



**Indufor** ...forest intelligence

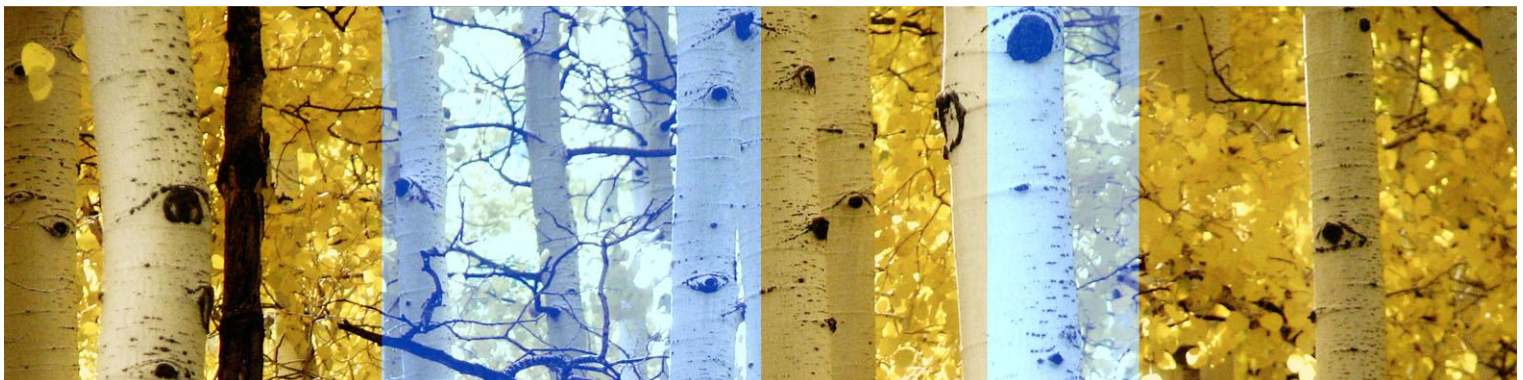
## **Greenheart Group**

# **Mangakahia Forest Asset Valuation as at 31 August 2025**

## **Final Summary Report**

04 November 2025  
Auckland

A25-12748





#### DISCLAIMER

Indufor makes its best effort to provide accurate and complete information while executing the assignment. Indufor assumes no liability or responsibility for any outcome of the assignment.

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## LETTER OF TRANSMITTAL

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Indufor Reference: A25-12753

04 November 2025

### **Greenheart Group**

32A, 32/F, Fortis Tower,  
Nos. 77-79 Gloucester Road,  
Wanchai, Hong Kong

Dear Sir / Madam,

### **Re. Market value of Greenheart's Mangakahia forest estate**

On instruction from Greenheart Group (Greenheart), Indufor Asia Pacific Limited (Indufor) has prepared this report which is a summary of Indufor's opinion as to the market value of the Mangakahia forest estate located in Northland, New Zealand. The estate includes the assets owned by Greenheart MFV Limited, Greenheart Mangakahia Forest Land Limited, and Greenheart Mangakahia Forest Māori Land Limited, collectively known as "MFV". The forest value applies at 31 August 2025, assuming a discount rate of 7.00% applied to real, unlevered, pre-tax NZD cash flows arising from current and future tree crops.

### **Purpose of the valuation report**

Indufor is advised by Greenheart that it intends to include this summary report within a circular to be disclosed to The Stock Exchange of Hong Kong within the next three months.

### **Valuation and Financial Reporting Standards**

The valuation is prepared in accordance with the Valuation Standards of the New Zealand Institute of Forestry (NZIF valuation standards), and in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP). Indufor also acknowledges the reporting requirements of the International Financial Reporting Standard 13 – Fair Value Measurement (IFRS 13) by recognition of the hierarchy of valuation inputs, and the New Zealand edition of International Accounting Standard 41 – Agriculture (NZ IAS 14) by distinguishing the value of the current tree crop from the market value of the estate under a perpetual regime<sup>1</sup>.

<sup>1</sup> Indufor's valuers have observed over the past 30 years or more that forestry and timberland investors – when considering investments into similar plantation estates in New Zealand and Australia – will estimate market value on a 'perpetual' basis (i.e., based on the intention to use the land continuously for forestry by regenerating the tree crops [continued next page.]

