

Ngatawhai 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 4 forest properties
- Prospective Financial Information

23 September 2019

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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 Ngatawhai Group Forest Investment is \$235,000:

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

Staples Rodway Baker Tilly	\$4,000
Forme Consulting Group	\$2,350
Land Valuation Updates	\$1,550
Supervisor	\$5,000
Supervisors Legal advisor	\$28,000
Legal Fees for Property	18,000
PDS, Scheme Registration & FMA Levy	\$6,100
Total for External Parties	\$65,000

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

Offeror's Fee / Brokerage	\$120,000
Internal Legal Fees	\$50,000
Total for External Parties	\$170,000

The above fees are payable by the Investment.

In respect of the legal fees and other expenses, the Manager may have already met these costs on behalf of the Investment prior to Settlement of the Properties and, accordingly, is entitled to reimbursement. Other fees may be paid by the Manager between the dates of settlement and this PDS. Those fees will be reimbursed to the Manager. These fees will not change as they are incurred upfront and the Manager is responsible for any under or overs.



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 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 received \$2,350 for the audit.

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

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 2020 & year ending 31 March 2021 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 \$4,000 for their review.

The review of the Prospective Financial Information was for the purposes of the Ngatawhai Group 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 valuation desktop market valuation update of the forest land has been provided by Mark Morice of Morice Limited at \$1,892,000 (excluding the treecrop) plus GST (if any) as at 9 August 2019 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 \$1,550 for the valuation update.

The valuer made the valuation for the purposes of the Ngatawhai 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.



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, 2019 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 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.

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.
- Production costs to the point of sale have been based on \$67.20 per tonne based on 2019 dollars.

Average stumpage per hectare for all stands planted from 2012 is \$42,905. If June 2019 spot prices had been used rather than 36-month average prices, this would have reduced to \$38,494. Assuming inflation of 2% per year this increases stumpage from \$42,905 in 2019 dollars to \$71,801 in the final 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 \$42,905. Current June 2019 spot prices would yield \$38,494, and 2% p.a. inflation on \$42,905 stumpage increases to \$52,713. 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 2019 prices.

- Return on Investment

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 dollars.

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.

- 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 2019 log prices:

Gross IRR based on past 36-month log prices	7.41%
Gross IRR based on June 2019 spot prices	6.35%
Gross IRR based on inflation adjusted 36-month log prices	9.33%

- 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	\$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

