

# Winslow Forest Investment

## Investment Report

20 September 2024



A holding of <b>200</b> shares in the Winslow forest investment available for purchase by tender, facilitated by Forest Enterprises.	
<b>Indicative Value</b>	\$12,096
<b>Distributions</b>	\$29,680
<b>Forest Location</b>	Gisborne

This Investment Report provides an overview of the Winslow Forest Enterprises investment, its structure, the asset, and projected valuations and returns.

Forest Enterprises makes every effort to arrive at reasonable calculations based on our 50 years' forestry knowledge, including our ongoing harvesting experience.

Investors should be aware that the projections and timings provided may vary over time depending on many factors, and the resulting changes could be material.

All assumptions are outlined in this report (refer page 2), or the latest annual Financial Report available from the Companies Office Disclose Register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose)

## Key investment details

<b>Shares available to purchase</b>	One parcel of 200 shares in <b>Winslow Forest Investment</b> Only bids for the entire shareholding will be accepted
<b>Indicative Value</b>	\$12,096 at 8% IRR* * tax paid compounded return per annum over the investment term
<b>Distributions</b>	\$29,680
<b>Projected Harvest Timing</b>	Until 2035
<b>Projected Future Investor Contributions</b>	Ongoing Calls, \$0 per annum
<b>Investment Structure</b>	Registered Managed Investment Scheme (MIS) SCH10940 <ul style="list-style-type: none"><li>• Winslow Forest LP (Limited Partnership) 40,000 LP shares</li><li>• Winslow Forest GP Limited (General Partner) 40,000 GP shares</li></ul>
<b>Investment Disclosure</b>	Companies Office Disclose Register <a href="http://www.companiesoffice.govt.nz/disclose">www.companiesoffice.govt.nz/disclose</a> <i>Search Schemes</i> by Scheme Winslow or Scheme Number (above)
<b>Licensed Manager</b>	Forest Enterprises Limited (FSP37784)
<b>Forest Location</b>	31km southwest of Gisborne (refer map on page 11)

### Information provided in this report

- How to purchase the shares
- What will the investment cost?
- What is the projected return?
- Cashflow projection
- About the investment
- About the forest and location
- More information available

### Assumptions in this report

- All values and amounts expressed in this report are based on a holding of 200 shares, unless stated otherwise.
- The Indicative Value and the Projected Harvest Return have been calculated using the assumptions set out in this report.
- Changes to the assumptions can have a material effect on the figures quoted in this report.

### Contact us, anytime

Feel free to contact us for more information or if you have any questions about our investments. Copies of relevant investor communications to date relating to this investment are available on request.

Visit our website at [forestenterprises.co.nz](http://forestenterprises.co.nz) for further information about investing in forestry with Forest Enterprises, including Frequently Asked Questions.

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## How to purchase the shares

### The tender process

Forest Enterprises operates a secondary market for the sale and purchase of shares in our forestry investments. This is to enable our existing clients to liquidate their investment and to allow prospective investors to buy into established Forest Enterprises forests. We facilitate a tender process matching willing buyer with willing seller.

To submit an offer, complete and return to us a **Tender Form**. Our contact details are on page 2. Email is the most efficient option.

A Tender Form is available to download from our website at the following link — it includes the Terms and Conditions of your offer.

<https://www.forestenterprises.co.nz/wp-content/uploads/2023/07/Tender-Form-New-LP-Investor-July-2023.pdf>

**What you offer is up to you.** The total purchase price you offer may be within, above or below the indicative valuation previously noted. Prospective investors usually set the value of their offer based upon a projected rate of return they wish to achieve over the duration of the investment.

Should your offer be accepted, you and the seller will be required to co-sign a **Deed of Assignment and Power of Attorney** to transfer the ownership of the shares.

An Example Deed of Assignment and Power of Attorney is available to read and download from our website at the link below. This Deed outlines the terms of share ownership.

[https://www.forestenterprises.co.nz/wp-content/uploads/2022/08/Example-Deed-of-Assignment-and-Power-of-Attorney\\_2022.pdf](https://www.forestenterprises.co.nz/wp-content/uploads/2022/08/Example-Deed-of-Assignment-and-Power-of-Attorney_2022.pdf)

### Who can invest?

An eligible Forest Enterprises investor is:

- an individual aged 18 years or over, investing on their own or jointly, or
- a company, a trust or a partnership, and
- may be a New Zealander or an overseas person
- who holds a New Zealand Inland Revenue Number (IRD number) for tax purposes regardless of residency status

### Overseas persons can invest

Overseas persons can invest provided no more than 25% of the investment is held by overseas persons. The Overseas Investment Act 2005 defines an overseas person as an individual who is neither a New Zealand citizen nor ordinarily resident in New Zealand. Contact Forest Enterprises for more information if this is relevant to you.

