

Key Benefits of Warren Forestry Partnerships *Diversified Forest Packages*

All good forest investments have a number of similar features, so choice is best made on those that distinguish one from another.

We invite you to note the following benefits and *compare them and question us* on them.

Points 1 and 8 are *unique* to Warren Forestry partnerships: -

1. Diversity

All our partnerships feature several separate forest stands, of two species, on more than one property in different areas. Many investors in our six previous partnerships tell us this feature is decisive. No other company offers diverse forest investment, so all carry higher risk.

After all, *diversity* is the first rule of any sound investment strategy.

2. Sound Management & Quality Control

Good management and quality control are as important as good forest sites. Our forest partnerships are looked after by experienced people whose roles are clearly defined and deliberately separated. This promotes a higher degree of quality control.

3. High Compound Growth

For any investment it is only the *real return* that counts, i.e., *above inflation, after tax and costs* and over the *full term*. Typically good forest investments will produce a real compound return of 7 to 8% per annum. That is roughly equivalent to at least 15% p.a. for other types of investment before inflation, tax and costs are deducted. By further comparison, on average, share or property or mixed managed funds have *real* returns of between 3 and 5% over the long term. The reason the return is so much higher for plantation forests is *forests grow biologically, all the time, in a compounding manner*. Most other assets do not. That is how the \$23,000 invested during the term of our latest issue grows to \$154,000 over 29-35 years.

All the time before harvest, the amount invested in a forest will be growing in value well ahead of inflation because of that biological growth. That may not be true of other investments, which can at times decrease in value below the sums invested.

4. Robust Return

If you look at the price sensitivity analysis on page 8 of the Investment Statement for Seventh Forest P'ship, you will see that if only *half* the forecast revenue is actually realised, the compound growth rate is still 5%. So even *severely* on the down side, there is still a profit made on every dollar invested. Try to think of another investment that robust. Many regularly lose some or all of their investors' money!

5. Not only a '30 year' investment

Do not be put off by *model* forecasts for harvests from 29 to 35 years. That may be the optimum age to maximise the harvest return, but you do not have to wait until harvest for a return.

Firstly, a return can be gained by selling your units on the secondary market. So it could be a 5, 10, 15 or 20 year investment.

Secondly, a partnership may sell the cutting rights to its forest stands before harvest, e.g. aged 20 or 25. Or sell the Douglas-fir stand(s) when the Radiata pine is harvested. Partnerships are able to vote on such options and are likely to do what will maximise their return.

6. Green and Wealth Creating

Our plantations absorb carbon, emit oxygen, enhance & retain soils, smother exotic weeds, support bird-life, strengthen rural communities, create jobs and earn export dollars for NZ.

Two per cent of our average partnership will absorb the carbon four cars emit for 40 years, substitute for several hectares of native forest in NZ or abroad, and retain and improve thousands of tonnes of soil.

True greens own diverse plantation forests!

7. Affordable

Our minimum partnership share requires a \$2,500 deposit and \$6,000 within a further six months or so. Then a flat \$850 per year for ten years. Then very little.

We offer a finance package for up to 24 months if that suits.

8. Maximised Tax Savings

Ninety percent of our partnerships' total investment is tax deductible. For example, in the next tax year the rebate for the minimum two-unit share of Seventh FP will be over \$1,400. This is much more than land owning partnerships, because *land is not tax deductible*.

9. Audited

Forest progress and management are reviewed by an independent Forestry Consultant.

Annual financial statements are audited by Deloitte Touche Tohmatsu.

10. Insured

Our partnerships have full fire and public liability insurance, plus storm cover from age five.

11. Units Fully Transferable

Units are 'Participatory Securities' under the Securities Act. You may sell them on the secondary market or transfer them to children or other family at any time.

If you have any questions about any aspect of our partnership investments or forestry in general, please just call or e-mail.

Charles Etherington
Managing Director