- 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 - Ngatawhai Group Forest Investment												
No. Investment Units (200 Shares)	300											
Financial Year ending March 2020		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Hectares Planted		96.9	56.6					10.8				8.9
Total Hectares Harvested							10.6				8.7	14.3
EXPENDITURE												
Capital Expenditure												
Non Depreciable												
Land and Improvements		2,742,800										
Preliminary Expenses		235,000										
Mortgage Repayment										230,000	155,000	
Deductible Expenditure												
Forestry Expenditure												
Establishment		176,905	105,109	2,431				21,357	514			18,934
Tending		204,159	175,877	196,807	221,973	231,655	336,714	317,366	241,570	193,280	63,619	16,684
Maintenance		15,700	15,700	16,014	16,334	16,661	16,994	17,334	17,681	18,034	18,395	18,763
Protection		856	941	960	979	998	1,001	1,039	1,060	1,081	1,087	1,098
Inventory		3,200				2,971				12,406		
Mapping		1,289	1,126	1,031	928	1,029	612	120				235
Insurance		14,889	9,121	9,584	10,070	10,581	10,797	11,496	12,080	12,692	13,053	13,371
Rates		6,390	7,350	7,497	7,647	7,800	7,956	8,115	8,277	8,443	8,612	8,784
Other Expenditure												
Management		15,980	17,564	17,915	18,273	18,639	19,011	19,392	19,779	20,175	20,579	20,990
Investor Admin Fee												
Supervisor Fees		4,250	4,250	4,335	4,422	4,510	4,600	4,692	4,786	4,882	4,980	5,079
Audit Fees		4,500	4,500	4,590	4,682	4,775	4,871	4,968	5,068	5,169	5,272	5,378
Investment Update & Valuation		3,300	3,300	3,366	3,433	3,502	3,572	3,643	3,716	3,791	3,866	3,944
Legal & Other Professional Fees						1,061				1,149		
Borrowing Costs & Bank Fees		23,530	24,100	24,100	24,100	24,100	24,100	24,100	24,100	24,100	13,710	3,300
Industry Subscriptions & Levies						1,903					1,687	2,833
Disbursements		5,000	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975
Investor Meeting Costs		500	5,000	510	520	531	541	5,520	563	574	586	598
Contingency		5,500										
TOTAL EXPENDITURE		3,463,748	378,938	294,239	318,563	334,119	438,085	444,664	344,825	311,519	391,304	264,283
RECEIPTS												
Capital Receipts												
Net Current Assets							(180,000)	100,000	65,000	15,000		(184,149)
Sale of Land & Improvements												
Borrowings		385,000										
Income Receipts												
Carbon Lease												
Forestry Right		160,948	101,459									
Interest												
Harvest							327,768				290,602	487,874
Sale of Second Rotation Trees												
TOTAL RECEIPTS		545,948	101,459				147,768	100,000	65,000	15,000	290,602	303,725
NET CASHFLOW		(2,917,800)	(277,479)	(294,239)	(318,563)	(334,119)	(290,317)	(344,664)	(279,825)	(296,519)	(100,702)	39,442
CASHFLOW FOR EACH INVESTMENT UNIT												
Calendar Year of Call Payment		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Cash Payable per Unit per Annum		(9,726)	(925)	(981)	(1,062)	(1,114)	(968)	(1,149)	(933)	(988)	(336)	(256)
Payable on Application		(9,726)										
Payable 30 June			(925)	(981)	(1,062)	(1,114)	(968)	(1,149)	(933)	(988)	(336)	(256)
Payable 31 October												
Payable 30 June												
Cash Receivable per Unit per Annum												131
TAX ANALYSIS FOR EACH INVESTMENT UNIT												
Tax Year ending March		2020	2,021	2,022	2,023	2,024	2,025	2,026	2,027	2,028	2,029	2,030
Cashflow per Unit before Tax		(9,726)	(925)	(981)	(1,062)	(1,114)	(968)	(1,149)	(933)	(988)	(336)	131
Taxation Benefit at 33%		358	305	324	350	368	151	489	379	343	(118)	156
Taxation Payable at 33%												(376)
Cash Payable per Unit after Tax		(9,369)	(620)	(657)	(711)	(746)	(817)	(660)	(553)	(646)	(453)	(100)
Cash Receivable per Unit after Tax												(245)

Refer to assumptions on page 4.

Note: Land and Improvements

Of the \$2,742,800, \$2,682,800 represents the value of the 60,000 shares in the Scheme which were issued to the sellers of the 4 forest properties. No cash has or will change hands for this transaction other than the seller's contributions to the Scheme of \$262,407. Refer to the "Acquisition of Key Property" on page 13 of the PDS for further details on the \$262,407 receivable by the Scheme.



