

# Wairarapa Group Forest Investment

## Investment Report

5 September 2024



A holding of 200 shares in the Wairarapa Group forest investment available for purchase by tender, facilitated by Forest Enterprises.	
<b>Indicative Value</b>	\$15,968 (share contributions basis)
<b>Discounted Value</b>	A discounted value will be provided when this calculation exceeds share contributions.
<b>Projected Remaining Contributions</b>	\$7,719
<b>Projected Distributions</b>	\$57,308 pre-tax
<b>Forest Location</b>	Wairarapa

**This Investment Report provides an overview of the Wairarapa Group Forest Enterprises investment, its structure, the asset, and projected valuations and returns as at 31 March 2024.**

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 1 August) from the Companies Office Disclose Register at [www.companiesoffice.govt.nz/disclose](https://www.companiesoffice.govt.nz/disclose)

## Key investment details

<b>Shares available to purchase</b>	One parcel of 200 shares in <b>Wairarapa Group Forest Investment</b> Only bids for the entire shareholding will be accepted
<b>Contributed Costs</b>	\$15,968
<b>Discounted Value</b>	A discounted value will be provided when this calculation exceeds share contributions.
<b>Projected Harvest Return</b>	\$57,308 pre-tax
<b>Projected Harvest Timing</b>	2039 — 2045
<b>Projected Future Investor Contributions</b>	Ongoing Calls, refer cashflow projection.
<b>Investment Structure</b>	Registered Managed Investment Scheme (MIS) SCH12481 <ul style="list-style-type: none"> <li>Wairarapa Group Forest LP (Limited Partnership) 100,000 LP shares</li> <li>Wairarapa Group Forest GP Limited (General Partner) 100,000 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> Search Schemes by Scheme Wairarapa Group or Scheme Number (above)
<b>Licensed Manager</b>	Forest Enterprises Limited (FSP37784)
<b>Forest Location</b>	Refer map on page 10

### 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 Projected Harvest Return has been calculated using the assumptions set out in this report. They are based on 31 March 2024 financial statements.
- 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/2018/10/Tender-Form\\_New-Investor\\_Secondary-Market.pdf](https://www.forestenterprises.co.nz/wp-content/uploads/2018/10/Tender-Form_New-Investor_Secondary-Market.pdf)

**What you offer is up to you.** The total purchase price you offer may be within, above or below the cost or the discounted valuation range previously noted. Prospective investors usually set the value of their offer based on 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?

### Contributed costs

\$15,968 for a 200-share-holding

An offer at the contributed costs of \$15,968 represents a 5.43% pre-tax compounded return per annum over the investment term.

These figures are 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 reality when reflecting on an offer.**

### Projected future payments

<b>Calls</b>	Forestry is a contributory investment in nature, where investors pay the funding required each year, in addition to the initial purchase price.
<b>Investor Administration Fee.</b>	The annual Investor Administration Fee of \$60 is paid once per investor per year, regardless of the number of shares held in Wairarapa Group Forest Investment.

### Investment profit / (loss)

Under current New Zealand tax law, any profit each year will be subject to tax at the investor's marginal tax rate. Resident Investors are entitled to a share of any tax losses and are advised of the amount in May each year.

As set out in the Cashflow Projection on page 8, there are future annual Call payments. Non-residents (such as Overseas Persons, see page 3) should check with their Tax Adviser.

Partners on the Register of Partners at the end of the Limited Partnership's (LP) financial year (31 March) will be allocated the full year's profit or loss for tax purposes pro rata to their respective LP shares. It is important to note that allocation will have no regard to transfers during the year, so any transfer price should reflect the consequences of whether the buyer or seller has paid any Call or received any Distribution during the year of transfer.

### Investment changes

Going forward, Forest Enterprises investors may vote on a number of key decisions, including the harvest management fee and on next rotation investment options.

Changes relating to harvest timeframes will impact the Internal Rate of Return (IRR). IRR can be calculated using the purchase price, eventual investment return, and timeframe of when the investment return is provided.

