

## COLLECTIVE HARVEST CASHFLOW - ESK VALLEY FOREST INVESTMENT

Financial Year ending 31 March

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
<b>EXPENDITURE</b>													
<b>Forestry Expenditure</b>													
Land LP contributions (refer to Land LP Cashflow below)	(1,002)	(48,586)	18,645	23,745	22,829	25,925	36,834	67,347	89,371	146,527	197,478	(3,521,046)	(2,941,935)
<b>Other Expenditure</b>													
Management	14,080	14,080	14,080	14,080	14,080	14,080	14,080	14,080	14,080	14,080	14,080	14,080	168,960
Investor Admin Fee	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	96,000
Trustees Fees	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	45,000
Audit Fees	2,750	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550	41,800
Investment Update & Valuation	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	26,400
Legal & Other Professional Fees													
Mapping & Inventory													
Bank Charges including Borrowing Costs	820	500	100	100	100	100	100	100	100	100	100	100	2,320
Industry Subscriptions & Levies	12,620	23,100	22,530	22,520	22,520	22,520	22,530	22,530	22,520	22,520	45,620	22,520	284,050
Filing Fees & Disbursements	10,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	28,800
Investor Meeting Costs					3,500					3,500			7,000
<b>TOTAL EXPENDITURE</b>	<b>58,858</b>	<b>13,234</b>	<b>79,495</b>	<b>84,585</b>	<b>87,169</b>	<b>86,765</b>	<b>97,684</b>	<b>128,197</b>	<b>150,211</b>	<b>210,867</b>	<b>276,428</b>	<b>(3,465,196)</b>	<b>(2,191,705)</b>
<b>RECEIPTS</b>													
<b>Capital Receipts</b>													
Net Current Assets	105,988	45,952											151,940
Sale of NZUs													
Mortgage Borrowings													
<b>Income Receipts</b>													
Carbon Lease and Other Income													
Interest	260	500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,760
Harvest (refer to Collective Harvest Cashflow below)	(47,390)	1,515,147	1,489,718	1,488,546	1,477,469	1,492,792	1,487,424	1,485,374	1,968,641	3,629,110	3,648,532	3,627,713	23,263,077
Sale of Second Rotation Trees													
<b>TOTAL RECEIPTS</b>	<b>58,858</b>	<b>1,561,600</b>	<b>1,490,718</b>	<b>1,489,546</b>	<b>1,478,469</b>	<b>1,493,792</b>	<b>1,488,424</b>	<b>1,486,374</b>	<b>1,969,641</b>	<b>3,630,110</b>	<b>3,649,532</b>	<b>3,628,713</b>	<b>23,425,777</b>
<b>NET CASHFLOW</b>		<b>1,548,365</b>	<b>1,411,223</b>	<b>1,404,962</b>	<b>1,391,300</b>	<b>1,407,027</b>	<b>1,390,740</b>	<b>1,358,178</b>	<b>1,819,430</b>	<b>3,419,243</b>	<b>3,373,105</b>	<b>7,093,910</b>	<b>25,617,482</b>
<b>CASHFLOW FOR EACH INVESTMENT UNIT</b>	<b>200</b>	<b>7,742</b>	<b>7,056</b>	<b>7,025</b>	<b>6,957</b>	<b>7,035</b>	<b>6,954</b>	<b>6,791</b>	<b>9,097</b>	<b>17,096</b>	<b>16,866</b>	<b>35,470</b>	<b>128,087</b>

The Cashflow has been prepared subject to the Principal Assumptions as set out below

