AGENDA

WAIKARE FOREST PARTNERSHIP

PO Box 43 WAVERLEY 4544 Tel +64 6 346 5329
Fax +64 6 346 5369 Email: invest@rogerdickie.co.nz

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given the Annual General Meeting of Waikare Forest Partnership will be held at Ashley Park, Waitotara, on Friday 13th May 2016 commencing at 9.30am.

This is held in conjunction with Maxwell Forest Partnership.

PROGRAMME

9.30 – 9.45am	Welcome, Registration and Health & Safety sign in with morning tea
9.45 - 1.00pm	Visit Waikare Forest - Meeting continues
1.00 - 1.30pm	Lunch at Ashley Park
1.30 - 3.00pm	Afternoon session of the meeting continues

Times are approximate and the tour of the forests will proceed regardless of the weather, so please bring warm clothing, wet weather gear and suitable footwear that will handle mud and wet grass.

AGENDA

1. Welcome & Opening
2. Appointment of Chairperson
3. Apologies and Proxies
4. Presentation of Minutes of Previous Meeting
5. Matters arising from Minutes
6. Reports and Financial Statements - To receive the Reports, PF Olsen's Valuation and Financial Statements for the Year ending 29 February 2016
7. To consider and adopt the Public Liability Insurance
8. General Business – Post harvest options discussion

PROXY VOTING

To ensure there is a quorum of 50% of Partners please complete the Proxy Form and return to our office by Thursday 12th May:

- **Vote on-line** via the link to the Proxy (as sent to you via email); or
- **Scan and email** to abbey@rogerdickie.co.nz; or
- **Fax** to 06 346 5369; or
- **Mail** to Roger Dickie (NZ) Ltd, PO Box 43, WAVERLEY 4544.

DOCUMENTS

The following documents are included with the Agenda:

- Attendance / Apology /Proxy Form
- Partnership List (Please advise any address changes both postal and email)
- Roger Dickie Report and PF Olsen's Valuation
- Financial Statement
- Roger Dickie Forestry Newsletter
- Summit Log Export Report

ATTENDANCE/CATERING

If you are attending the AGM please assist by advising the office as soon as possible. **It is important we have accurate numbers for catering purposes.**

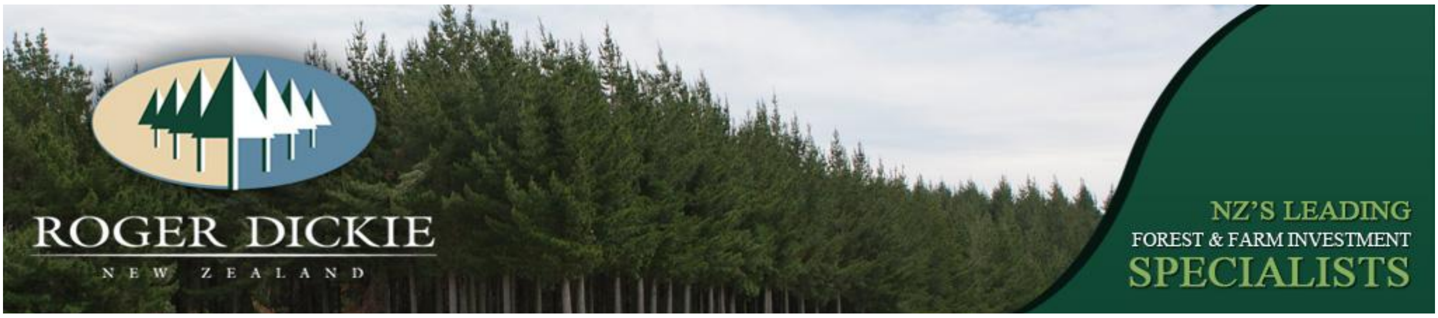
DIRECTIONS/ACCOMMODATION

Ashley Park is located on SH3, approx 34km north of Wanganui and approx 3km south of Waitotara and is well sign posted. Upon arrival, drive over the cattlestop straight ahead to the camping ground and the Conference Room is located on the right. Accommodation is available at Ashley Park, if you wish to stay overnight. You can visit their website www.ashleypark.co.nz or phone 06 346 5917 to make a reservation.

I look forward to meeting you all at the AGM.

Regards

Roger Dickie



Waikare Forest Partnership Report

29 April 2016

Hello,

We are now in our 14th month of harvesting at Waikare and I am pleased to report that the profitability of the harvest is better than was originally forecast.

Harvest last winter was slow which was good because prices at that time were less favourable. We have had a long dry summer, as well, log prices have been relatively stable, because of this harvest has gone well operationally and financially.

We have now completed 66% of the forest roading which puts us in good stead for the coming winter. The roads that have been formed over the summer will allow us to access our ridgeline harvesting settings for the coming winter months.

To date we have harvested 33% of the forest.

Log markets have held up well. Last year we saw a decline in log prices after the Chinese New Year (Feb) as log inventories built up on ports in China and Asia. However, for Chinese New Year in 2016 Summit Forests, (our Waikare exporting company) said "inventories remained steady through this period and that log prices have remained strong as a result of that". The most recent Summit log export report is included.

FMNZ have begun preparations for replanting about 100 ha this winter. Aerial desiccation has been carried out to remove any weeds and wilding pines in preparation for planting to take place in July. Under the Emissions Trading Scheme Waikare forest is classified as pre 1990 and you will recall, it is a requirement that we replant the forest after harvest.

You will have noticed a new disbursement schedule showing how your monthly payments are calculated. This information is shown in the annual accounts, and we will now include it monthly so you can see what you are receiving for your share.

It is pleasing to note that over the last few weeks NZU prices have been increasing. Over the last few weeks carbon was trading at $9 and has recently moved up to $14.50 There would appear to be more upwards pressure on prices with some market commentators forecasting higher prices later this year. Climate Change minister Paula Bennett has indicated that it is a matter of 'when not if' the 2 for 1 carbon scheme for emitters will be scrapped. (Currently NZ emitters are obligated to surrender one emissions unit for every two tonnes of emissions). Waikare Forest has 16,761 NZUs with no liability attached.