This report does not reflect any possible future changes to be voted upon by investors. Further details will be provided to investors at the appropriate time. Copies of any client communications to date (if any) may be requested.



## What is the projected return?

### Projected return at harvest

\$57,308 pre-tax in years 2040-2046 for a 200 shareholding

For the purposes of the projection, it is assumed that Wairarapa Group Forest will be harvested over 7 years. Refer to page 6 for details on how the projected return at harvest has been calculated.

The table below shows the projected gross (pre-tax) return at harvest for one holding of 200 shares in Wairarapa Group Forest at current log prices.

Year	Amount	Per 200 Shares
2040	\$3,383,280	\$6,767
2041	\$2,245,580	\$4,491
2042	\$1,903,800	\$3,808
2043	\$6,851,300	\$13,703
2044	\$6,707,930	\$13,416
2045	\$666,900	\$1,334
2046	\$6,895,270	\$13,791
<b>Total</b>	<b>\$28,654,060</b>	<b>\$57,308</b>

### Tax at harvest

Under current tax law, harvest proceeds will be paid to resident investors as a gross amount and investors will be responsible for paying tax at their marginal rate. The net return to investors will depend on their marginal tax rate at the time of harvest. In addition to harvest income, investors will receive their share of the value of the land as a capital payment (non-taxable) when sold.

Non-residents (such as Overseas Persons, see page 3) should check with their Tax Adviser.

### Selling shares before harvest

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.



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

### General notes to the cashflow projection

The Cashflow Projection (page 8) is from the latest annual Financial Report as at 31 March 2024. The projection 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.

This prospective financial information will form the basis of future assumptions for financial reporting purposes. Actual revenues, costs and timing will 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 Wairarapa and the Port of Wellington 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.
- Log prices are Forest Enterprises' 36-month average log prices to balance date.
- Harvesting and Transportation costs are based upon the costs currently being paid by Forest Enterprises for current harvesting.
- 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.

Other assumptions include —

- It is assumed that the Land will be sold in the final year of harvest, and the value used is the latest Rating 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).
- The cashflow above includes the annual \$60 Investor Administration Fee, charged once per investor per year in addition to Calls regardless of the size of shareholding.

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. 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 future success. 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 Wairarapa Group Forest this is currently projected to be \$28,350.