### Verifying new customer identity

As a Financial Services Provider, we are required under the New Zealand Anti-Money Laundering and Countering Financing of Terrorism Act 2009 to undertake due diligence on all new customers to prevent the criminal use of funds.

This requires us to:

- gather information about customer identity and residential address, and
- verify a customer's identity, to ensure the customer is who they say they are.



## What will the investment cost?

### Indicative valuation - \$12,096 for a 200-share holding

An offer at the indicative value of \$12,096 represents an 8% tax paid compounded projected remaining return per annum over the investment term.

The indicative valuation is provided as a basis upon which prospective investors may determine the amount they wish to tender as a purchase price. Changes in the assumptions underlying the Cashflow Projection can have a material impact which may increase or decrease the return. Prospective Investors should therefore take account of this when reflecting on what offer to make. Please see page 7 for the significant assumptions that would impact on the investment return.

## What is the projected return?

The table below shows the Taxable Income per unit in the Cashflow Projection which accounts for depreciation on roading as a taxable deduction over the forecast period which the Cashflow per unit excludes.

The cash distributions (pre-tax return) are estimated at \$29,680 and the post-tax income will depend on the buyer's marginal tax rate. A marginal tax of 0% will return a post-tax income of \$29,680, a marginal tax rate of 17.5% will return a post-tax income of \$25,076 and at 33% will return a post-tax income of \$20,997.

	Distributions (Untaxed)	Taxable Income	Post-Tax Income at a marginal tax rate of 17.5%	Post-Tax Income at a marginal tax rate of 33%
2024	2,951	4,259	2,205	1,545
2025	1,949	2,349	1,538	1,174
2026	2,156	2,504	1,718	1,330
2027	1,991	2,184	1,609	1,271
2028	2,074	2,220	1,685	1,341
2029	1,782	1,873	1,455	1,164
2030	1,696	1,751	1,390	1,118
2031	1,520	1,641	1,233	979
2032	1,303	1,342	1,068	860
2033	1,305	1,320	1,074	870
2034	10,952	4,869	10,100	9,345
<b>Total</b>	<b>29,680</b>	<b>26,312</b>	<b>25,076</b>	<b>20,997</b>
<b>Post Tax NPV at 8% Discount Rate</b>			<b>14,812</b>	<b>12,096</b>

Tax has a significant impact on the income from this investment. The allowable deductions to date have been claimed by the previous owner of these shares and almost all of the income received from the investment is now taxable. In the last year, the distributions are higher than the taxable income as the sale of the land and any Pre 1990 New Zealand Carbon Units are capital transactions and not taxable income.

Distributions are paid gross with investors responsible for declaring and paying tax. Forest Enterprises advises investors of the taxable income to declare each year.

For the purposes of the projection, it is assumed that Winslow Forest will be harvested over a further 9 years, as part of a Collective Harvest Joint Venture (see below). Refer to pages 6-7 for details on how the projected return has been calculated.

Partners at the end of the Limited Partnership's financial year 31 December 2024 will be allocated the full year's profit or loss for tax purposes.

The buyer will receive any remaining distributions from settlement date. This is estimated to be \$2,951. The buyer will have an estimated tax liability for the year of \$1,405 (33% marginal tax rate) based on an estimated taxable income \$4259.

### Distributions

Any distributions paid to the seller after the date of this report will be adjusted for in the final settlement price payable by the buyer.



## Tax and Selling shares before harvest

Tax is complicated and different for Investors depending on their individual circumstances. We recommend all Investors consult with their Tax Advisor.

Shares can be sold at any time before harvest, however the sale is deemed to be a disposal of the underlying assets (land and trees). The sale of trees is a taxable event, whereas the sale of land is not. Section HG 5 of the Income Tax Act 2007 creates a \$50,000 threshold for the value of the tree crop (in any 12-month period), under which this taxation treatment does not apply.