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

2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	TOTAL
	1.1							50.8	64.7	44.6	32.0	56.1	101.1	89.2		627.3
1.1							49.8	63.4	43.7	31.3	54.9	99.0	87.4	95.0	55.4	614.7
																2,977,800
																2,977,800
																2,742,800
																235,000
																385,000
765	2,560	62						132,159	174,901	124,791	91,128	160,047	294,163	268,344	296,035	1,902,448
	18,261	13,449	14,791	24,832	16,189	41,104	20,018	2,189	1,612				104,397	135,325	208,463	2,800,333
19,521	19,911	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	570,606
1,168	1,193	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	32,663
16,288						10,642				19,855			5,147			70,509
	14	115	193		16			740	961	676	494	1,685	2,666	2,194	2,157	18,459
14,961	15,738	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	417,418
9,139	9,322	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	584,355
21,838	22,275	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	636,752
5,284	5,390	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	339,376
5,595	5,707	5,821	5,938	6,056	6,178	6,301	6,427	6,556	6,687	6,820	6,957	7,096	7,238	7,383	203,320	359,339
4,103	4,185	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	263,516
						25,204										27,414
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	250,340
228							12,447	16,174	11,364	8,309	14,874	27,348	24,616	27,290	16,241	165,317
6,217	6,341	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	399,266
622	634	647	660	6,729	686	700	714	728	7,430	758	773	788	804	8,203	68,610	121,025
															5,500	11,000
106,729	112,532	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	1,769,598	12,332,936
	44,149			10,000		65,000										
															1,400,000	1,400,000
																385,000
																262,407
39,271							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	40,025,918
															2,738,430	2,738,430
39,271	44,149			10,000		65,000	3,050,203	3,963,360	2,784,833	2,036,215	3,644,842	6,701,578	6,032,167	6,687,335	8,118,299	44,811,755
(67,457)	(68,383)	(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	6,348,701	32,478,819
2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	TOTALS
(225)	(228)	(359)	(371)	(399)	(392)	(386)										(20,797)
(225)	(228)	(359)	(371)	(399)	(392)	(386)										
							9,711	12,355	8,272	5,909	11,425	21,341	18,300	20,452	21,162	129,060
2,032	2,033	2,034	2,035	2,036	2,037	2,038	2,039	2,040	2,041	2,042	2,043	2,044	2,045	2,046	2,047	TOTALS
(225)	(228)	(359)	(371)	(399)	(392)	(386)	9,711	12,355	8,272	5,909	11,425	21,341	18,300	20,452	21,162	108,263
77	124	118	122	143	129	199										4,018
							(3,065)	(3,899)	(2,607)	(1,862)	(3,616)	(6,764)	(5,793)	(6,482)	(5,444)	(39,907)
(148)	(104)	(240)	(249)	(256)	(262)	(187)										(16,779)
							6,646	8,456	5,665	4,047	7,809	14,577	12,507	13,970	15,719	89,152

Refer to assumptions on page 4.