### **Basis of valuation**

Indufor has used an **income approach** established on projected cashflows, and selected a discount rate based on transaction evidence. The tree crop is valued by Indufor as a whole reflecting the likely basis for a market transaction. An opinion of the underlying freehold land value is provided by the registered land valuer, Arotahi Agribusiness. Indufor has included a notional rental in the tree crop cash flow projections to account for its occupation of the land.

A **cost-of-replacement approach** (or asset-based approach) was not adopted.

A **comparable sales approach** (or market approach) was not considered in terms of 'dollar per hectare' value, however the discount rates implied by recent market transactions were considered closely.

The income approach adopted by Indufor defines projected cash flows that relate to the characteristics of the subject estate, and then estimates the net present value of the estate under a DCF framework. The applied discount rate is established from market evidence.

### **Cash flow projections**

In accordance with IFRS 13, the inputs to the cash flow projections are defined as hierarchy 2 and 3 inputs. Indufor has prepared the projected cash flows to represent management systems applicable to the subject radiata pine tree crops. The silvicultural management regimes for radiata pine plantations – which define the timing and purpose of management activities – are based on decades of industry research and experience, and have been well documented. Management costs are estimated from a combination of sources including Greenheart's historical cost records and budgets, Indufor's own database of observations across New Zealand's forest estates in the conduct of appraisals and transaction due diligence assignments, and cost estimates reported in credible publications.

### **Opinion of value**

Applying an income approach to the current and future tree crops, Indufor's opinion of market value for the MFV estate, as of 31 August 2025, is **NZD79.099 million**.

For the purposes of NZ IAS41-Agriculture it would be suitable to report a current tree crop value of NZD50.019 million while acknowledging a current crop discount rate of 7.72% applied to real, unlevered, pre-tax NZD current rotation cash flows.

NZ IAS 41-Agriculture stipulates that "A biological asset shall be measured on initial recognition and at each balance date at its fair value less estimated point- of-sale costs". As a forest valuer Indufor has professional expertise in assessing the forest's fair value but not the point-of-sale costs. We have observed that a figure of 0.5% of the forest value has found some wider application though it is acknowledged there is no empirical data to support this estimate. Under this assumption, Indufor estimates the point-of-sale costs for the subject forest asset at NZD0.250 million (USD0.147 million).

The total value of the subject property is based on the appraisers unbiased professional analyses, opinions, and conclusions, which is limited only by the reported assumptions, limiting conditions, and pertinent facts about the market and the subject property.

This value attributed to the estate would be consistent with an exposure period of twelve months.

after harvest). IFRS 13 requires – amongst other things – that in arriving at an appropriate measure of market value, an entity must identify the assumptions that market participants would use when pricing the asset or liability. While Indufor has thus applied an approach by which investors are commonly assessing market value of such forestry estates, this approach is not in perfect accord with the financial reporting requirements of IAS41 which requires reporting of the value of the existing (or current) tree crop only. Consequently, Indufor prepares a market value based on a perpetual management regime but then distinguishes the value attribution between current and future tree crops by recognition of the discount rate required to achieve the same value.



Sincerely,

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Senior Consultant  
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**D. Nicoll**  
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## **CERTIFICATION**

Indufor certify to the following statements to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- Indufor has no present or prospective interest in the subject property, and no personal interest or bias with respect to the parties involved.
- Indufor's engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Indufor's compensation for completing this assignment is not contingent upon:
  - the development or reporting of a predetermined value or direction in value that favours the cause of the client,
  - the amount of the value opinion,
  - the attainment of a stipulated result, and
  - the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Indufor's analyses, opinion, and conclusions were developed, and this report has been prepared, in conformity with the New Zealand Accounting Standards and Uniform Standards of Professional Appraisal Practice.
- Indufor's most recent inspection of the property was in December 2024.
- This report has been prepared by staff and consultants of Indufor Asia Pacific.

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## **ASSUMPTIONS AND LIMITING CONDITIONS**

This report was prepared at the request of Greenheart Group (the Client) by Indufor Asia Pacific (the Consultant). The intended users of this report are the Client and its Financial Advisers. No other third party shall have any right to use or rely upon the report for any purpose.

The Client shall place no reliance on any draft or interim advice or report or oral presentation. The Consultant shall have no obligation to update any advice, report, or output from the Services for events taking place after the final report is issued.

