

Silver Range Forest Partnership

Prospective Financial Information for the periods ending 28 February 2022 and 28 February 2023

The prospective Financial Statements of Silver Range Forest Partnership comprise the following Prospective Financial Information (PFI) and other PFI related information for the 8 months to 28 February 2022 and the 12 months ending 28 February 2023.

The Prospective Financial Statements comprise:

- Prospective Statement of Comprehensive Income
- Prospective Statement of Changes in Equity
- Prospective Statement of Changes in Financial Position
- Prospective Statement of Cashflows

This document should be read in conjunction with the Information Memorandum (IM) and the PF Olsen Feasibility Report provided by the Manager

Basis of Preparation

The Prospective Financial Information (PFI) has been prepared in accordance with the requirements of Financial Reporting Standard 42: Prospective Financial Statements. They have been prepared by Roger Dickie NZ Limited specifically for the Public Offer of partnership units.

Roger Dickie NZ Limited is the Manager of the Scheme. The directors have given due care and attention to the preparation of the PFI and authorised the PFI on 1st June 2021. The PFI may not be suitable for any other purpose. The 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 beyond control and events occurring that were not anticipated. 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 Prospective Financial Statements of Silver Range Forest Partnership comprise Prospective Financial Information for the 8 months to 28 February 2022 and the 12 months to 28 February 2023.

The Directors are responsible for and have authorised the issue of the PFI on 1st June 2021. There is no present intention to update the PFI or to publish the PFI in the future unless required by regulations. Silver Range Forest Limited Partnership will present a comparison with the PFI with actual financial results in its 2022 and 2023 Annual Reports as required under the Financial Markets Conduct Regulation 2014.

Other PFI Related Information

The offer document shows Prospective Financial Information over the expected life of the investment which is based on the assumptions set out. Caution should be exercised as many factors could change over the term of the investment.

Silver Range Forest Partnership

Prospective Statement of Comprehensive Income

28 February 2022 and 28 February 2023

	8 Months 28/02/2022	12 Months 28/02/2023
Operating Revenue		
Carbon Revenue	-	-
Interest Received	-	1,479
	<u>-</u>	<u>1,479</u>
Less Expenses		
Forest Expenses		
Planting	200,717	-
Releasing	64,388	-
Contingency Blanking	-	20,072
Contingency Releasing		12,878
Survival Assessment		6,010
Animal Control	10,000	7,500
	<u>275,105</u>	<u>46,459</u>
Operating Expenses		
Property Management & Protection	2,289	3,434
Forest & Operations Management	20,203	10,495
Accounting & Audit	-	5,000
Administration	8,429	13,044
Depreciation	3,457	4,493
	<u>34,378</u>	<u>36,466</u>
Standing Charges		
Insurance	1,500	1,777
Rates	5,948	8,922
Interest	18,000	31,500
	<u>25,448</u>	<u>42,199</u>
Total Expenses	<u>334,931</u>	<u>125,124</u>
Profit/(Loss) for Tax Purposes	(334,931)	(123,645)
Fair Value Movement of Tree Crop	265,105	200,000
Set-Up Costs	(390,840)	-
Net Surplus/(Deficit) for Period	<u>(460,666)</u>	<u>76,355</u>
Other Comprehensive Income	-	-
Total Comprehensive Income	<u>(460,666)</u>	<u>76,355</u>

Silver Range Forest Partnership
Prospective Statement of Changes in Equity
28 February 2022 and 28 February 2023

	Capital Accounts	Retained Earnings	Total
Opening Equity 1 March 2022	1,555,200	(460,666)	1,094,534
Total Comprehensive Income	-	76,355	76,355
Contributions from Partners	-	-	-
Closing Equity 28 February 2023	<u>1,555,200</u>	<u>(384,311)</u>	<u>1,170,889</u>

	Capital Accounts	Retained Earnings	Total
Opening Equity 1 July 2021	-	-	-
Total Comprehensive Income	-	(460,666)	(460,666)
Contributions from Partners	1,555,200	-	1,555,200
Closing Equity 28 February 2022	<u>1,555,200</u>	<u>(460,666)</u>	<u>1,094,534</u>

Silver Range Forest Partnership
Prospective Statement of Financial Position
28 February 2022 and 28 February 2023