## Harvest Plan – Collective Harvest Joint Venture

Winslow Forest Investment is harvesting by way of a joint venture with three nearby Forest Enterprises investment forests. This forest group is referred to as the Arai Group. Harvest will continue until 2034. Winslow Forest Investment will receive 19.6% of the net harvest proceeds from the harvest joint venture. Winslow Forest Investment also has a 18.8% share in the Limited Partnership entity which holds the land titles of the four participating investments (Land LP).

Copies of any client communications on the joint venture to date, and financial calculations, can be requested.

## Forest Activity for the Coming Year

The cutover land from the previous years' harvest of 100 hectares will be prepared and planted over the 2024 winter months.

Harvesting continues with the planned Collective Harvest of 156 hectares. It is projected that 103,397 tonnes of logs are to be extracted from this area. **Please note that harvest plans can change.**

Winslow Forest Investment's share of budgeted net harvest revenue after roading costs is \$603,800 for the coming year.

## Impact of cyclones

Cyclone Hale (January 2023) and Cyclone Gabrielle (February 2023) caused extensive damage on the East Coast of the North Island, compounded by an already very wet summer. The Gisborne Tairāwhiti region was particularly hard hit by intense rainfall and flooding. Properties in the Tolaga Bay and Poverty Bay flats were damaged, as well as roads and standing timber.

The Arai Group forests incurred significant damage to the treecrop. The total damaged area is approximately 86 hectares. These 86 hectares are damaged to varying degrees.

This loss of treecrop has been accounted for in the treecrop valuation.

Note the claim has not been finalised at the date of this report.





## How has the projected return at harvest been calculated?

### General notes to the cashflow projection

The Cashflow Projection (page 9) reflects our current estimate of the cost of the work to be done or services provided, year by year through to harvest, based upon log prices.

The cashflow for the Arai Group Collective Harvest projects stumpage revenue for the harvest of the m3 set out each year.

This prospective financial information will form the basis of future assumptions for financial reporting purposes. Actual revenues, costs and timing may vary from the projections because of changes over time to the work program and prices. The changes may be material.

Harvest assumptions include —

- The log volumes and grades are based on the latest pre-harvest inventory.
- A sales scenario based upon the Port of Gisborne as the point of sale has been used, and therefore assumes demand will exist at harvest time at this destination. Other scenarios will produce different stumpage outcomes.
- For the 12 months to 31 March 2024 log prices are based on Forest Enterprises' 12-month average to reporting date. For the remainder of harvest log prices are based on the 36-month average to reporting date.
- Production Costs including; logging, cartage, road construction and maintenance, and harvest management. These costs are based on the costs currently being paid by Forest Enterprises and reflects the characteristics of the forests currently being harvested.
- It is assumed that the Land will be sold in the final year of harvest, and the value used is the October 2023 Valuation.
- 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).

Future distributions in the cashflow projection should be taken as a guide only. Prospective financial information, 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 the Manager. Accordingly, actual results may vary from the prospective financial information, and those variations may be significantly more or less favourable. The Manager does not guarantee the achievement of the prospective financial information



## Net stumpage

The return at harvest is expressed as the net stumpage per hectare. The calculated harvest return is a projection based upon a number of critical assumptions which are outlined in the latest annual financial statements. For Arai Group this is currently projected to be \$26,794.

Log Type	Projected Recoverable Volume (m <sup>3</sup> /ha)	Percentage	FE Price at Point of Sale (\$/m <sup>3</sup> )	Total Production Costs (\$/m <sup>3</sup> )	Net Return Stumpage (\$/m <sup>3</sup> )	Contribution to Stumpage (\$/ ha)
<b>Export</b>						
P40	85.0	11%	\$186.27	\$95.76	\$90.51	\$7,695
P30	5.3	1%	\$141.37	\$95.72	\$45.64	\$244
A	446.2	58%	\$122.36	\$95.80	\$26.56	\$11,852
K	76.7	10%	\$106.28	\$95.75	\$10.52	\$807
KI	61.8	8%	\$101.26	\$95.82	\$5.44	\$336
KIS	23.0	3%	\$89.08	\$95.77	(\$6.69)	(\$154)
<b>Domestic</b>						
P35	71.0	9%	\$168.28	\$83.58	\$84.70	\$6,014
S30	0.0	0%	\$0.00	\$0.00	\$0.00	\$0
S20	0.0	0%	\$0.00	\$0.00	\$0.00	\$0
Pulp	0.0	0%	\$0.00	\$0.00	\$0.00	\$0
<b>Totals</b>	<b>769.0</b>	<b>100%</b>				<b>\$26,794</b>
<b>Average Per Tonne</b>			<b>\$129.50</b>	<b>\$94.66</b>	<b>\$34.84</b>	

## Annual investment costs

All projected costs relating to the investment are included in the cashflow projection. Some key projected costs not included in the stumpage calculations include rates and insurance, fees, replant/establishment and tending.



