

Blairlogie Pine Forest Investment

Prospective Financial Information to 31 December 2025

The Prospective Financial Statements of Blairlogie Pine Forest Investment (BFI) comprise the following Prospective Financial Information (PFI) and other PFI related information for the 3 months ending 31 December 2024 (FY24) and the 12 months ending 31 December 2025 (FY25). Refer to the limited assurance review conclusion by Grant Thornton New Zealand Audit Limited.

Introduction

These Prospective Financial Statements comprise the following:

- Prospective Statement of Profit or Loss and Other Comprehensive Income
- Prospective Statement of Financial Position
- Prospective Statement of Changes in Equity
- Prospective Statement of Cash Flows
- Notes, comprising a summary of significant accounting policies, significant judgments, estimates and uncertainty, as well as any other relevant information underlying the Prospective Financial Statements.

This document should be read in conjunction with the Product Disclosure Statement (“PDS”) and the Forest Management Plan provided on the Disclose Register (www.business.govt.nz/disclose).

Basis of Preparation and Presentation

The PFI has been prepared in accordance with the requirements of Financial Reporting Standard 42: Prospective Financial Statements. The PFI, and underlying assumptions, have been prepared by management and approved by the Forest Enterprises Limited Board (the “Directors”) specifically for the Public Offer of shares in BFI (the “Offer”).

Forest Enterprises is the licenced Manager of the Scheme. The Directors have given due care and attention to the preparation of the PFI and authorised the PFI for the purpose stated above. The PFI may not be suitable for any other purpose. PFI, by its nature, is inherently uncertain. It involves predictions of future events that cannot be assured as well as risks and uncertainties which are often beyond the control of BFI. These risks and uncertainties include, but are not limited to, the non-occurrence of anticipated events or alternatively events occurring that were not anticipated. Various risk factors and the management thereof may influence the success of BFI's business. Refer further to Section 7 *Risks to returns from Blairlogie Pine Forest Investment* in the PDS. Accordingly, actual results may vary from the PFI, and those variations may be significantly more or less favourable. The Directors cannot and do not guarantee the achievement of the PFI.

Financial Periods

The PFI covers the following periods:

- Forecast financial information for FY24
- Forecast financial information for FY25

The Directors are responsible for and have authorised the issue of the PFI. There is no present intention to update the PFI or to publish PFI in the future, other than as required by regulations. The BFI will present a comparison of the PFI with actual financial results in its FY24 and FY25 annual reports, as required by clause 59, Schedule 5, of the Financial Markets Conduct Regulations 2014.

Other PFI Related Information

Refer also to the offer register, where Prospective Financial Information over the Expected Life of the Investment is included based on assumptions set out. Harvest assumptions which this information is based on are contained in the Forest and Carbon Management Plan. Caution should be exercised as many factors could change over the approximate 31 years of the investment term. The PFI beyond 31 December 2025 has not been reviewed by Grant Thornton New Zealand Audit Limited.



Blairlogie Pine Forest LP

Prospective Statement of Profit or Loss and Other Comprehensive Income

	For the Period 1 October 2024 to 31 December 2024	For the Year to 31 December 2025
	\$	\$
REVENUE		
Carbon Income Received	0	0
Land Rental	16,017	50,580
Replant Receipts	0	278,444
Harvest Income	0	0
TOTAL REVENUE	16,017	329,024
LESS EXPENDITURE		
Forestry Expenditure		
Establishment	0	231,691
Tending	0	1,781
Maintenance	2,371	3,495
Protection	1,185	1,748
Insurance	3,189	4,644
Inventory	3,000	3,000
Rates	2,020	8,080
Total Forestry Expenditure	11,765	254,439
Other Expenditure		
Management Fees	1,778	10,490
Investor Admin Fee	0	10,000
Supervisor Fees	1,128	4,510
Financial Audit	5,000	5,000
Forestry Audit	1,500	1,500
Investment Update and Valuations	1,375	5,500
Formation, Mapping and Inventory	485	2,393
Borrowing Costs and Bank Fees	1,000	8,050
Industry Subscriptions and Levies	7,370	14,302
Filing Fees and Disbursements	10,000	10,000
Investor Meeting Costs	500	500
Total Other Expenditure	30,136	72,245
Depreciation	0	2,248
TOTAL EXPENDITURE	41,901	328,932
NET RESULT BEFORE CHANGE IN FAIR VALUE	(25,884)	92
Change in Fair Value of Tree Crop	0	233,472
NET PROFIT BEFORE TAX	(25,884)	233,564
TOTAL COMPREHENSIVE INCOME	(25,884)	233,564