	28/02/2022	28/02/2023
Current Assets		
Cash & Cash Equivalents	100,123	180,971
Seedling Deposits	-	-
	<hr/>	<hr/>
	100,123	180,971
Plant Property & Equipment		
Biological Assets - Tree Crop	265,105	465,105
Land @ Cost	1,556,839	1,556,839
Land Improvements	25,924	25,924
Less Accumulated Depreciation	(3,457)	(7,950)
	<hr/>	<hr/>
	1,844,411	2,039,918
Total Assets	1,944,534	2,220,889
Less Liabilities		
Current Liabilities		
Bank Loan	850,000	1,050,000
Total Net Assets	<hr/> <hr/>	<hr/> <hr/>
	1,094,534	1,170,889
Equity		
Capital Contributions	1,555,200	1,555,200
Retained Earnings	(460,666)	(384,311)
	<hr/> <hr/>	<hr/> <hr/>
	1,094,534	1,170,889

Silver Range Forest Partnership
Prospective Statement of Cash flows
28 February 2022 and 28 February 2023

	8 Months	12 Months
	28/02/2022	28/02/2023
Cash flows from Operating Activities		
Operating Income	-	-
Interest Received	-	1,479
Payments to Suppliers	(313,474)	(89,131)
Interest	(18,000)	(31,500)
Net Cash from Operating Activities (Note 2)	(331,474)	(119,152)
Cash flows from Investment Activities		
Set-up Costs	(390,840)	-
(Purchase) Sale of Fixed Assets & Tree Crop	(1,582,763)	-
Net Cash from Investing Activities	(1,973,603)	-
Cash flows from Financing Activities		
Bank Loan (Repayments)	850,000	200,000
Capital Contributions from Partners	1,555,200	-
	2,405,200	200,000
Net Increase/(Decrease in Cash Held	100,123	80,848
Opening Cash & Cash Equivalents	-	100,123
Closing Cash & Cash Equivalents	100,123	180,971

Silver Range Forest Partnership

Notes to the Prospective Financial Statements

28 February 2022 and 28 February 2023

Notes and Assumptions for the period ending 28 February 2022 and the year ending 28 February 2023

The purpose of the prospective financial statements is to assist investors in assessing the viability of and return on funds invested. The IM and the prospective financial information contained in it may not be appropriate for any other purpose. It should be noted that the harvest income will not be received until the trees are around 26 years old, so the amount of Calls is the most relevant financial measure in the early years of this long term investment.

Silver Range Forest Partnership is the generic name for the forest investment comprising of Silver Range Forest LP (the Limited Partnership) and Silver Range Radiata Forest Limited (The General Partner). Silver Range Forest LP is the operational entity and registered and domiciled in New Zealand under the Limited Partnerships Act 2008 for the purpose of establishing, maintaining, managing and harvesting trees on land owned by the Limited Partners.

The prospective financial statements were authorised for issue on 1st June 2021 by the directors of the Manager. 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 assumptions have been based on those set out in the PF Olsen Feasibility Report and PDS. All costs are based on 2021 dollars. In summary, the forest is to be established and grown as a framing regime. The table below identifies the key assumptions:

- Growth Rates: Tree crop growth rates use independent forest consultant projections for the site, climate, tree stock and silvicultural regime. Total recoverable volume; Clearfell 171ha at age 26 at 767 m³/ha and at age 27 at 797 m³/ha.
- Log Prices: Log Prices use a rolling 20 quarter average based on export prices. Nil inflation assumed. 20 Quarter Log Prices from PF Olsen (Forest Consultant). Harvest is anticipated to commence when the tree crop is in its 26th year and to continue for approximately two years. The weighted average recoverable volume and net stumpage value derived at harvest are 779.5m³/hectare and \$38,908 per hectare respectively

Silver Range Forest Partnership

Notes to the Prospective Financial Statements

28 February 2022 and 28 February 2023

- Replanting is assumed to occur the winter following harvest

It is also assumed that settlement of the property will occur on 1 July 2021 and units in the LP will be issued to investors in the week prior to this.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Silver Range Forest Partnership is a wholesale Managed Investment Scheme. The partnership will report under Tier 1 reporting standards

These Prospective Financial Statements were authorised for issue on 1st June 2021

Segmental Reporting

The entity will operate a forest in the Central Hawkes Bay region of New Zealand

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed, with the exception that certain assets specified below have been revalued.