## Cashflow projection

Taken from the 31 March 2024 Financial Report. Please refer to the assumptions outlined from page 6.

Note: the reference to 'Each Investment Unit' refers to a parcel of 200 shares.

<b>CASHFLOW PROJECTION - Winslow Forest Investment</b>												
	No. Units											
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTAL
<b>EXPENDITURE</b>												
Financial Year ending 31 March	156.0	97.1	100.3	91.3	90.0	86.6	84.8	94.1	86.8	85.1	32.3	1,004.4
Hectares Harvested by Collective												
Capital Expenditure	71,710	94,180	69,930	74,630	68,890	108,180	128,490	139,930	195,170	185,620	168,750	1,305,480
Contributions to Land LP	533,180	243,550	250,600	229,200	227,410	220,730	216,320	235,470	221,040	217,010	81,970	2,676,480
Road Formation												
Deductible Expenditure	6,080	3,670	3,180	2,730	2,300	1,870	1,460	1,000	570	160	-	23,020
Forestry Expenditure	1,060	460	400	350	290	240	180	130	70	20	-	3,200
Maintenance	9,480	8,820	8,080	7,380	6,640	5,900	5,130	4,230	3,360	2,470	2,120	63,610
Insurance												
Other Expenditure	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	73,700
Management	8,560	8,560	8,560	8,560	8,560	8,560	8,560	8,560	8,560	8,560	8,560	94,160
Investor Admin Fee	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	44,000
Trustees Fees	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	49,500
Financial Audit	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	14,300
Forest Audit	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	24,200
Investment Update & Valuation	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	16,830
Forest Management Certification	10,070	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	35,070
Legal & Other Professional Fees	100	100	100	100	100	100	100	100	100	100	100	1,100
Borrowing Costs & Bank Fees	100	100	100	100	100	100	100	100	100	100	100	1,100
Investor Meeting Costs	5,690	5,690	5,690	5,690	5,690	5,690	5,690	5,690	5,690	5,690	5,690	62,590
Filing Fees & Disbursements	9,370	7,240	7,310	6,950	7,020	7,020	6,950	7,020	7,020	6,950	3,760	76,610
Industry Subscriptions & Levies	<b>675,630</b>	<b>395,100</b>	<b>376,680</b>	<b>361,920</b>	<b>349,730</b>	<b>381,120</b>	<b>395,710</b>	<b>424,960</b>	<b>467,910</b>	<b>449,410</b>	<b>293,780</b>	<b>4,571,950</b>
<b>TOTAL EXPENDITURE</b>												
<b>RECEIPTS</b>												
Capital Receipts	127,760	-	-	-	-	-	-	-	-	-	-	127,760
Net Current Assets												
Sale of Shares in Land LP - Land Component												
Sale of Shares in Land LP - Treecrop Component												
Income Receipts												
Carbon Rights	-	27,930	24,730	21,430	18,430	15,470	12,620	9,830	6,730	3,870	1,070	142,110
Interest	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	11,000
Harvest	1,136,980	756,040	782,240	737,760	745,020	721,110	721,280	718,190	720,820	705,600	261,920	8,006,960
<b>TOTAL RECEIPTS</b>	<b>1,265,740</b>	<b>784,970</b>	<b>807,970</b>	<b>760,190</b>	<b>764,450</b>	<b>737,580</b>	<b>734,900</b>	<b>729,020</b>	<b>728,550</b>	<b>710,470</b>	<b>2,484,170</b>	<b>10,508,010</b>
<b>NET CASHFLOW</b>	<b>590,110</b>	<b>389,870</b>	<b>431,290</b>	<b>398,270</b>	<b>414,720</b>	<b>356,460</b>	<b>339,190</b>	<b>304,060</b>	<b>260,640</b>	<b>261,060</b>	<b>2,190,390</b>	<b>5,936,060</b>
<b>ANALYSIS FOR EACH INVESTMENT UNIT</b>												
Pre-Tax Income (Distributions)	2,951	1,949	2,156	1,991	2,074	1,782	1,696	1,520	1,303	1,305	10,952	29,660
Taxable Income	4,259	2,349	2,504	2,184	2,220	1,873	1,751	1,641	1,342	1,320	4,869	26,312
Tax Liability with a marginal tax rate of 33%	1,405	775	826	721	733	618	578	541	443	436	1,607	8,683
Post-Tax Income at a marginal tax rate of 33%	<b>1,545</b>	<b>1,174</b>	<b>1,330</b>	<b>1,271</b>	<b>1,341</b>	<b>1,164</b>	<b>1,118</b>	<b>979</b>	<b>860</b>	<b>870</b>	<b>9,345</b>	<b>20,987</b>