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	77.0	12%	\$177	\$90	\$87	\$6,672
P30	0.0	0%	\$0	\$0	\$0	\$0
A	130.0	20%	\$123	\$90	\$33	\$4,341
K	43.0	6%	\$107	\$90	\$17	\$715
KI	53.0	8%	\$100	\$90	\$9	\$504
KIS	64.0	10%	\$86	\$90	(\$4)	(\$233)
<b>Domestic</b>						
P35	71.0	11%	\$186	\$92	\$94	\$6,723
S30	126.0	19%	\$127	\$75	\$52	\$6,475
S20	95.0	14%	\$112	\$75	\$36	\$3,448
Pulp	7.0	1%	\$31	\$75	(\$44)	(\$295)
<b>Totals</b>	<b>666.0</b>	<b>100%</b>				<b>\$28,350</b>
<b>Average Per Tonne</b>			<b>\$128</b>	<b>\$85</b>	<b>\$43</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 Financial Report for the year ended 31 March 2024. 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 - Wairarapa Group Forest Investment</b>											
No. Units	500										
Financial Year ending 31 March	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Hectares Harvested	-	-	-	-	-	-	-	6.2	-	-	-
Area Planted	-	-	-	-	-	-	-	-	6.2	-	-
<b>EXPENDITURE</b>											
<b>Capital Expenditure</b>											
Mortgage Repayments	-	250,000	275,000	125,000	-	-	-	-	-	-	-
Land Preparation	-	-	-	-	-	-	-	-	2,460	-	-
Road Formation	-	-	-	-	-	-	-	16,400	-	-	-
<b>Deductible Expenditure</b>											
<b>Forestry Expenditure</b>											
Establishment	-	-	-	-	-	-	-	-	13,640	390	-
Tending	709,500	147,920	205,470	62,070	5,240	14,290	14,850	3,050	230	-	1,660
Maintenance	10,070	51,540	51,540	51,540	51,540	51,540	51,540	51,200	51,370	51,370	51,370
Protection	-	2,660	2,660	2,660	2,660	2,660	2,660	2,640	2,980	2,650	2,650
Insurance	2,120	44,280	46,860	49,420	51,990	54,550	57,130	59,130	61,730	64,300	66,860
Rates	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870
<b>Other Expenditure</b>											
Management	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500
Investor Admin Fee	13,380	13,380	13,380	13,380	13,380	13,380	13,380	13,380	13,380	13,380	13,380
Trustees Fees	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Financial Audit	3,300	3,300	3,300	3,300	3,300	3,300	3,300	4,500	3,300	3,300	3,300
Forest Audit	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
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
Mapping & Inventory	8,600	-	7,180	5,580	5,240	14,290	14,850	3,050	2,820	-	-
Legal & Other Professional Fees	2,180	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080
Borrowing Costs & Bank Fees	550	550	550	550	550	550	550	100	550	550	550
Investor Meeting Costs	500	500	500	500	500	500	500	500	500	500	500
Filing Fees & Disbursements	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140
Industry Subscriptions & Levies	3,920	3,920	3,920	3,920	3,920	3,920	3,920	5,440	3,920	3,920	3,920
<b>TOTAL EXPENDITURE</b>	<b>807,830</b>	<b>573,840</b>	<b>671,150</b>	<b>373,710</b>	<b>194,110</b>	<b>214,770</b>	<b>218,470</b>	<b>220,180</b>	<b>212,670</b>	<b>196,150</b>	<b>199,980</b>
<b>RECEIPTS</b>											
<b>Capital Receipts</b>											
Net Current Assets	(104,320)	(112,550)	-	-	-	-	(25,720)	25,720	-	-	-
Borrowings	220,000	-	-	-	-	-	-	-	-	-	-
Sale of Land and Improvements	-	-	-	-	-	-	-	-	-	-	-
Sale of Second Rotation Treecrop	-	-	-	-	-	-	-	-	-	-	-
<b>Income Receipts</b>											
Interest	150	150	150	150	150	150	150	1,000	150	150	150
Harvest	-	-	-	-	-	-	-	193,460	-	-	-
<b>TOTAL RECEIPTS</b>	<b>115,830</b>	<b>(112,400)</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>(25,570)</b>	<b>220,180</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>NET CASHFLOW</b>	<b>(692,000)</b>	<b>(686,240)</b>	<b>(671,000)</b>	<b>(373,560)</b>	<b>(193,960)</b>	<b>(214,620)</b>	<b>(244,040)</b>	<b>-</b>	<b>(212,520)</b>	<b>(196,000)</b>	<b>(199,830)</b>
<b>ANALYSIS FOR EACH INVESTMENT UNIT</b>											
<b>Calendar Year of Call Payment</b>											
(Calls)/ Pre Tax Distributions	(1,384)	(1,372)	(1,342)	(747)	(388)	(429)	(488)	-	(425)	(392)	(400)
Taxable Income	(1,627)	(1,157)	(1,349)	(753)	(393)	(433)	(440)	(28)	(398)	(398)	(404)
Tax Liability with a marginal tax rate of 33%	(537)	(382)	(445)	(249)	(130)	(143)	(145)	(9)	(141)	(131)	(133)
Post-Tax Income at a marginal tax rate of 33%	(847)	(991)	(897)	(499)	(258)	(286)	(343)	9	(284)	(261)	(266)