## COLLECTIVE HARVEST CASHFLOW - HAWKES BAY GROUP

Financial Year ending 31 March  
 Total m3 Harvested  
 Total Hectares Harvested

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL	
	-	60,800	60,800	60,800	60,800	60,800	60,800	60,800	80,000	145,101	145,101	145,101	940,903	
	-	85.3	83.7	82.3	81.4	76.9	75.1	74.4	93.6	163.8	158.3	162.0	1,136.7	
<b>EXPENDITURE</b>														
<b>Capital Expenditure</b>														
<b>Depreciable</b>														
Road Formation		656,300	643,400	634,400	628,300	601,400	592,400	587,100	745,700	1,321,700	1,286,700	1,312,400	9,009,800	
<b>Deductible Expenditure</b>														
<b>Forestry Expenditure</b>														
Insurance	42,700	40,710	39,700	38,830	37,820	36,820	35,750	33,990	31,630	28,770	23,600	22,970	413,290	
Rates	11,600	11,600	11,600	11,600	11,600	11,600	11,600	11,600	11,600	11,600	11,600	11,600	139,200	
<b>Other Expenditure</b>														
Legal & Other Professional Fees	42,810	68,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	170,810	
<b>TOTAL EXPENDITURE</b>	<b>97,110</b>	<b>776,610</b>	<b>700,700</b>	<b>690,830</b>	<b>683,720</b>	<b>655,820</b>	<b>645,750</b>	<b>638,690</b>	<b>794,930</b>	<b>1,368,070</b>	<b>1,327,900</b>	<b>1,352,970</b>	<b>9,733,100</b>	
<b>RECEIPTS</b>														
<b>Income Receipts</b>														
Harvest		3,881,420	3,753,400	3,741,130	3,711,320	3,714,820	3,693,750	3,682,490	4,829,030	8,804,770	8,804,400	8,786,809	57,403,339	
Sale of Second Rotation Trees														
<b>TOTAL RECEIPTS</b>	<b>3,881,420</b>	<b>3,753,400</b>	<b>3,741,130</b>	<b>3,711,320</b>	<b>3,714,820</b>	<b>3,693,750</b>	<b>3,682,490</b>	<b>4,829,030</b>	<b>8,804,770</b>	<b>8,804,400</b>	<b>8,786,809</b>	<b>8,786,809</b>	<b>57,403,339</b>	
<b>NET CASHFLOW</b>	<b>(97,110)</b>	<b>3,104,810</b>	<b>3,052,700</b>	<b>3,050,300</b>	<b>3,027,600</b>	<b>3,059,000</b>	<b>3,048,000</b>	<b>3,043,800</b>	<b>4,034,100</b>	<b>7,436,700</b>	<b>7,476,500</b>	<b>7,433,839</b>	<b>47,670,239</b>	
<b>COLLECTIVE HARVEST CASHFLOW ALLOCATION:</b>														
Esk Valley	48.8%	(47,390)	1,515,147	1,489,718	1,488,546	1,477,469	1,492,792	1,487,424	1,485,374	1,968,641	3,629,110	3,648,532	3,627,713	23,263,077
Glenross	19.5%	(18,936)	605,438	595,277	594,809	590,382	596,505	594,360	593,541	786,650	1,450,157	1,457,918	1,449,599	9,295,697
Hampton	31.7%	(30,784)	984,225	967,706	966,945	959,749	969,703	966,216	964,885	1,278,810	2,357,434	2,370,051	2,356,527	15,111,466
	100.0%	(97,110)	3,104,810	3,052,700	3,050,300	3,027,600	3,059,000	3,048,000	3,043,800	4,034,100	7,436,700	7,476,500	7,433,839	47,670,239