## About the investment

### Limited Partnership investment structure

The Winslow Forest Investment is a Managed Investment Scheme (MIS) under the Financial Markets Conduct Act 2013 (FMC Act).

The Winslow Forest Investment comprises a limited partnership registered under the Limited Partnerships Act 2008 called Winslow Forest LP (the Limited Partnership, LP) with one general partner which is a registered company under the Companies Act 1993 called Winslow Forest GP Limited (the General Partner, GP).

Investors in the Winslow Forest Investment have limited partner shares in the LP plus an equivalent number of company shares in the GP. The Limited Partnership Agreement requires that the 40,000 issued shares in the GP company partnership, are to be held pro rata to the number of limited partners shares held by the limited partners.

### Limited Partnership is a Managed Investment Scheme

The Winslow Forest LP was registered as a MIS under the Financial Markets Conduct Act 2013 (FMC Act) on 29 November 2016. By consequence of the Act's definition of "managed investment scheme", the Limited Partnership is the registered MIS.

The Deed of Scheme Management is the pre-eminent Governing Document of the MIS, and sets out the rights, obligations and duties of the Manager, the Supervisor, the Custodian and the Limited Partners in relation to the MIS including provisions for compliance with the FMC Act.

### Limited liability

As the Winslow Forest Investment is a LP, the liability of investors (Limited Partners) is limited and they are only liable to the extent of their capital contributions (funds invested), plus any other obligations expressed in the Limited Partnership Agreement.

### Parties involved in providing the investment

<b>Manager</b>	Forest Enterprises Limited	5 Papawai Place, PO Box 128, Masterton
<b>Supervisor</b>	Trustees Executors Limited	70 Boulcott St, PO Box 3222, Wellington
<b>Financial Auditor</b>	Grant Thornton	Level 15 Grant Thornton House 215 Lambton Quay, Wellington
<b>Forest Auditor</b>	Forme Consulting Group Limited	173 Main Road, PO Box 56-030, Tawa
<b>Banker</b>	BNZ	193-197 Queen Street, Masterton

### About Forest Enterprises

Forest Enterprises is New Zealand's original and most successful forestry investment manager. We are unique in providing both forest management and investment services under one roof. Our business is to create wealth naturally for private investors via New Zealand's thriving pine plantation forestry.

Our 6,500 individual investors are mostly New Zealanders. On their behalf we manage a forest estate of more than 20,000 hectares in the North Island regions of Wairarapa, Hawke's Bay and Gisborne. To date, 52 of our managed forestry investments have achieved FSC® certification for responsible forest management (FSC-C168647).

Since we started in 1972 in Masterton, New Zealand we have remained a locally owned and operated business. We have grown to 29 employees in total, including the company's six shareholders — we are professionals in the fields of forestry, land management, accounting and finance, administration, commercial law and marketing.

Forest Enterprises is the business of Forest Enterprises Growth Limited (FEG) and its subsidiary Forest Enterprises Limited (FEL). FEL is licensed under the Financial Markets Conduct Act 2013 to manage Managed Investment Schemes (excluding managed funds) which are primarily invested in forestry assets. FEG is contracted by FEL to coordinate and supervise all field activities relating to the land and trees comprising our managed investment estate, at the direction of FEL.