Some of you have asked when the harvest will be completed at Waikare. We still think it will take another two and a half years to complete. At some stage the ground based crew will have completed all the road lining and ground based harvesting, so only the hauler crew will remain and production will slow accordingly.

We look forward to seeing many of you at the AGM.

Regards

Roger Dickie

Forest Partnership Report

18 March 2016

Hello,

This has been another positive year for our forest estate.

Although the spring forecasts for the East Coast were for a dry summer due to the El Nino weather pattern, we have actually received good summer rainfall and all of our forests are in good heart as a result.

Valuations

You will be pleased to see the valuation of your forest asset shows an average increase of 17.8% over the 2015 valuation. A copy of the valuation is enclosed.

The forecast net stumpage at harvest for the forest, based on the increased values can be found on the last page of the valuation. From this you can calculate your net stumpage relative to your percentage of partnership interest/shareholding.

Carbon Market – Emissions Trading Scheme

As at today, the price of NZUs has climbed to $11 and will hopefully continue to move north. We believe many emitters have been holding back on purchasing units until there was clarity around the ETS review and whether the 2:1 subsidy would be removed or not.

On 17th March our climate change minister, Paula Bennett said that "It was a matter of when not if" the two for one subsidy for carbon emitters would be removed. This had an immediate effect on NZU prices which climbed to $11 by the end of the days' trading.

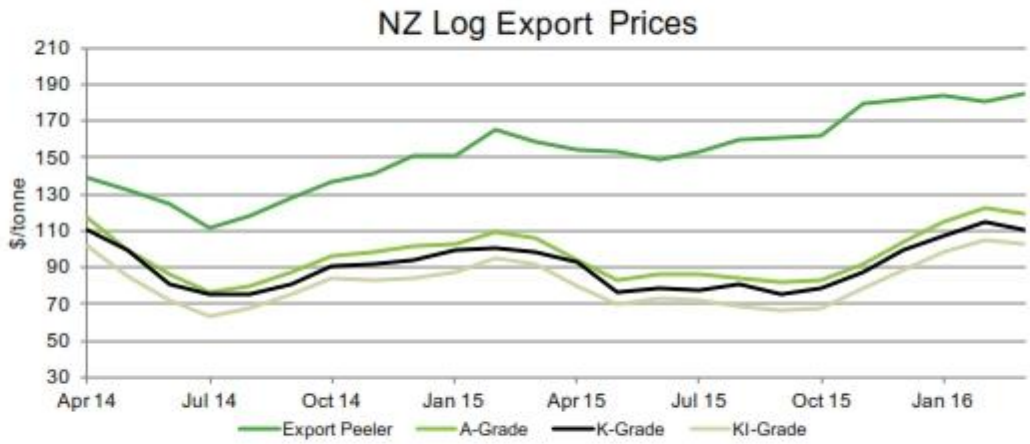
The NZ Emissions Trading Scheme is currently under review and we await the outcome, but based on the Ministers' comments, we are optimistic it will be positive for forestry. We know NZ is presently in a net deforestation situation and if the ETS is to remain an effective carbon management tool, foresters need a clear signal from the government via the ETS to give them the confidence to start planting again.

The NZU sales strategy we have adopted to fund the operating expenses of the forests enables us to take advantage of the rising NZU price. We are selling smaller parcels of units on an as required basis.

Log Markets

Many commodities on the world markets have had a rough time over the last few years. Who would have thought oil would trade down to $28USD.

Interestingly, while we have had two significant dips in log prices over the past twelve months, log prices have held up reasonably well. This is largely due to cheaper international freight rates and exchange rate gains against the USD rather than demand.



Inventory held at the Chinese ports has been lower than previous years over the Chinese New Year period. As a result the log price drops we generally see at this time have not happened. This has also helped to keep the prices up.

It is heartening to see at last a premium return to the market for pruned logs with P40 grade logs achieving $200 per JAS at some ports. The differential between the pruned price and A grade price is now high enough to make the owners of younger forests reconsider whether to prune or not to prune.

Now that we have more forests approaching harvest, it is important we have a better understanding of the markets we are selling our logs into. I have the opportunity to participate in a trip to look at the Chinese and other Asian markets, to help get a better understanding of them as well as the scale on which they operate.

This trip is planned for May.

Harvest age

In my midyear report in November I indicated that we will be commencing harvest of our forests at age 26 rather than the original forecast of age 28. We arrived at this decision after commissioning Jeff Schnell from Olsens to produce a cost benefit analysis as to the optimum time for harvest of our 1991 planted forests and his financial models shows that to be around age 26 years.

The reality is, the harvest of each individual forest will be spread over two or three years because in most cases, it is realistic to put one harvest crew in each forest. By planning harvest at an estate level, this creates economy of scale benefits which will benefit the forest owners. By smoothing the harvest volume, the partners will also derive the benefit of averaging log sale prices and tax benefits. (See separate section on tax)

Roading in the forests prior to harvest requires planning now as there is a significant economic advantage in constructing roads in the dry summer months to prepare for the clearfell operation. It is widely accepted that once the roads are formed, they require time to settle before the harvest traffic starts using them. This leads to more economical roading costs and reduced maintenance during harvest.

For forests planted in 1991/92 the proposal is to begin roading construction during summer of 2016/2017, further roading will be carried out in summer of 2017/2018 and main harvest will begin (when the forest is 26 years old), in the spring (September/October) of 2018.