These prospective financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and comply with the NZ equivalents to International Financial Reporting Standards. The prospective financial statements also comply with International Financial Reporting Standards. For this purpose, the Partnership has designated itself to be profit-oriented.

The actual annual financial statements for the partnership will be prepared in accordance and comply with NZIFRS and also International Financial Reporting Standards. 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 the particular periods are likely to vary from information presented and the variations may be material.

New Zealand dollars are the functional and presentational currency.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position will be applied:

Silver Range Forest Partnership

Notes to the Prospective Financial Statements

28 February 2022 and 28 February 2023

- i. Biological assets will be recorded at fair value less estimated point of sale costs. Any gains or losses in the fair value of the forest are recorded in the Statement of Comprehensive Income.
- ii. NZ ETS Units without any future liability attached to them will be recorded at fair value, and any subsequent gains or losses are recorded in the Statement of Comprehensive Income.
- iii. Revenue on sales of goods is recognised when they are delivered and ready for use by the customer.
- iv. Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.
- v. Property improvements, plant and equipment is recorded at cost less accumulated depreciation. Land is recorded at cost. Depreciation has been calculated on a diminishing value basis, based on a useful life of 5 years
- vi. The financial statements have been prepared on a GST exclusive basis, except for receivables and payables which are presented inclusive of GST.

Changes in Accounting Policies

All polices have been applied on a consistent basis throughout the reported prospective periods.

2 CASHFLOW RECONCILIATION

	2020	2021
Reported Surplus(Deficit) for Period	(460,666)	76,355
Non-Cash Items		
Depreciation	3,457	4,493
Forest Revaluation	(265,105)	(200,000)
Movement in Seedling Deposits	-	-
Set Up Costs	390,840	-
Cashflow from Operating Activities	<u>(331,474)</u>	<u>(119,152)</u>

3 FINANCIAL INSTRUMENTS

Interest Rate Risk

The partnership has interest rate risk given that money is owed to other financial institutions. The risk is minimal as the loan is to be repaid over a two year term.

Credit Risk

Financial Instruments which potentially subject the partnership to credit risk principally consist of bank balances, deposits and accounts receivable as set out in the Statement of Financial Position. The amounts set out are the maximum exposures and are net of any recognised provision for losses on these financial instruments. No collateral is held for any of these amounts.

Concentration of Credit Risk

The partnership is not exposed to any concentration of credit risk.

Silver Range Forest Partnership

Notes to the Prospective Financial Statements - Continued

28 February 2022 and 28 February 2023

Liquidity Risk

Liquidity risk represents the Partnership's ability to meet its financial obligations on time. For the most part the partnership generates sufficient cash flows from its Partners annual capital contribution to make timely payments and cashflow from the sale of surplus carbon units held. The financial assets risks are being managed in accordance with normal procedures. Cash Balance funds are held with BNZ which are monitored by the Trustee Supervisor.

Currency Risk

The partnership has no currency risk given that any financial instruments it deals with is all in New Zealand dollars.

Price Rate Risk

Price risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may re-price at a different time and/or by a different amount than financial liabilities. The partnership considers that such risk is minimal given that funds are owed for a relatively short period.

Financial Risk Strategy

The Partnership risk management strategy is to use a combination of equity finance from the partners or revenue from interest received and the sale of carbon. Bank lending is for short term only

4 RELATED PARTIES

The partnership will pay the Promoter, Roger Dickie NZ Limited a set up fee of \$200,000. In addition, the promoter will share pro-rata in \$51,840 of brokerage along with other selling agents.

Administration fees of \$8,429 to 28 February 2022 and \$13,044 to 28 February 2023 are payable to the promoter. The basis of calculation is \$750 per month plus 0.2% of the gross asset valuation.

Forest Management NZ Limited will perform the forest management and projected costs are \$297,597 in 2022 and \$60,388 in 2023

Silver Range Forest Partnership

Notes to the Prospective Financial Statements - Continued

28 February 2022 and 28 February 2023

5 SET UP COSTS

Set Up costs comprise:

Establishment Fee	200,000
Brokerage	51,840
Legal	70,000
Feasibility	9,000
Supervisor	6,000
Bank Fees	3,000
Assurance and Accounting	6,000
Land Valuation	5,000
Marketing Fees	30,000
Contingency	10,000
	<u>390,840</u>

6 BANK LOAN

The bank loan to complete the purchase is \$1,050,000, repayable after 24 months. Security is by way of first mortgage over the forest land.