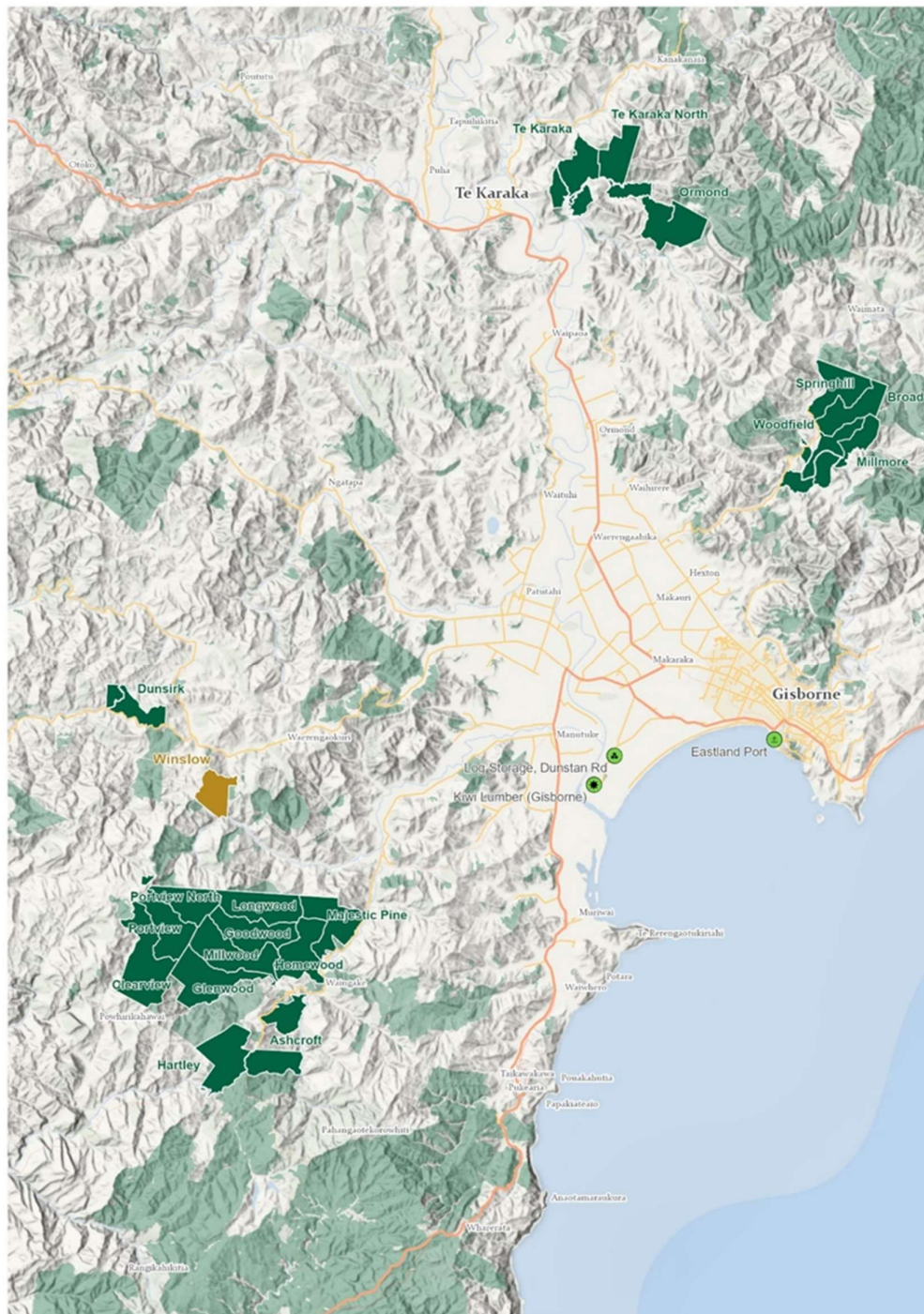


## About the forest

### Location

Winslow Forest, shown in gold on the map below, is located 31km southwest of Gisborne, in a property comprising 217.1 hectares. It is adjacent to the three other joint venture forest investments, with Dunsirk Forest to the northwest, with Hartley and Ashcroft Pine Forests due south below the Emerald Hills /Portview blocks. (all shown on the map in dark green).

Approximately 15% of the timber we harvest from our managed estate in Gisborne is supplied to local sawmills. We export the balance via Gisborne's international log export port, Eastland Port at the mouth of the Turanganui River. Our log export and marketing partner in Gisborne is PFP.



## Climate

The climate is typical of the mild East Coast region with a relatively high annual rainfall of approximately 1300 mm and 1,400 mm. The site index, a forestry term for the indication of growth potential, had been assessed in the original prospectus as being an average of 31 metres.

