Consultant.

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

The company is estimated to be paid \$3,600 for the audit.

The audit of the Forest Management Plan was for the purposes of the Bideford 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.

### **Baker Tilly Staples Rodway Audit Limited – Limited Assurance Review Engagement**

A limited assurance review engagement of the Prospective Financial Information for the period ending 31 March 2023 and year ending 31 March 2024 has been provided by Chrissie Murray of Baker Tilly Staples Rodway Audit Limited.

Chrissie Murray is a Chartered Accountant and a Qualified Auditor.

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

The assurance provider received \$4,400 for their review.

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

### **Morice Limited – Valuation of Forest Land**

An independent market valuation of the forest land (excluding the treecrop) has been provided by Mark Morice of Morice Limited at \$4,091,000 plus GST (if any) as at 19 October 2022 with reference to the International Valuation Standards and Property Institute of New Zealand Practice Standards and Guidance Notes. The valuation was prepared using a market approach.

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 \$3,000 for the land valuation component of the valuation. Total fees paid to the company by the landowners were \$9,285 since the beginning of the year.

The valuer made the valuation for the purposes of the Bideford Forest Investment and for use by the BNZ and 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.