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

CASHFLOW PROJECTION - Ngatawhai Group Forest Investment													
No. Investment Units (200 Shares)	300												
Financial Year ending March 2020	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Hectares Planted	96.9	56.6	0.0	0.0	0.0	0.0	10.8	0.0	0.0	0.0	8.9	14.6	
Total Hectares Harvested	0.0	0.0	0.0	0.0	0.0	10.6	0.0	0.0	0.0	8.7	14.3	0.0	
EXPENDITURE													
Capital Expenditure													
Non Depreciable													
Land and Improvements	2,742,800												
Preliminary Expenses	235,000												
Mortgage Repayment	-	-	-	-	-	-	-	-	-	230,000	155,000	-	
Deductible Expenditure													
Forestry Expenditure													
Establishment	176,905	105,109	2,383	-	-	-	19,344	456	-	-	15,843	26,451	
Tending	204,159	175,877	192,948	213,353	218,293	311,071	287,448	214,508	168,262	54,298	-	13,686	
Maintenance	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	
Protection	856	941	941	941	941	925	941	941	941	928	919	941	
Inventory	3,200	-	-	-	2,800	-	-	-	10,800	-	-	-	
Mapping	1,289	1,126	1,011	892	969	566	108	-	-	-	197	146	
Insurance	14,889	9,121	9,396	9,679	9,971	9,975	10,413	10,726	11,049	11,140	11,189	11,710	
Rates	6,390	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	
Other Expenditure													
Management	15,980	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	
Investor Admin Fee	-	-	-	-	-	-	-	-	-	-	-	-	
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	
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	
Investment Update & Valuation	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	
Legal & Other Professional Fees	-	-	-	-	1,000	-	-	-	1,000	-	-	-	
Borrowing Costs & 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	
Industry Subscriptions & Levies	-	-	-	-	-	1,758	-	-	-	1,440	2,370	-	
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	
Investor Meeting Costs	500	5,000	500	500	500	500	5,000	500	500	500	500	500	
Contingency	5,500	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURE	3,463,748	378,938	288,942	307,129	316,238	406,558	405,017	308,895	274,316	369,680	246,982	116,599	
RECEIPTS													
Capital Receipts													
Net Current Assets	-	-	-	-	-	140,000	140,000	-	-	-	-	-	
Sale of Land & Improvements	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowings	385,000	-	-	-	-	-	-	-	-	-	-	-	
Income Receipts													
Carbon Lease	-	-	-	-	-	-	-	-	-	-	-	-	
Forestry Right	160,948	101,459	-	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	
Harvest	-	-	-	-	-	302,807	-	-	-	248,026	408,231	-	
Sale of Second Rotation Trees	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL RECEIPTS	545,948	101,459	-	-	-	162,807	140,000	-	-	248,026	408,231	-	
NET CASHFLOW	(2,917,800)	(277,479)	(288,942)	(307,129)	(316,238)	(243,751)	(265,017)	(308,895)	(274,316)	(121,654)	161,250	(116,599)	
CASHFLOW FOR EACH INVESTMENT UNIT													
Calendar Year of Call Payment	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Cash Payable per Unit per Annum	(9,726)	(925)	(963)	(1,024)	(1,054)	(813)	(883)	(1,030)	(914)	(406)	0	(389)	
Payable on Application	(9,726)												
Payable 30 June	0	(925)	(963)	(1,024)	(1,054)	(813)	(883)	(1,030)	(914)	(406)	0	(389)	
Cash Receivable per Unit per Annum	0	0	0	0	0	0	0	0	0	0	537	0	
TAX ANALYSIS FOR EACH INVESTMENT UNIT													
Tax Year ending March	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Cashflow per Unit before Tax	(9,726)	(925)	(963)	(1,024)	(1,054)	(813)	(883)	(1,030)	(914)	(406)	537	(389)	
Taxation Benefit at 33%	358	305	318	338	348	144	446	340	302	(95)	0	128	
Taxation Payable at 33%	0	0	0	0	0	0	0	0	0	0	(308)	0	
Cash Payable per Unit after Tax	(9,369)	(620)	(645)	(686)	(706)	(669)	(438)	(690)	(613)	(500)	0	(260)	
Cash Receivable per Unit after Tax	0	0	0	0	0	0	0	0	0	0	230	0	

Refer to assumptions on page 4.

Note: Land and Improvements

Of the \$2,742,800, \$2,682,800 represents the value of the 60,000 shares in the Scheme which were issued to the sellers of the 4 forest properties. No cash has or will change hands for this transaction other than the seller's contributions to the Scheme of \$262,407. Refer to the "Acquisition of Key Property" on page 13 of the PDS for further details on the \$262,407 receivable by the Scheme.