## Forest development status

Winslow Forest is harvesting through a joint venture known as the Arai Group. The Arai Group comprises 1,377 hectares of land with a remaining net-stocked area of 1,004 hectares (2023: 1,108 hectares) to be harvested from the 1st rotation as per the table below. The remaining area is in the process of being replanted or in roads, landings, gullies, and river setbacks and not suitable for stocking. Winslow Forest Investment is to receive 19.6% of the net proceeds of the Group Collective Harvest

## ETS Carbon Lease

Winslow Forest LP entered into a business arrangement in 2012 with a company called New Zealand Forest Leasing Ltd (NZFL), resulting in the carbon in the Post-1989 areas of the forest being leased to New Zealand Carbon Leasing (No 1) Limited, a subsidiary of NZFL, in return for an annual rental. The annual rental income has helped to offset the annual investment costs.

The participant in the ETS is New Zealand Carbon Leasing (No 1) Limited. It is this company and not Winslow Forest LP that has the ETS liability at harvest. A legal opinion to this effect is available on request.

## Manager's Report

Each year, an Annual Report and Financial Report (financial statements) are available for investors four months after balance date. The Manager's Report within the Financial Report summarises forest activity for the previous and coming year plus other material management issues.

## Insurance

Forest Enterprises coordinates a bulk insurance policy for the benefit of both its group investment and private clients. Under this policy, each insured peril or type of additional cover in the policy has its own aggregate maximum liability. This insurance approach is generally referred to as 'first loss' i.e. the policy covers any losses during the period of insurance as they occur, but up to a maximum of the nominated sums.

The policy is issued by Sage Partners Limited as Lloyd's Coverholder, considered the main provider of forest insurance in New Zealand. Sage is a wholesale insurance professional and registered Financial Services Provider (FSP740751). It is the managing agent for the Forest Cover insurance facility underwritten by certain Underwriters at Lloyd's of London.

Our managed estate has been organised into four regional groups for insurance – North Gisborne, South Gisborne, Wairarapa and Hawke's Bay – each with its own cover and excess limitations.

General details on the insurance cover in place from 1 September 2024 to 31 August 2025:

- The total aggregate cap across all policies under the Group Scheme is \$9 million on any one claim and event.
- **Fire** – Fire cover, including re-establishment and claim costs, is subject to any proportionate share of a \$5 million cap within the South Gisborne regional insurance group.
- **Excess** – The excess for fire is \$500,000 for the South Gisborne regional insurance group.
- **Public Liability** – Public Liability insurance, including that arising from the Fire and Emergency New Zealand Act 2017, is \$20 million. This is under a separate policy.

**Insured value** – The insured tree crop value for Arai Group is \$25,189,145. Like the indicative value, insured value is derived by discounting back future cash flows to present value. The discount rate for insurance is 7.5%.



## More information about this investment

This Investment Report should be read in conjunction with the investment's latest annual investment reports.

These and other key disclosure documents are available from the Companies Office Disclose Register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) ('Search Schemes' by *Scheme Winslow* or *Scheme Number*):

31 March 2024 Financial Report	Includes reports from the Manager, financial auditor and forest auditor, the financial statements, insurance details, and updated budget, investment valuation and projections.
31 March 2024 Annual Report	Prescribed statutory document which includes the fees, details and description of the Scheme.
Deed of Scheme Management (DSM)	The Deed of Scheme Management is the pre-eminent Governing Document of the MIS. It sets out the rights, obligations and duties of the Manager, the Supervisor, the Custodian and the Limited Partners in relation to the MIS including provisions for compliance with the FMC Act including, but not limited to: <ul style="list-style-type: none"> <li>• specific MIS provisions</li> <li>• management of the MIS by the Manager</li> <li>• supervision of the MIS by the Supervisor</li> <li>• custodianship of the MIS's Scheme Property</li> <li>• financial reporting and appointment and duties of the financial auditor of the MIS.</li> </ul>
Limited Partnership Agreement	Sets out the matters agreed between the Limited Partnership, the General Partner and the Limited Partners in respect of the operation of the Limited Partnership.
Constitution of the General Partner	Sets out how shareholders, directors and other parties interact with each other.
Statement of Investment Policy and Objectives (SIPO)	Sets out the investment policy and objectives of the registered Scheme.
Arai Group Collective Harvest Joint Venture	Client communications, cashflow projections and proposal documents regarding the Arai Group Collective Harvest
Recommended Carbon Lease Proposal – FAQs	Prepared by Forest Enterprises for investors, October 2012
The Impact of the Emissions Trading Scheme on your Forestry Investment	Prepared by Forest Enterprises for investors, May 2009