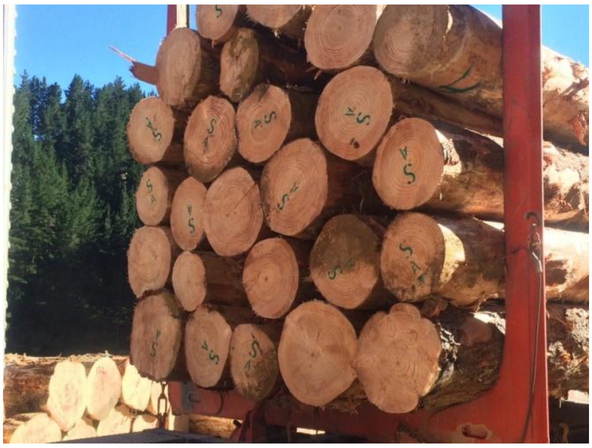
Given the scale of the activity planned in the older forests we feel it is important partners are fully informed of future harvest plans for their forest. We are therefore having separate AGMs this year for Hawkes Bay forests planted in 1991/92 to outline the plans over the next few years.

Tax on Harvest Income

It is worth noting that under Sections EI1 and EJ1 of the Income Tax Act, the income from forestry may be spread for tax purposes, at the option of the taxpayer, over the income year in which the trees are harvested, and the preceding three income years – i.e. a total of four years. This can be advantageous for example where the tax on the income would otherwise result in a change of tax brackets, or where for whatever reason one of the preceding years has significantly less income.

By spreading the harvest over more than one income year, the effect is to extend this four year period – For example, if harvesting was to span three tax years, there are seven years in which the tree income can be allocated for tax purposes, which depending upon each individual's circumstances, could result in quite substantial tax savings.

Harvesting at Waikare Forest



After a slow winter, good progress has been made over the summer months with the harvest of Waikare Forest – the first of the Roger Dickie estate to be harvested. Approximately 27% of the forest is now harvested and over 63% of the roads established.

We have been harvesting our Waikare Forest in South Taranaki for 13 months and it is interesting to note that the average gross revenue per tonne is running at 19.7% ahead of the projection of 16 months ago, forecast by FMNZ based on last 12 quarter running averages. This is an excellent result considering that over that period we have gone through two significant log market price dips.

Managed Investment Scheme (MIS) Licensing

As previously advised, as administrator/manager of the forest partnerships, Roger Dickie (N.Z.) Ltd is required to obtain an MIS license by 1st December 2016. We are working on the application which is proving to be quite time consuming given the level of detail required by the Financial Markets Authority.

One of the changes we need to make is to the partnership Deeds of Participation (DOP) to ensure they are compliant with the Act. We have engaged Kensington Swan Lawyers to prepare a revised DOP. They advise that there are only minor changes required, and they expect to have the amended document completed shortly.

Once completed, the amended DOP will be circulated to the partners for adoption.

We continue to be aware of compliance costs and the need to manage these costs carefully.

Change of name of Statutory Supervisor

As advised in my mid-year report, Complectus Limited acquired the shares of our Statutory Supervisor, Foundation Corporate Trust. Complectus also owns Covenant Trustee Services Limited which is a supervisor licenced by the Financial Markets Authority.

The Boards of Foundation and Covenant have now proceeded to amalgamate both companies into one called Covenant Trustee Services Ltd. The amalgamation took effect on

March 1st this year and effectively is a name change only, as it will have no effect on our dealings with the Statutory Supervisor.

Partner IDs

Many of you will already have experienced the increased identification requirements when dealing with banks or other financial institutions. This is due to the Anti Money Laundering and Counter Financing of Terrorism Act 2009 Act.

We are now required to have formal identification, physical address and bank account details for all of our investors. A photo ID (passport or drivers licence) and a copy of a utilities bill confirming your residential address are needed to meet these requirements.

We will be working our way through all the forests and requesting this information from all investors and would ask for your cooperation in providing it to us. Unless we hold this information on file, we are unable to make distributions of harvest revenue or proceeds of the sale of partnership interests or shares.

Insurance

The insurance investment fund currently sits at $1,960,759 in total. The partnerships will each pay their insurance premiums out of their individual funds.

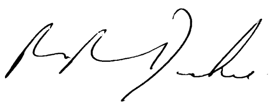
Secondary Market

Richard Bourne tells me he has strong interest in secondary market shares available for sale. The enquiries are from existing partners, other outside parties and strong interest from overseas buyers for partnership interests in forests approaching harvest.

Richard has had an excellent clearance of partnership interests offered for sale in the past few months so if you were considering selling, it may be a good time to discuss your options with him.

If you are interested in securing an investment in another forest partnership or farm, please contact Richard Bourne in our office or email richardb@rogerdickie.co.nz

Regards



Roger Dickie

PF Olsen Ltd
PO Box 1127 | Rotorua 3040 | New Zealand
P: 64 7 921 1010 | F: 64 7 921 1020
E: info@pfolsen.com | www.pfolsen.com

18 March 2016

Silks Audit Chartered Accountants
PO Box 7144
Wanganui 4541

Waikare Forest
Tree crop valuation

As requested, we have assessed the fair value of the tree crop assets at Waikare forest owned by Waikare Forest Partnership. The purpose of this valuation is for reporting in the owner's annual accounts. This valuation of the tree crop meets the NZ IAS 41 accounting standard.

The tree crop market value is estimated as at 29 February 2016 at:

$2,057,000 plus GST (if any)

The current productive net stocked area is estimated at 311.6 hectares.

This value estimate excludes the value of the land and the improvements thereon, other than the trees. The value estimate does not include the contingent tax liability on the income arising from the sale of the trees, or the logs at maturity. Also excluded are costs and revenues associated with subsequent crops, and any value from the costs and revenues arising from the option to join the Emissions Trading Scheme.

Valuation methodology

The market value of the tree crop is assessed by discounting a prospective purchaser's future costs and revenues at a discount rate of 6.5%. The discount rate is based on analyses of recent transactions in New Zealand, and therefore reflects the recent market for forests. Future costs and revenues are expressed in real (2016) NZ dollar terms, exclusive of GST.