Blairlogie Pine Forest LP

Prospective Statement of Financial Position

	As at 31 December 2024	As at 31 December 2025
	\$	\$
CURRENT ASSETS		
Bank Account	0	0
TOTAL CURRENT ASSETS	0	0
NON-CURRENT ASSETS		
Land Preparation		
Land at Cost	4,715,000	4,715,000
Land Preparation	0	44,972
Less Accumulated Depreciation	0	(2,248)
Property, Plant and Equipment	4,715,000	4,757,723
Forest Crop Value	522,373	755,845
TOTAL NON-CURRENT ASSETS	5,237,373	5,513,569
TOTAL ASSETS	5,237,373	5,513,569
LESS CURRENT LIABILITIES		
Bank Account (Overdraft)	25,819	68,451
TOTAL CURRENT LIABILITIES	25,819	68,451
NET ASSETS	5,211,554	5,445,118
Equity	5,211,554	5,445,118
TOTAL EQUITY	5,211,554	5,445,118



Blairlogie Pine Forest LP

Prospective Statement of Changes in Equity

	For the Period 1 October 2024 to 31 December 2024	For the Year to 31 December 2025
	\$	\$
EQUITY		
Opening Equity	0	5,211,554
Investment by Limited Partners		
Issued Shares	5,237,438	0
Applications / Calls	235,000	0
Scheme Establishment Costs	(235,000)	0
Distributions to Limited Partners		
Distributions during the period	0	0
Closing Investment by Limited Partners	5,237,438	5,211,554
Total Comprehensive Income/(Loss)	(25,884)	233,564
TOTAL EQUITY	5,211,554	5,445,118



Blairlogie Group Forest LP

Prospective Statement of Cash Flows

	For the Period 1 October 2024 to 31 December 2024	For the Year to 31 December 2025
	\$	\$
Operating Activities		
Receipts from Customers and Others	16,017	50,580
Replant Receipts	0	278,444
Payments to Suppliers and Others	(40,901)	(318,635)
Interest Paid	(1,000)	(8,050)
Net Cash from Operating Activities	(25,884)	2,339
Investment Activities		
Sale/ (Purchase) of Fixed Assets	0	(44,972)
Scheme Issue Costs	(234,935)	0
Net Cash from Investing Activities	(234,935)	(44,972)
Financing Activities		
Mortgage Borrowings/ (Repayments)	0	0
Partners' Investments/ (Distributions)	235,000	0
Net Cash from Financing Activities	235,000	0
Change in Funds Held	(25,819)	(42,632)
Add Opening Funds Balance	0	(25,819)
CLOSING CASH AND CASH EQUIVALENT	(25,819)	(68,451)

Reconciliation of Prospective Net Profit/(Loss)

Reconciliation of Net Profit/(Loss)	For the Period 1 October 2024 to 31 December 2024	For the Year to 31 December 2025
	\$	\$
Net profit / (loss)	(25,884)	233,564
(Increase) /decrease in fair value of treecrop	0	(233,472)
Add Depreciation	0	2,248
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(25,884)	2,339



Notes and Assumptions for the period 1 October 2024 to 31 December 2024 and the year ending 31 December 2025

The purpose of the Prospective Financial Statements is to assist investors in assessing the viability of and return on funds invested. The PDS and the prospective financial information contained in it may not be appropriate for any other purpose. It should be noted that carbon income will not be possible before 2029, so the amount of Calls is the most relevant financial measure in the early years of this long-term investment.