<b>CASHFLOW PROJECTION - Wairarapa Group Forest Investment</b>											
No. Units	500										
Financial Year ending 31 March	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Hectares Harvested	2.4	-	-	-	128.7	100.0	83.4	256.1	266.0	54.6	44.8
Area Planted	-	2.4	-	-	-	128.7	100.0	83.4	256.1	266.0	54.6
<b>EXPENDITURE</b>											
<b>Capital Expenditure</b>											
Mortgage Repayments	-	-	-	-	-	-	-	-	-	-	650,000
Land Preparation	-	950	-	-	-	51,500	39,990	33,360	102,440	106,420	21,830
Road Formation	6,310	-	-	-	342,720	266,130	222,020	681,740	708,260	145,300	119,350
<b>Deductible Expenditure</b>											
<b>Forestry Expenditure</b>											
Establishment	-	5,250	150	-	-	285,130	229,590	191,060	572,480	605,510	137,790
Tending	30	12,510	21,140	8,560	32,690	33,150	9,670	30,850	30,850	31,800	1,696,820
Maintenance	51,230	51,300	51,300	51,300	44,090	42,100	40,220	28,200	20,470	24,870	954,840
Protection	2,640	2,770	2,640	2,640	2,270	9,060	7,420	5,920	14,770	15,530	4,220
Insurance	69,190	71,780	74,330	76,890	67,550	61,700	57,020	36,140	15,360	13,820	13,580
Rates	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870
<b>Other Expenditure</b>											
Management	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500
Investor Admin Fee	13,380	13,380	13,380	13,380	13,380	13,380	13,380	13,380	13,380	13,380	13,380
Trustees Fees	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Financial Audit	4,500	3,300	3,300	3,300	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Forest Audit	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Investment Update & Valuation	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	121,000
Mapping & Inventory	-	12,360	9,500	7,920	24,330	27,240	6,680	5,510	3,840	5,920	2,660
Legal & Other Professional Fees	2,080	2,080	37,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	80,860
Borrowing Costs & Bank Fees	100	550	550	550	100	100	100	100	100	100	8,050
Investor Meeting Costs	500	5,500	500	500	500	500	5,500	500	500	500	31,000
Filing Fees & Disbursements	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140	4,140	91,080
Industry Subscriptions & Levies	4,500	3,920	3,920	3,920	35,620	28,540	24,460	66,980	69,430	17,360	14,960
<b>TOTAL EXPENDITURE</b>	<b>208,170</b>	<b>239,360</b>	<b>271,500</b>	<b>224,750</b>	<b>623,540</b>	<b>878,820</b>	<b>716,340</b>	<b>1,157,940</b>	<b>1,612,170</b>	<b>1,040,800</b>	<b>731,180</b>
<b>RECEIPTS</b>											
<b>Capital Receipts</b>											
Net Current Assets	-	-	-	-	-	-	-	-	-	-	(216,870)
Borrowings	-	-	-	-	-	-	-	-	-	-	220,000
Sale of Land and Improvements	-	-	-	-	-	-	-	-	-	-	3,250,000
Sale of Second Rotation Treecrop	-	-	-	-	-	-	-	-	-	-	2,932,450
<b>Income Receipts</b>											
Interest	1,000	150	150	150	1,000	1,000	1,000	1,000	1,000	1,000	10,950
Harvest	74,420	-	-	-	4,005,820	3,123,400	2,619,140	8,008,240	8,319,100	1,706,700	1,443,000
<b>TOTAL RECEIPTS</b>	<b>75,420</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>4,006,820</b>	<b>3,124,400</b>	<b>2,620,140</b>	<b>8,009,240</b>	<b>8,320,100</b>	<b>1,707,700</b>	<b>7,626,450</b>
<b>NET CASHFLOW</b>	<b>(132,750)</b>	<b>(239,210)</b>	<b>(271,350)</b>	<b>(224,600)</b>	<b>3,383,280</b>	<b>2,245,580</b>	<b>1,903,800</b>	<b>6,851,300</b>	<b>6,707,930</b>	<b>666,900</b>	<b>24,102,380</b>
<b>ANALYSIS FOR EACH INVESTMENT UNIT</b>											
<b>Calendar Year of Call Payment</b>											
(Calls)/ Pre Tax Distributions	(266)	(478)	(543)	(449)	6,767	4,491	3,808	13,703	13,416	1,334	13,791
Taxable Income	(259)	(481)	(547)	(452)	7,312	4,908	4,068	14,649	14,367	1,243	7,050
Tax Liability with a marginal tax rate of 33%	(86)	(159)	(180)	(149)	2,413	1,620	1,343	4,834	4,741	410	2,326
Post-Tax Income at a marginal tax rate of 33%	(180)	(320)	(362)	(300)	4,353	2,871	2,465	8,868	8,675	924	11,464