The methodology adopted is described in the New Zealand Institute of Forestry (NZIF) Forest Valuation Standards (May 1999). The valuation report presented here is a brief outline of the method adopted and the assumptions made. It does not comply with all disclosure requirements contained in these standards. The reader is referred to the full valuation report entitled "Roger Dickie (NZ) Ltd – Tree Crop Valuation – March 2016" for a complete description of the methodology and assumptions.

Key inputs

Net stocked areas and forest condition are based on current best estimates as provided by the forest manager, Forest Management NZ Ltd (FMNZ). PF Olsen inspected a selection of forests and found that the forest information provided by FMNZ gave a fair representation of the tree crop growing in these forests.

Future yields are projected assuming current best practice management. Projected yields are based on measured starting points where data allows. Measurement data has been supplied by FMNZ. These data have been collected using industry standard methods and protocols.

Future operational costs are based on current industry standards, and have been benchmarked against contract rates prevalent over the past year. Log prices are based on the average of the most recent three years to February 2016, as achieved at the ports in Gisborne, Napier and Wellington. No real price increase is assumed.

Tree crop value change analysis

As part of this valuation, we have examined the impact of changes in the forest description and valuation assumptions used to assess the tree crop value relative to the value estimated last year. This is accomplished by calculating the marginal contribution to the total change in tree crop value from updating each of the key factors in sequence.

Table 1: Tree crop value changes since last year

Change item	**Tree Crop Value (000's)**
Tree crop value last year	3,349
Update area	2,341
Advance date one year	2,673
Update yields	2,673
Update costs	2,454
Update log prices	1,996
Update discount rate	2,057
Tree crop value this year	**2,057**

Area changes, if any, are mainly the result of remapping the stocked area during the year.

Adding one year to the valuation date adds physical growth, and moves the forest one year closer to maturity.

Yield changes, if any, are the result of new measurement data collected during the past year.

The costs for tending, harvest road construction and cartage have all risen this year. Changes to tending costs will only impact on forests with tending operations remaining. The harvest-related costs of road construction and cartage have increased over the past year, as the costs of labour and capital have gone up. In addition, demand for harvesting services has increased.

Prices for pruned radiata logs have increased this year, while prices for other grades have dropped slightly, or remained relatively flat.

We have reduced the discount rate applied in this valuation. Evidence from recent forest transactions suggest that purchasers are applying lower discount rates in deriving tree crop values.

Harvest revenue
Based on the assumptions adopted for the purpose of this valuation, the owner of Waikare forest is projected to receive a total net stumpage revenue of approximately $ 2,527,000 in year 2018.

This projected stumpage revenue is expressed in 2016 NZ dollar terms, and based on the projected yields, costs and log prices assumed in this valuation. The harvest year is based on a weighted average date of maturity for the forest. Harvest operations may commence sooner than, and last beyond, the year shown above.

Yours sincerely
PF OLSEN LIMITED

JEFF SCHNELL
Registered Forestry Consultant (NZIF)

Disclaimer
This valuation was commissioned by Roger Dickie (NZ) Ltd for the purpose of reporting in the individual partnership, or owner, accounts. The valuation is not suitable for sale and purchase.

The tree crop values calculated within this report are based on our assessment of current costs and future revenues. This assessment of costs and revenues is not a promise or guarantee by PF Olsen Limited that these will be realised. No promise or warranty is given pertaining to the accuracy or completeness of information supplied by Roger Dickie (NZ) Ltd, Forest Management NZ Ltd, or by third parties, except to the extent that this has been validated by PF Olsen Limited.

This report is only for use by the entity that commissioned it and solely for the purposes stated above. PF Olsen Limited, and its employees, shall have no liability to any other person or entity in respect of this report, or for its use other than for the stated purpose. PF Olsen Limited and its employees accept no liability for indirect or consequential losses or damages arising from the use of this report under any circumstances.

PF Olsen Limited is an independent forestry management and consulting company. Our company relationship with Roger Dickie (NZ) Ltd is one of providing forestry services and advice on a fee and re-imbursement of costs basis. The owners or employees of PF Olsen Limited have no interest in, or relationship with Roger Dickie (NZ) Ltd, Forest Management NZ Ltd, or the Partnership, apart from that listed above.

Waikare Forest Partnership
Budget Cash flow Statement
Year Ending 28 February 2017

Cash flow is in NZ$ and GST Exclusive

IMPORTANT: Income from Log revenue is estimated only. Assumed Net Return of $17,000 per hectare. Harvested area will reduce over the winter months when the roadling crew stops forming roads. This will start again next summer. There are a number of variables that we cannot control which will affect log prices, area harvested and revenue - these numbers are for budgeting purposes only.

	TOTAL	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
OPENING BALANCE	367,715												
INCOME													
Credit Interest	**720**	20	20	20	500	20	20	20	20	20	20	20	20
Investment Fund	**6,000**								6,000				
Net Harvest Income (Estimated)	**3,160,592**	540,592	400,000	300,000	200,000	170,000	170,000	170,000	170,000	170,000	170,000	300,000	400,000
TOTAL INCOME	**3,167,312**	**540,612**	**400,020**	**300,020**	**200,500**	**170,020**	**170,020**	**170,020**	**176,020**	**170,020**	**170,020**	**300,020**	**400,020**
EXPENDITURE													
Forest Expenses													
Dessication	**33,000**		33,000										
Planting	**77,110**					77,110							
Releasing	**27,500**								27,500				
Forest Management	**24,549**	20	6,125	20		13,512		20	4,813	20		20	
Operation Expenses													
Pest Control	**2,600**	100	2,000	100		100		100		100		100	
Administration Expenses													
Accountancy Fees	**2,695**			2,695									
Administration	**4,320**		360	360	360	360	360	360	360	360	360	360	720
Bank Fees	**90**	35	5	5	5	5	5	5	5	5	5	5	5
Contingencies	**2,000**					1,000						1,000	
Meeting Costs	**300**				300								
Subscriptions	**90**		25			20			45				
Financial & Standing Charges													
Insurance - Fire & Public Liability	**6,401**							401	6,000				
Legal Fees	**600**					600							
Rates	**2,944**			736			736			736			736
Valuation	**290**		290										
Other Expenses													
GST (refund)	**185,573**	185,573											
TOTAL EXPENDITURE	**370,062**	**185,728**	**41,805**	**3,916**	**665**	**92,707**	**1,101**	**886**	**38,723**	**1,221**	**365**	**1,485**	**1,461**
Disbursements	3,154,958	712,592	358,215	296,104	199,835	77,313	168,919	169,134	137,298	168,799	169,655	298,535	398,559
BALANCE		**10,007**	**10,007**	**10,007**	**10,007**	**10,007**	**10,007**	**10,007**	**10,007**	**10,007**	**10,007**	**10,007**	**10,007**