1. The Reporting Entity and Statement of Compliance with NZ IFRS

Blairlogie Pine Forest Investment ("the Investment") is the generic name for the forest investment comprising both Blairlogie Pine Forest LP and Blairlogie Pine Forest GP Ltd. Under the Financial Markets Conduct Act 2013 (FMCA) it is a registered managed investment scheme. It is scheme number SCH13821 on the Disclose Register maintained by the Companies Office and was formed with registration of the Deed of Scheme Management on 20 September 2024.

Blairlogie Pine Forest LP is the operational entity and is registered and domiciled in New Zealand under the Limited Partnerships Act 2008 for the purpose of establishing, maintaining, and managing trees on land owned by the Limited Partners.

The Manager is responsible for the Prospective Financial Statements presented, including the appropriateness of the assumptions underlying the Prospective Financial Statements and all other required disclosures. It is not intended to update the prospective financial information subsequent to issue.

The Investment will be an FMC Reporting Entity under the FMCA and will report as a Tier 1 For Profit entity. The Prospective Financial Statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand (NZGAAP) as it relates to the Prospective Financial Statements and comply with FRS-42 Prospective Financial Statements. The accounting policies and disclosures adopted in these Prospective Financial Statements reflect those required by the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for-profit oriented entities.

The actual annual financial statements for the Investment will be prepared in accordance and comply with NZ IFRS. The accounting policies adopted in the Prospective Financial Statements reflect the policies expected to be adopted in the actual annual financial statements. Actual financial results achieved for particular periods are likely to vary from information presented and the variations may be material.

2. Basis of Preparation and Going Concern

The Prospective Financial Statements are presented in New Zealand Dollars and are rounded to the nearest dollar. The Prospective Financial Statements have been prepared on a historical cost basis using accrual accounting, except the forest treecrop which has been valued at fair value. The statements are GST exclusive. They have been prepared under the assumption the investment operates as a going concern.

3. Accounting Policies Adopted

Revenue Recognition

Revenue from contracts with customers is recognised as performance obligations are met. Revenue is measured based on consideration specified in the contract. The Investment recognises revenue following the NZ IFRS 15 5-step process.

Revenue contracts are assessed to determine whether they contain a single combined performance obligation or multiple performance obligations. If applicable the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Investment satisfies performance obligations by transferring the promised goods to its customers.



Biological Assets

The treecrop is initially recorded at cost in the Prospective Financial Statements and subsequently measured as fair value with increases/(decreases) in fair value reported in the Prospective Statement of Profit or Loss and Other Comprehensive Income as a gain or loss each year.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. These are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are shown within Current Liabilities on the Prospective Statement of Financial Position.

Property, Plant & Equipment and Depreciation

Property, Plant & Equipment (including land) are recorded at cost. Land acquired as part of the land purchases is not depreciated. Details of depreciation rates use are summarised below:

Depreciable Asset	Depreciation Basis and Rate
Land Preparation	Diminishing value 5%

Taxation

The Investment is not separately assessable for tax purposes. Tax consequences pass through to the Limited Partners in proportion to their shareholding.

4. Significant Judgments, Estimates and Uncertainties

In preparing these Prospective Financial Statements, several judgements and estimates have been made in regard to the treecrop valuation, financial and other risks.

Treecrop Valuation

The Investment carries the treecrop at fair value, with changes in fair value being recognised in the Prospective Statement of Profit or Loss and Other Comprehensive Income.

For treecrop 5 years and younger, the value is based on costs incurred in establishing the treecrop. For treecrop older than 5 years, the valuation methodology is based on a discounted cash flow model as this is appropriate as the forest is to be held to maturity. The valuation is most significantly impacted by certain estimates/inputs in the calculation, i.e., the discount rate and sale price of carbon units.