## About the investment

### Limited Partnership investment structure

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

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

Investors in the Wairarapa Group 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 100,000 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 Wairarapa Group Forest LP was registered as a MIS under the Financial Markets Conduct Act 2013 (FMC Act) on 11 October 2018. 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 Wairarapa Group 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	Suite 3, Spark Central, 70 Boulcott Street, Wellington
<b>Financial Auditor</b>	Grant Thornton New Zealand Audit Limited	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. Most of our managed forestry investments have achieved FSC® certification for responsible forest management (FSC-C168647) including Wairarapa Group Forest.

Since we started in 1972 in Masterton, New Zealand we have remained a locally owned and operated business. We have 32 employees, 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 Wairarapa Group 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.



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Office +64 6 370 6360 | Fax +64 6 370 6369 | [www.forestenterprises.co.nz](http://www.forestenterprises.co.nz)

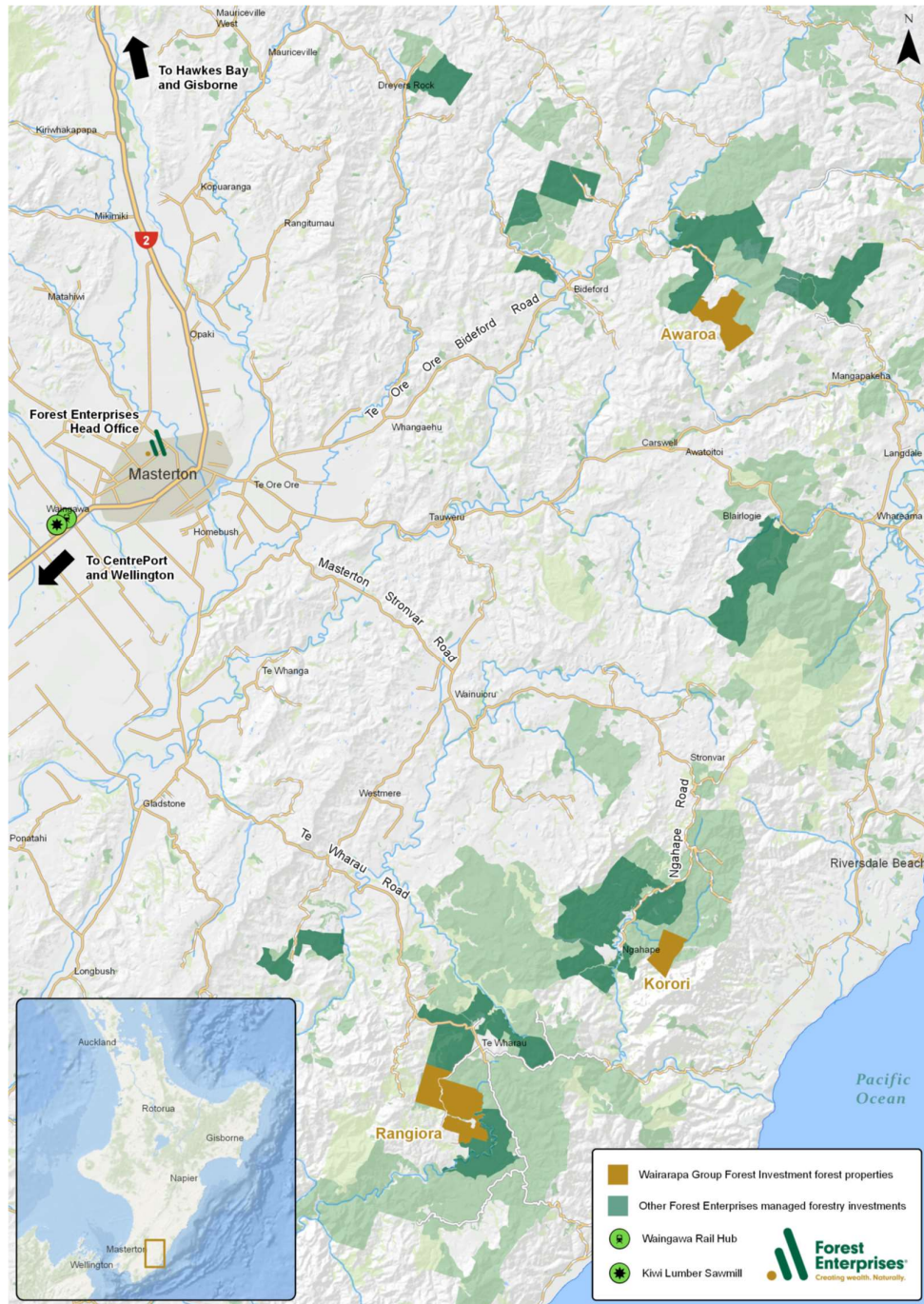
Forest Enterprises is the business name of Forest Enterprises Growth Limited and its subsidiary Forest Enterprises Limited. Forest Enterprises Limited is licensed to manage Managed Investment Schemes (excluding managed funds) which are primarily invested in forestry assets.