Notes to the Budget

1. Net Harvest Income Estimate - this is estimated using a nett stumpage of $17,000 per hectare. NOTE: This is an estimate only for budgeting purposes.
2. Disbursements will vary depending on Net Harvest Income. Monthly expenditure is taken from the disbursement.
3. Accounting Fees - Email quote from Moore Stephens Markhams 03/02/2016
4. Estimated Tree Crop insurance - This is down on last year as the Net Stocked Area has decreased after harvest.
5. Public Liability insurance - Same as last years premium ($401)
6. Legal Fees - for FMCA compliance
7. Liability Free NZU balance at 1 March 2016 - 16,761 Pre 1990 Units
8. Investment Fund balance as at 1 March 2016 - $46,832
9. Preplant dessicate. To clear the land of weeds and re generating pine trees so the new tree crop can be established. 110 ha @ $300/ha
10. Replant 110 ha @ $701/ha (includes treestocks and planting labour)
11. Aerial release. Spraying the newly planted seedlings to allow trees to grow. @ $250/ha
12. Pest control at the Northern end. Includes goat control

Waikare Forest Partnership

Financial Statements
for the Year Ended 29 February 2016

Contents *Page*

MARKHAMS WAVERLEY LIMITED
CHARTERED ACCOUNTANTS
WAVERLEY

Waikare Forest Partnership

Statement of Total Profit/Loss and Comprehensive Income
For the Year Ended 29 February 2016

	Feb 2016	Feb 2015	Budget
	$	$	$
HARVESTING ACCOUNT			
Operating Revenue			
Log Proceeds	6,561,563	155,374	1,580,000
Less Cost of Sales			
Harvesting Costs	1,762,954	39,821	-
Cartage	1,586,827	36,804	-
Forest Grower Levy	14,427	344	-
Management Fee	254,765	6,215	-
Roading Costs	450,609	8,181	-
Weighbridge	3,370	664	-
	4,072,952	92,029	-
Gross Profit for Period	$2,488,610	$63,345	$1,580,000

Note: This Statement must be read in conjunction with the accompanying Notes .

Waikare Forest Partnership

Statement of Total Profit/Loss and Comprehensive Income
For the Year Ended 29 February 2016

	Feb 2016 $	Feb 2015 $	Budget $
Gross Profit from Harvesting Account	2,488,610	63,345	1,580,000
Forest Expenses			
Planting & Blanking - Labour	4,350	-	-
Planting & Blanking - Trees	2,900	-	-
Fire Control	257	205	-
Management & Supervision Fees	4,450	10,854	7,720
Harvest Consent Fees	-	56,328	-
Harvesting Planning & Pre-Harvest Inventory	-	39,955	-
	11,957	107,343	7,720
Operating Expenses			
Accountancy Fees	2,675	2,625	2,675
Administration	4,150	3,875	4,200
Bank Fees	56	90	150
Depreciation for Period	1,200	1,200	-
Legal Expenses	17	17	600
Mapping	468	908	-
Meeting Costs	590	382	400
Repairs & Maintenance - Fences	26	430	-
Repairs & Maintenance - Tracks & Dams	-	2,375	-
Subscriptions - Forest Health, Research, Kyoto	191	110	120
Sundry Expenses	-	34	2,000
Valuation - Forest	424	225	250
Weed & Pest Control	-	2,042	2,600
	9,797	14,313	12,995
Standing Charges			
Insurance - Public Liability	416	401	-
Insurance - Plantations	9,754	12,310	12,951
Interest - Overdraft	741	152	-
Rates	2,868	2,803	2,865
	13,779	15,667	15,816
Total Expenses	35,533	137,323	36,531
Net Operating Surplus for Period	2,453,077	(73,978)	1,543,469
Less Expenses Recovered			
Interest Received	4,039	1,930	480
Honey Income	1,440	2,880	-
	5,479	4,810	480
Profit/(Loss) for Tax Purposes	2,458,556	(69,167)	1,543,949
Plantation Revaluation Increase (Decrease)	(1,292,000)	(280,000)	-
Net Surplus/(Deficit)for Year	1,166,556	(349,167)	1,543,949
Comprehensive Income	-	-	-
Total Comprehensive Income	$1,166,556	($349,167)	$1,543,949

Waikare Forest Partnership

Statement of Changes in Equity
For the Year Ended 29 February 2016

	Note	*Capital Accounts*	*Retained Earnings*	*2016 Total*
Equity as at 1 March 2015		2,518,467	1,999,274	4,517,741
Total Comprehensive Income		0	1,166,556	1,166,556
Total Contributions From Partners		(1,299,880)	-	(1,299,880)
Total Transactions with Owners		(1,299,880)	-	(1,299,880)
Equity as at 29 February 2016		1,218,586	3,165,830	4,384,416

	Capital Accounts	*Retained Earnings*	*2015 Total*
Equity as at 1 March 2014	2,518,467	2,348,441	4,866,908
Total Comprehensive Income	0	(349,167)	(349,167)
Total Contributions From Partners	0	-	0
Total Transactions with Owners	0	-	0
Equity as at 28 February 2015	2,518,466	1,999,274	4,517,740

Note: This Statement must be read in conjunction with the accompanying Notes.