The assignment involved preparation and reporting of Indufor's opinion as to the market value of the MFV forest estate located in Northland, New Zealand.

Indufor is advised by Greenheart that it intends to include this summary of the valuation report within a circular to be disclosed to The Stock Exchange of Hong Kong within the next three months. This report may only be used for the purpose for which it was prepared and its use is restricted to consideration of its entire contents. The conclusions presented are subject to the assumptions and limiting conditions noted within.

Details concerning the location and basic physical characteristics of the subject property have been taken from data provided by the Client and its property manager, Northland Forest Managers (NFM).

Indufor's investigative processes have involved remote sensing and data analyses. In undertaking these analyses Indufor has employed a sampling approach and has been subject to the scope and time constraints of Indufor's engagement with the Client. Wherever appropriate, Indufor has reported its findings accompanied by statistical measures that identify the sampling frequency and estimates of precision. Subject to acknowledging these factors, we know of no reason why reliance cannot be placed on the asset description and verification.

Indufor has endeavoured to collate and confirm all current information regarding operational, production and overhead costs. We have similarly reviewed current log prices. These information can be relied upon, subject to any expressed qualifications regarding its completeness and its future relevance.

Indufor does not provide reliance on:

- Legal descriptions. Indufor has taken legal descriptions from sources thought to be authoritative, but neither assumes nor suggests responsibility for these. Legal matters are beyond the scope of this report.
- The possible existence of hazardous materials or other adverse environmental conditions.
- Long run log price estimates. These are calculated using all due care but out of necessity these are professional opinions only.
- Freehold land values; These are the opinion of registered land valuers, Arotahi Agribusiness.

Neither all nor any part of the contents of this report (especially any conclusion as to value, the identities of the consultants or Indufor) shall be disseminated to the public through advertising media or any other means of public communication without the prior written consent of Indufor.

Indufor recognises the possibility that any valuation can eventually become the subject of audit or court testimony. If such audit or testimony becomes necessary as a result of this valuation, it will be a new assignment subject to fees then in effect.

Any liability on the part of Indufor is limited to the amount of the fee collected for work conducted by Indufor.



**Indufor**

**ADDITIONAL RELIANCE STATEMENT FOR PARTIES OTHER THAN GREENHEART GROUP AND ITS ADVISORS**

This summary of the valuation report was prepared for financial reporting purposes, estimating the market value of the assets as of 31 August 2025. As a market valuation, the exercise is intended to reflect the process that parties to a transaction would follow in agreeing on a mutually acceptable price. Despite any such attempted emulation of a purchase process, the exercise has been constrained by the funding and time limits that the annual reporting process imposes. Indufor accordingly offers no reliance on this valuation to purchasers of equity in Greenheart Group. Indufor also takes no responsibility for incorporating value effects arising from events after 31 August 2025.

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## EXECUTIVE SUMMARY

On the instructions of Greenheart Group (Greenheart), Indufor Asia Pacific Limited (Indufor) has undertaken an appraisal of the fair market value of the Mangakahia (MFV) forest estate as of 31 August 2025. The MFV estate is valued by Indufor as a whole reflecting the likely basis for a market transaction. This report is a summary of the full narrative report.

The property manager has provided to Indufor reasonable and transparent information relating to the estate, including a current forest description, cost information, log sales records, and yield reconciliations<sup>2</sup>. Greenheart has also provided an opinion of the land value it commissioned from registered land valuer, Arotahi Agribusiness. Indufor has relied upon the land value opinion for estimation of notional rental rates applied to the tree crop cash flows.

The MFV estate has been valued in accordance with recognised valuation methodologies and financial reporting standards. Most weighting has been applied to the income approach, while the comparable sales approach is recognised in the application of an implied discount rate based on market transaction evidence.

The assumed discount rate is 7.00%, applied to real, unlevered, pre-tax NZD cash flows arising from current and future tree crops. Because a notional rental has been included in the tree crop cashflows, the appraised land value can advisedly be added to the tree crop value to estimate the total market value of the MFV estate.

Table ES- 1 reports the component values, including the freehold land value which is the independent opinion of Arotahi Agribusiness.