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

2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	TOTAL
0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	50.8	64.7	44.6	32.0	56.1	101.1	89.2	0.0	627.3
1.1	0.0	0.0	0.0	0.0	0.0	0.0	49.8	63.4	43.7	31.3	54.9	99.0	87.4	95.0	55.4	614.7
																2,977,800
																2,977,800
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,742,800
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	235,000
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	385,000
																0
																0
615	2,018	48	-	-	-	-	-	90,718	117,703	82,334	58,945	101,495	182,887	163,564	176,905	1,323,724
-	14,399	10,397	11,209	18,451	11,793	29,355	14,016	1,502	1,085	-	-	-	64,906	82,485	124,573	2,438,075
15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	439,600
939	941	941	941	941	941	941	865	844	874	893	857	789	807	795	856	25,320
13,100	-	-	-	-	-	7,600	-	-	-	13,100	-	-	3,200	-	-	53,800
-	11	89	146	-	11	-	-	508	647	446	320	1,069	1,658	1,338	1,289	13,834
12,032	12,409	12,783	13,168	13,566	13,974	14,395	13,438	12,714	12,696	12,768	12,022	10,326	9,474	8,233	8,159	321,417
7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	197,490	394,980
																-
17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	17,564	490,196
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	114,750	229,500
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	121,500	243,000
3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	89,100	178,200
-	-	-	-	-	-	18,000	-	-	-	-	-	-	-	-	-	20,000
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	250,340
183	-	-	-	-	-	-	8,715	11,102	7,648	5,482	9,621	17,343	15,305	16,634	9,705	107,308
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	135,000	270,000
500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	41,000	81,500
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,500	11,000
86,034	88,942	83,421	84,628	96,621	85,883	129,454	96,198	176,552	204,316	174,186	140,928	190,186	337,400	336,713	1,060,091	10,254,593
																-
																-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,400,000	1,400,000
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	385,000
																-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	262,407
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31,585	-	-	-	-	-	-	2,135,628	2,720,572	1,874,113	1,343,445	2,357,626	4,249,846	3,750,328	4,076,137	2,378,287	25,876,631
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,636,429	1,636,429
31,585	-	-	-	-	-	-	2,135,628	2,720,572	1,874,113	1,343,445	2,357,626	4,249,846	3,750,328	4,076,137	5,414,716	29,560,468
(54,449)	(88,942)	(83,421)	(84,628)	(96,621)	(85,883)	(129,454)	2,039,430	2,544,020	1,669,797	1,169,259	2,216,698	4,059,660	3,412,928	3,739,424	4,354,625	19,305,874
2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	TOTALS
(181)	(296)	(278)	(282)	(322)	(286)	(432)	0	0	0	0	0	0	0	0	0	(20,204)
(181)	(296)	(278)	(282)	(322)	(286)	(432)	0	0	0	0	0	0	0	0	0	(10,478)
0	0	0	0	0	0	0	6798	8480	5566	3898	7389	13532	11376	12465	14515	\$84,557
2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	TOTALS
(181)	(296)	(278)	(282)	(322)	(286)	(432)	6,798	8,480	5,566	3,898	7,389	13,532	11,376	12,465	14,515	64,353
63	98	92	93	106	94	142	0	0	0	0	0	0	0	0	0	3,620
0	0	0	0	0	0	0	(2,103)	(2,620)	(1,714)	(1,198)	(2,284)	(4,187)	(3,508)	(3,846)	(3,250)	(25,019)
(118)	(199)	(186)	(189)	(216)	(192)	(289)	0	0	0	0	0	0	0	0	0	(16,584)
0	0	0	0	0	0	0	4,695	5,860	3,852	2,699	5,105	9,345	7,868	8,619	11,265	59,538

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 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 Morice Limited for land Valuation.	\$7,900
Total Fees		\$235,000

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 2020 and the year to 31 March 2021 is as follows:

Ongoing Investment Fees & Expenses				
	Period ending 31 March 2020	As percentage of Scheme Net Assets	Year ending 31 March 2021	As percentage of Scheme Net Assets
Manager and Associated Persons				
Base Management Fee	\$15,980	0.62%	\$17,564	0.64%
Forest Activity Supervision Fee	\$69,500	2.70%	\$51,312	1.86%
Investment Update and indicative Valuation Fee	\$3,300	0.13%	\$3,300	0.12%
Investor Meeting Costs	\$500	0.02%	\$5,000	0.18%
Disbursements	\$5,000	0.19%	\$5,000	0.18%
Other Fees and Expenses				
Direct Forestry Expenditure	\$335,091	13.00%	\$248,961	9.03%
Supervisor's Fees	\$4,250	0.16%	\$4,250	0.15%
Audit Fees	\$4,500	0.17%	\$4,500	0.16%
Insurance	\$12,408	0.48%	\$7,601	0.28%
Levies	\$0	0.00%	\$0	0.00%
Rates	\$6,390	0.25%	\$7,350	0.27%
Interest Charges	\$23,530	0.91%	\$24,100	0.87%
Contingency	\$5,500	0.21%	\$0	0.00%
Total	\$485,948	18.9%	\$378,938	13.74%

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 2019 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 \$20,150 to \$20,732.