Waikare Forest Partnership

Statement of Financial Position
As at 29 February 2016

	Note	Feb 2016 $	Feb 2015 $
Current Assets			
Calls in Arrears		27	27
Prepaid Roading		611,719	89,996
Accounts Receivable		623,337	-
Cash and Cash Equivalents	3	415,444	39,146
Goods & Services Tax		-	5,251
		1,650,527	134,420
Non Current Assets			
Plantations	4		
Plantation Value		3,349,000	3,629,000
Revaluation for Year		(1,292,000)	(280,000)
	5	2,057,000	3,349,000
Property, Plant and Equipment	6		
Land & Buildings		1,116,100	1,117,300
Total Assets		4,823,627	4,600,720
Less Liabilities			
Current Liabilities			
Accounts Payable		172,381	82,979
Goods & Services Tax		266,829	-
		439,210	82,979
Total Net Assets		$4,384,417	$4,517,741
Represented by:			
Equity			
Capital Contributions per Schedule		1,218,588	2,518,468
Retained Earnings		3,165,829	1,999,273
		$4,384,417	$4,517,741

Note: This Statement must be read in conjunction with the accompanying Notes .

Waikare Forest Partnership

Cashflow Statement
For the Year Ended 29 February 2016

	Note	Feb 2016 $	Feb 2015 $
Cash Flows from Operating Activities			
Cash was provided from:			
Interest Received		4,039	1,930
Honey Income		1,440	2,880
Operating Income		5,938,226	155,374
Goods & Services Tax		272,080	-
		6,215,785	160,184
Cash was applied to:			
Interest		741	152
Operating Expenses		4,538,866	235,016
Goods & Services Tax		-	3,234
		4,539,607	238,403
Net Cash inflow (outflow) from operating activities	7	1,676,178	(78,219)
Cash Flows from Financing Activities			
Cash was provided from:			
Payouts to Partners		1,299,880	-
Net cash inflow (outflow) from financing activities	7	(1,299,880)	-
Net increase (decrease) in cash held		376,298	(78,219)
Cash at Start of Year		39,146	117,364
Cash at End of Year		$415,444	$39,145

Note: This Statement must be read in conjunction with the accompanying Notes .

Waikare Forest Partnership

Notes to the Financial Statements
For the Year Ended 29 February 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Financial Statements presented here are for the entity Waikare Forest Partnership, which is a Partnership registered under the Partnership Act 1908.

Waikare Forest Partnership is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of Waikare Forest Partnership have been prepared in accordance with the Financial Reporting Act 1993.

Segmental Reporting

The entity operates in the forestry industry at locations in the North Island 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 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 financial statements also comply with International Financial Reporting Standards. For this purpose, the Partnership has designated itself to be profit-oriented.

The information is presented in New Zealand dollars.

Specific Accounting Policies

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

i Receivables and payables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts). The resulting carrying amount for receivables is not materially different from estimated realisable value.

ii The forest plantations are 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 Financial Performance.

iii Revenue on sales of goods is recognised when they are delivered and ready for use by the customer.

iv The entity is not a party to financial instruments with off balance sheet risk.

v 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.

vi 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.

When an item of property, plant and equipment is disposed of, any gain or loss is

Waikare Forest Partnership

Notes to the Financial Statements
For the Year Ended 29 February 2016

	Feb 2016	Feb 2015
	$	$

3. CASH AND CASH EQUIVALENTS

B N Z Current Account	367,715	(14,993)
B N Z Deposit - Investment Fund	47,729	54,138
	$415,444	$39,145

Deposit - Investment Fund
The deposit is available to fund any future obligation that Waikare Forest Partnership may assume under its arrangement with other partnerships in the Roger Dickie Group Investment Fund. Waikare Forest Partnership will contribute towards forest losses sustained by other partnerships and not covered by the Group Investment Fund.

4. PLANTATION DETAILS

The plantation is comprised of Pinus Radiata trees planted in the Wanganui District. The remaining Net Stocked Area of approximately 293.9 hectares was planted in 1998 (0.8ha) & 1989 (293.1ha)

5. PLANTATION REVALUATIONS

Valuer
The plantation was valued as at 29 February 2016 by Jeff Schnell, Registered Forestry Consultant (NZIF), of PF Olsen Limited, forest consultants and managers. The estimated fair value of the plantation is categorised within Level 3 of the fair value hierarchy.

Valuation Methodolgy
The valuation uses the following procedure:

i Future Yields are forecast.
ii Log prices are attached and harvest costs deducted to arrive at projected harvest revenues.
iii Projected clearfell revenues are reduced to account for attrition.
iv Future costs are added.
v The effect of taxation is modelled from a purchaser's perspective.
vi The resulting post-tax cashflow is discounted at the nominal discount rate, This generates a Net Present Value (NPV) by stand and by forest.

If the stand has a negative NPV after the discounting as above, then the stand value is assessed as the sum of the current replacement costs.

The fair value estimate excludes the value of the land and the improvements thereon.

Also excluded are any costs and revenues associated with subsequent crops, and any value arising from the Emissions Trading Scheme.

The key inputs used in obtaining fair value are as follows, along with their sensitivity to a significant increase or decrease.

recognised in the Statement of Comprehensive Income and is calculated as the difference between the sale price and the carrying value of the item.

Depreciation is provided for on a diminishing value basis on all tangible property, plant and equipment other than freehold land and capital work in progress, at depreciation rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

vii For the purposes of the cashflow statement, cash includes cash on hand and deposits held at call with banks.

viii All taxable profits or losses are assessed to the partners of the partnership.

ix 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

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. **BUSINESS**

The principal activity of Waikare Forest Partnership is that of Afforestation. The partnership grows pinus radiata for the purpose of selling the harvest

Projected Yield
The growth potential was determined for each crop type based on measurement data supplied by the forest manager. Where a crop has not been measured, the indices estimated in the original prospectus have been used. A clearfell age of 28 has been assumed for the majority of the radiata crops. Some small stands have been assigned other clearfell ages to coincide with the harvesting of larger neighbouring stands. Yields have been projected from measured starting points (where data allows) using appropriate growth models. The Atlas Forecaster modelling system has been used. A significant increase in this input would increase the fair value of the plantation.