Forest and Carbon Management Plan

The forestry assumptions have been based on those set out in the Forest and Carbon Management Plan and PDS. Briefly these assumptions assume establishment will be carried out until 2029 and thinning will be carried in accordance with industry standards for a Framing Regime.

5. Financial & Other Risks

Credit Risk	Financial instruments that potentially subject the Investment to credit risk principally consist of the bank balances and accounts receivable. The maximum exposure to credit risk at reporting date are disclosed in the Statement of Financial Position.
Capital Management	<p>The Investment manages its capital to ensure that it will be able to continue as a going concern while maximising the return to investors through the optimisation of equity balances.</p> <p>The capital structure of the Investment consists of equity. The Investment is not subject to any externally imposed capital requirements. The Investment aims to deliver its objective by investing available cash whilst maintaining sufficient liquidity to meet ongoing expenses.</p>
Liquidity Risk	The major asset of land and trees has no active market for sale. The treecrop is managed to generate carbon units, where these will be sold at prevailing prices. The Investment manages liquidity risk by maintaining adequate banking facilities and by continuously monitoring forecast and actual cash flows.



Market Risk	The Investment is exposed to market risk. The risk associated with changes in supply and demand for carbon units over time resulting in changes in prices.
Fair Values	There are no derivative or other contracts in place to manage the risk of a decline in carbon unit prices. The carrying amount of financial instruments is estimated to be fair value of those instruments.

6. Sensitivity Analysis of Carbon Price Changes

Projected returns for sale of NZUs have been based on the 36-month average spot price to 30 June 2024 of \$67 per NZU. Carbon prices will change in value during the term of the investment resulting in variations to the projected returns. The following shows the impact of carbon price changes from the 36-month average to 30 June 2024 prices:

Carbon Price Change Over Term	Projected pre-tax return based on 2024 dollars for a 200-share parcel
Carbon price of \$100 per unit	An increase in carbon price to \$100 per NZU will increase pre-tax return by \$35,336 and the Investor's IRR by 2.45%
Carbon price of \$80 per unit	An increase in carbon price to \$80 per NZU will increase pre-tax return by \$13,920 and the Investor's IRR by 1.06%
Carbon price of \$50 per unit	An decrease in carbon price to \$50 per NZU will decrease pre-tax return by \$18,256 and the Investor's IRR by 1.66%
Carbon price of \$40 per unit	An decrease in carbon price to \$40 per NZU will decrease pre-tax return by \$28,996 and the Investor's IRR by 2.85%

7. Related Parties

Forest Enterprises ("the Manager") is the business name of Forest Enterprises Growth Limited and its subsidiary Forest Enterprises Limited. Forest Enterprises, a related party by virtue of their shareholding in the Investment, is the manager of the Investment providing administrative and forest related services in their role.

The projected amount of all ongoing Managers fees is:

	Purchase of Services	
	2024	2025
Projection of fees payable to Forest Enterprises	\$	\$
Management fee for administration and accounting (\$30 per potential plantable hectares)	\$1,778	\$10,490
Investor administration (\$60 per investor)	\$0	\$10,000
Coordination and supervision of forestry activity (20% of expenditure incurred)	\$2,934	\$43,842
Investment update and valuation (5.5 cents er share)	\$1,375	\$5,500
Other manager work undertaken	\$7,500	\$7,500
Total projected fees	\$13,586	\$77,332

8. Set Up Fees

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

Manager and Associated Persons	Nature of Fee	For the Period 1 October 2024 to 31 December 2024
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	\$47,800
Other Party Fees		
Legal Fees	Supervisor Review of Scheme Documentation and external legal fees	\$46,000
Supervisor	Set-up Fee	\$5,000
PDS, Scheme Registration and FMA Levy		\$7,200
Assurance Fees	Fees paid to Forme for their review of the Forest Plan and to Grant Thornton for their review of the Prospective Financial Information contained on the offer register	\$9,000
Total Fees		\$235,000



The above fees are payable by the Investment. In respect to the legal fees and other expenses, the Manager may have already met these costs on behalf of the Investment 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 'unders' or 'overs'.