## About the forest

### Location

Wairarapa Group Forest, shown in gold on the map below, are 3 geographically separate blocks located in the Wairarapa, in a property comprising 1,143.45 hectares. There are a number of other Forest Enterprises forest investments in the vicinity (shown on the map in dark green).

Approximately 50% of the timber we harvest from our managed estate in Wairarapa is supplied to local sawmills. We export the balance via Wellington's international log export port. Our log export and marketing partner in Wellington is TPT. Please refer to page 7 for the projected grade composition of Wairarapa Group Forest.



## Property description

The terrain of Awaroa Block is mainly medium hill country with the aspect split evenly between the north-east and south-west faces. The Korori Block is steep hill country with the aspect split evenly between the north and south faces. The Rangiora Block is mainly medium hill country with some easy land at the road frontage. Wairarapa Group Forest is adjoined by other forest investments managed by Forest Enterprises, providing potential economies of scale for all forest operations.

## Climate

Annual rainfall for Wairarapa Group Forest ranges from 1,000 to approximately 1,200mm. The forests are located inland from the coast in an area suitable for forestry.

## Forest development status

Wairarapa Group Forest comprises a net-planted area of 970.0 hectares, established from 2005 to 2019. GF Plus genetically improved treestocks were used at a target planting density of 1,000 stems per hectare. Pruning and thinning is undertaken to achieve the maximum volume of clearwood (knot free wood) at harvest, coupled with good tree size and restriction of branch size in the unpruned zone (above 6.5 metres).

## 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 Wairarapa regional insurance group.
- **Excess** – The excess for fire is \$500,000 for the Wairarapa 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 Wairarapa Group Forest is \$3,158,230. 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](https://www.companiesoffice.govt.nz/disclose) ('Search Schemes' by *Scheme Wairarapa Group* or *Scheme Number*):

<b>31 March 2024 Financial Report</b>	Includes reports from the Manager, financial auditor and forest auditor, the financial statements, insurance details, and updated budget, investment valuation and projections.
<b>31 March 2024 Annual Report</b>	Prescribed statutory document which includes the fees, details and description of the Scheme.
<b>Deed of Scheme Management (DSM)</b>	<p>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:</p> <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>
<b>Limited Partnership Agreement</b>	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.
<b>Constitution of the General Partner</b>	Sets out how shareholders, directors and other parties interact with each other.
<b>Statement of Investment Policy and Objectives (SIPO)</b>	Sets out the investment policy and objectives of the registered Scheme.