Log Prices
The radiata pine log prices used in the valuation have been derived from prices paid at the Gisborne and Napier ports over the past three years. An exception to this is the radiata domestic pulp price, which has been derived from the three-year average price (averaged to December 2015) as reported by MPI. They range from $54 to $154 per m3 depending on grade. Log prices for other species are taken from recent industry publications and other sources. A significant increase in this input would increase the fair value of the plantation.

Projected Costs
All costs apart from rates have been assessed by PF Olsen, and are based on current industry standards and expressed in 2016 New Zealand dollars.

i Tending costs vary with the age of the trees and depending on the rate of growth. The projected age of the pre-harvest inventory is two years prior to clearfell at this point the harvest plan can be prepared which forms the basis of specific costings for the harvest. Prior to the pre-harvest inventory and harvest plan being prepared tending costs used in the valuation represents an average across all crop costs and may differ when a pre-harvest inventory and harvest plan is completed.

ii Annual costs for insurance, forest management and other costs have been expressed in dollars per hectare over the whole estate. Costs may vary from forest to forest depending upon a number of forest related management factors.

iii Clearfell harvest costs are defined as all costs from stump to price point defined as at wharf or mill gate. They include costs for logging and loading, road and skid formation, harvest management and cartage. Costs are based on current average contract costs. Some of these costs vary depending on the size and volume per hectare harvested.

iv Logging and loading costs are based on harvest operations in the North Island over the past year. These costs vary widely depending upon location of forest, terrain, and existing roading access. An average logging and loading cost is calculated for each crop type based on the proportion of area by terrain class. The estimate of the proportion of the area in each terrain class has been made by PF Olsen staff during the site visit carried out at the feasibility stage.

v Road and skid formation costs have been re-assessed this year using a consistent basis across all forests. PF Olsen carried out detailed assessment of road formation costs for a representative sample of four forests. This assessment used topographic maps, together with information collected during the field inspections. The modelling uses an average per hectare cost however the actual costs could differ when a pre-harvest inventory and harvest plan is carried out.

vi Harvest management costs are set at an average price for all crop types. This is based on current industry efficient costs for management of similar sized operations.

vii Cartage costs are based on current actual contract rates. Any significant change in costings or forest yield would affect the fair value of the plantation.

Discount Rate

The discount rate used in the estimate of the tree crop market value is important. The value estimate of young immature forests in particular is very sensitive to the choice of discount rate. The discount rate used represents a real rate of return, which is over and above inflation. Rates quoted by financial institutions are generally nominal rates, which include inflation. The discount rate selected of 6.5% is based on rates derived from actual transactions in the last three years applied to post-tax cash flows. A significant increase in this input would decrease the fair value of the plantation.

Impact of the Emissions Trading Scheme

In respect of the pre-1990 forest land the carbon credits allocation, in the valuer's opinion, does not impact on the tree crop market value estimate. In respect of the post-1989 forest land premiums may have been paid for this carbon trading opportunity, but carbon credit prices have since declined significantly. It has not as yet been possible to quantify this premium or conclude that such premium still applies to any or all post-1989 forests. This valuation therefore does not include any value in respect of this carbon trading opportunity. A significant increase in this input would increase the fair value of the plantation.

6. PROPERTY, PLANT AND EQUIPMENT

	Opening Value	Additions/ Deletions	Closing Value
Land and Improvements - 2015 Year			
Cost	1,125,000	-	1,125,000
Accumulated Depreciation	(6,500)	(1,200)	(7,700)
Net Book Value	1,118,500	(1,200)	1,117,300
Land and Improvements - 2016 Year			
Cost - October 2008	1,125,000	-	1,125,000
Accumulated Depreciation	(7,700)	(1,200)	(8,900)
Net Book Value	1,117,300	(1,200)	1,116,100

The latest capital value set by Quotable Value for rating purposes in September 2015 was $1,350,000

7. CASH FLOW RECONCILIATION

Reconciliation of Cash Flows from Operating Activities.

	Feb 2016 $	Feb 2015 $
Reported Surplus for Year	1,166,556	(349,167)
Non Cash Item - Depreciation	1,200	1,200
Non Cash Item - Forest Revaluation	1,292,000	280,000
	2,459,756	(67,967)
Movements in Working Capital:		
Increase(Decrease) in Prepayments	(521,723)	(89,996)
Increase/(Decrease) in Accounts Payable	89,402	82,979
(Increase)/Decrease in GST	272,080	(3,234)
	(160,242)	(10,251)
Net Cash Flow from Operating Activities	$2,299,514	($78,218)

8. FINANCIAL INSTRUMENTS

Interest Rate Risk

The partnership has no interest rate risk given that no money is owed to other financial institutions.

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.

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.

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 no funds are owed to other financial institutions.

Financial Risk Strategy

The Partnership risk management strategy is to use 100% equity finance from the partners.

9. EVENTS AFTER BALANCE DATE

There have been no significant events after balance date.

10. EMISSIONS TRADING SCHEME

Waikare Forest Partnership has been allocated 16,761 NZUs being the second tranche of the pre 1990 free allocation. The Partnership elects to record these at their Nominal Amount ($0). The Fair Value of these NZUs based on prices offered by brokers as at 29 February 2016 is $159,229 (2015- $98,890)

As the land is clasified as pre 1990 under the Climate Change Response Act (2002) there is a liability to either replant the forest or repay the emissions liability on deforestation.

11. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

At balance date, and also the previous balance date, there were no known capital commitments or contingent liabilities.