## LAND LP CASHFLOW - HAKWES BAY GROUP

Financial Year ending 31 March  
Hectares Planted

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL	
<b>EXPENDITURE</b>													-	
<b>Deductible Expenditure</b>														
<b>Forestry Expenditure</b>														
Establishment		22,850	165,030	164,380	151,200	147,340	143,050	141,250	161,490	199,030	244,610	318,400	1,858,630	
Tending					20	70	19,160	82,020	100,930	182,060	237,520	226,550	848,330	
Maintenance	28,970	26,020	25,370	24,840	24,180	23,540	22,860	21,860	20,520	18,240	15,380	15,470	267,250	
Protection	4,170	11,000	10,820	10,640	10,480	10,330	10,160	9,930	9,470	8,640	8,870	8,710	113,220	
Rates														
<b>Other Expenditure</b>														
Mapping & Inventory		410	2,130	2,410	2,330	2,490	2,620	2,600	2,940	3,390	3,690	4,700	29,710	
<b>TOTAL EXPENDITURE</b>	<b>33,140</b>	<b>60,280</b>	<b>203,350</b>	<b>202,270</b>	<b>188,210</b>	<b>183,770</b>	<b>197,850</b>	<b>257,660</b>	<b>295,350</b>	<b>411,360</b>	<b>510,070</b>	<b>573,830</b>	<b>3,117,140</b>	
<b>RECEIPTS</b>														
<b>Capital Receipts</b>														
Sale of Land & Improvements												6,029,000	6,029,000	
<b>Income Receipts</b>														
Carbon Lease	35,470	173,270	159,990	147,050	135,120	123,480	112,190	101,040	87,510	70,600	50,820		1,196,540	
Sale of Second Rotation Trees												2,733,310	2,733,310	
<b>TOTAL RECEIPTS</b>	<b>35,470</b>	<b>173,270</b>	<b>159,990</b>	<b>147,050</b>	<b>135,120</b>	<b>123,480</b>	<b>112,190</b>	<b>101,040</b>	<b>87,510</b>	<b>70,600</b>	<b>50,820</b>	<b>8,762,310</b>	<b>9,958,850</b>	
<b>NET CASHFLOW</b>	<b>2,330</b>	<b>112,990</b>	<b>(43,360)</b>	<b>(55,220)</b>	<b>(53,090)</b>	<b>(60,290)</b>	<b>(85,660)</b>	<b>(156,620)</b>	<b>(207,840)</b>	<b>(340,760)</b>	<b>(459,250)</b>	<b>8,188,480</b>	<b>6,841,710</b>	
<b>LAND LP CASHFLOW ALLOCATION:</b>														
Esk Valley	43.0%	1,002	48,586	(18,645)	(23,745)	(22,829)	(25,925)	(36,834)	(67,347)	(89,371)	(146,527)	(197,478)	3,521,046	2,941,935
Glenross	21.6%	503	24,406	(9,366)	(11,928)	(11,467)	(13,023)	(18,503)	(33,830)	(44,893)	(73,604)	(99,198)	1,768,712	1,477,809
Hampton	35.4%	825	39,998	(15,349)	(19,548)	(18,794)	(21,343)	(30,324)	(55,443)	(73,575)	(120,629)	(162,575)	2,898,722	2,421,965
	100.0%	2,330	112,990	(43,360)	(55,220)	(53,090)	(60,290)	(85,660)	(156,620)	(207,840)	(340,760)	(459,250)	8,188,480	6,841,710

# Summary of Principal Assumptions in the Collective Harvest Cashflow

The Cashflow Projection has been derived from the Cashflow Projection included in the latest annual Financial Report<sup>1</sup>. This prospective financial information will form the basis of future assumptions for financial reporting purposes, if collective harvest is approved by investors.

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.

## General Notes to the Projection

The Cashflow 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. In the Cashflow, 1 Unit refers to 200 shares.

The “Collective Harvest Hawke’s Bay Group” has stumpage revenue projected for the harvest of the m3 set out each year. Each forest’s share from the Hawke’s Bay Group Collective Harvest Cashflow is shown in the “Harvest” line of each forest’s individual cashflow.

The Land LP Cashflow has costs for re-establishing the forest following each year’s harvest and other land holding costs. It is assumed investors receive payment for the re-established treecrop, plus sale of the land, in the final year. Each forest’s share from the Land LP Cashflow is shown in the “Land LP Contributions” line of each forest individual cashflow.

Harvest assumptions include —

- The log volumes and grades are based on the latest pre harvest inventory.
- A sales scenario based upon the Port of Napier and local Mills 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 after the first financial year are Forest Enterprises’ 36-month average log prices.
- Harvesting and Transportation costs are based upon the costs currently being paid by Forest Enterprises for current harvesting.
- The cost of the roading network required at harvest is substantial. At this stage, a provision of \$9.58/ m3 has been provided for.
- The weighted average split between hauler and ground based logging has been used for all forests.

Other assumptions (in addition to the harvest assumptions) include —

- It is assumed that the Land will be sold in the final year of harvest, and the value used is the July 2021 Valuations.
- 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 \$40 Investor Administration Fee, charged once per investor per year.

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<sup>1</sup> 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.