12. RELATED PARTIES

The partnership paid administration fees of $4,150, harvest management fees of $254,766 and management fees and forest expenses of $14,318 to companies in which R R Dickie, a partner, has a controlling interest. The partnership paid transport costs of $1,707,598 to Harvest Logistics Limited in which E E Dickie, the son of R R Dickie is a Director. These amounts were charged on normal commercial terms and conditions. The amount outstanding to related parties at balance date was $349 (2015 - $82,979), and the amounts receivable from related parties at balance date was $623,337 (2015 - $0). No related party debts have been written off or forgiven during the year.

13. JUDGEMENT AND ESTIMATE UNCERTAINTY

The preparation of financial statements of necessity involves judgement and estimation. The only significant estimation required for the year is the plantation valuation which includes factors such as expected discounted cashflow rates, harvest dates and current log prices at mill or at wharf, refer to the plantation note for details.

Forest Plantation

Waikare Forest Partnership is one of approximately 90 forests administered by Roger Dickie (NZ) Limited using a common forest manager, Forest Management (NZ) Limited (FMNZ) and a common valuer PF Olsen Limited. With a forestry estate of this size PF Olsen is able to carry out rotational checks on selected forests to validate the accuracy of forest data that FMNZ provides for the purposes of the forest valuation.

Due to the nature of a growing forest it is not practical or economic to be physically counted each year. The treecrop valuation is how the underlying growing forest is represented in financial terms.

FMNZ has been providing forest management services to the company since inception and has been producing the required data for the forest valuer (PF Olsen). PF Olsen is, a forestry consultant in its own right and qualifies as an expert for financial reporting purposes.

PF Olsen in order to rely upon the physical data provided by FMNZ validates this information on a rotational basis in the following manner:

PF Olsen prepared the initial feasibility study that takes into account significant factors such as plantable area, topography and soils, climate, growth potential, forest development programme, planting and tending, and forecast yields.

Has knowledge of the geographic estate that the forest is growing in.

Inspects a subset of forests regularly.

Carries out a ground-check map (to validate net stocked area, access).

Checks tending status, and uniformity of stocking, on a selection of stands (to validate measurement data provided).

Visual checks of stand condition (crop health, growth to date).

Checks for protection measures (e.g. water points, evidence pest control).

Seek explanations for any changes observed in net stocked area, crop typing.

Have relied on a systems audit of FMNZ carried out in the late 90's and the intention from PF Olsen is to conduct another systems audit during 2016.

14. PARTNERSHIP STRUCTURE

Partners have subscribed for Participatory Securities in the Partnership. The number of Participatory Securities has been fixed at 200,000 and they have no nominal value. The partners are required to contribute capital, and to share partnership profits and losses, pro rata in accordance with the number of Participatory Securities held by them in the Partnership. Capital contributions are in accordance with an annually approved budget. The Partners are jointly and severally liable for all Partnership debts.

15. ADOPTION OF NEW AND REVISED STANDARDS - (Early adoption of Standards, Interpretations and Modifications)

The partnership believes there will be no effects from accounting standards which have been issued but not yet effective.

Waikare Forest Partnership

IRD No 051-665-716

Statement of Changes in Equity

For the Year Ended 29 February 2016

	EQUITY ACCOUNTS					TAX RETURN
	Balance 2015	Calls for Year	Sales Entries	Distribution Made	Balance 2016	Share of Tax Profit
Akoranga Trust Inc	100,739	-	-	(51,995)	48,744	(98,342)
Austin, R A	-	-	20,148	(10,399)	9,749	(19,668)
Dickie, M M	151,109	-	-	(77,993)	73,116	(147,513)
Drummond, P S	100,739	-	-	(51,995)	48,744	(98,342)
Reid, Estate J S	50,370	-	-	(25,998)	24,372	(49,171)
Farag, M	75,554	-	-	(38,996)	36,558	(73,757)
Farag, N	75,554	-	-	(38,996)	36,558	(73,757)
Gillingham, M	100,739	-	-	(51,995)	48,744	(98,342)
Bukholt, K & Gower-James, N as Trustees	50,370	-	-	(25,998)	24,372	(49,171)
Hall, J B	-	-	20,148	(10,399)	9,749	(19,668)
Higgs, M J	100,739	-	-	(51,995)	48,744	(98,342)
Holyoake Industries Limited as Trustees	231,694	-	-	(119,589)	112,105	(226,187)
Hope, M	100,739	-	(100,739)	-	-	-
Hope, U M	-	-	20,148	(10,399)	9,749	(19,668)
Hughes, D G	50,370	-	-	(25,998)	24,372	(49,171)
Hughes, J M	50,370	-	-	(25,998)	24,372	(49,171)
Lavender, M S	75,554	-	-	(38,996)	36,558	(73,757)
Long, A C	-	-	20,148	(10,399)	9,749	(19,668)
Pakurakai Forest Limited	100,739	-	-	(51,995)	48,744	(98,342)
Patience, J A	110,813	-	-	(57,195)	53,618	(108,176)
Kalimantan Estates Limited	100,739	-	-	(51,995)	48,744	(98,342)
Piercy, A R	120,886	-	-	(62,394)	58,492	(118,011)
R W & S F Gardiner Limited	120,886	-	-	(62,394)	58,492	(118,011)
Reymann, U	75,554	-	-	(38,996)	36,558	(73,757)
Roger Dickie No 1 Limited	151,109	-	-	(67,673)	83,436	(147,513)
Scott, J W	100,739	-	-	(62,315)	38,424	(98,342)
Selderbeek, H	100,739	-	-	(51,995)	48,744	(98,342)
McEwen, C & I as Trustees	100,739	-	-	(51,995)	48,744	(98,342)
Wakefield, S J	-	-	20,148	(10,399)	9,749	(19,668)
Willis, J M D	120,886	-	-	(62,394)	58,492	(118,011)
	2,518,468	-	-	(1,299,880)	1,218,588	(2,458,556)
Retained Earnings	1,999,273	-	-	1,166,556	3,165,829	
Total Equity	4,517,741	-	-	(133,324)	4,384,417	

Note: This Statement must be read in conjunction with the accompanying Notes.