**Table ES- 1: Market value as of 31 August 2025**

Value component	Market value	
	NZD million	USD million <sup>3</sup>
Tree crop	50.019	29.461
Land <sup>4</sup>	29.080	17.128
<b>Total value at 31 August 2025</b>	<b>79.099</b>	<b>46.589</b>
<b>Total value at 31 December 2024</b>	<b>79.615</b>	<b>46.513</b>

For the purposes of IAS41–Agriculture, Table ES- 2 reports the value attributed to the current tree crop when the future crop is assumed to have no value. For financial reporting purposes it would be suitable to report a current tree crop value of NZD50.019 million while acknowledging a current crop discount rate of 7.72% applied to real, unlevered, pre-tax NZD current rotation cash flows.

<sup>2</sup> An industry standard approach for checking the precision of yield projections against actual harvest outturn.

<sup>3</sup> Assumes an exchange rate NZD1.0000 : USD 0.5890 on 31 August 2025 (Source: <https://www.xe.com>)

<sup>4</sup> Mangakahia market value is inclusive of land value of NZD 29.080 million; The valuation of freehold land was prepared independently for Greenheart by the registered land valuer, Arotahi Agribusiness.

**Table ES- 2: Value apportionment as of 31 August 2025**

Rotation	Same discount rate applied to current and future rotations		Future rotations assumed to have no value <sup>5</sup>	
	Discount Rate	Forest Value (NZD million)	Discount Rate	Forest Value (NZD million)
Current Crop	7.00%	56.818	7.72%	50.019
Future Rotations	7.00%	(6.799)	4.96%	0
Land		29.080		29.080
<b>Total</b>		<b>79.099</b>		<b>79.099</b>

Table ES- 3 shows the estimated point-of-sale costs<sup>6</sup> for the subject asset. The estimated cost has not been deducted from the total value reported above. The estimated amount is indicative.

**Table ES- 3: Estimated point of sale costs**

Value component	Market value	
	NZD million	USD million
<b>Tree crop</b>		
Mangakahia	0.250	0.147

Table ES- 4 reports the value change relative to the 31 December 2024 valuation. Compared to the 31 December 2024 valuation (eight months previously), the tree crop value has increased by 0.1%, from NZD49.972 million to NZD50.019 million.

**Table ES- 4: Tree crop value change analysis – 31 Dec 2024 to 31 Aug 2025**

Component	Value Step (NZD million)	Value change (NZD million)	Value change (%)	Unit Value (Dec 2024)	Unit Value (Aug 2025)	Units
<b>31 Dec 2024 valuation</b>	<b>49.972</b>					
Depletion	51.636	1.664	3.3%			
Advance Cashflow	53.418	1.782	3.6%			
Woodflow	52.259	-1.160	-2.3%			NP volume
Revenue	50.714	-1.545	-3.1%	128.41	127.73	\$/m <sup>3</sup> harvested
Harvest Costs	51.373	0.659	1.3%	-43.27	-42.98	\$/m <sup>3</sup> harvested
Harvest Roding	52.309	0.936	1.9%	-9.66	-9.25	\$/m <sup>3</sup> harvested
Harvest Mgmt & OH	50.830	-1.480	-3.0%	-3.60	-4.25	\$/m <sup>3</sup> harvested
Transport Costs	48.509	-2.321	-4.6%	-27.81	-28.83	\$/m <sup>3</sup> harvested
Change in Area	47.972	-0.537	-1.1%	-	-	NP area
OPEX	48.213	0.241	0.5%	-114.71	-113.04	\$/ha productive
SG&A	50.128	1.915	3.8%	-103.73	-90.47	\$/ha productive
Other Costs & Revenues	50.073	-0.056	-0.1%	-12.71	-13.10	\$/ha productive
Notional Land Rental	50.019	-0.054	-0.1%	-118.41	-116.88	\$/ha productive
<b>31 Aug 2025 valuation</b>	<b>50.019</b>		<b>0.1%</b>	<b>4 991</b>	<b>5 083</b>	<b>\$/ha productive</b>

<sup>5</sup> This occurs when the discount rate applied to the future rotations is equivalent to the IRR from replanting.

<sup>6</sup> NZ IAS41-Agriculture stipulates that “A biological asset shall be measured on initial recognition and at each balance date at its fair value less estimated point- of-sale costs”. As a forest valuer Indufor has professional expertise in assessing the forest’s fair value but not the point-of-sale costs. We have observed that a figure of 0.5% of the forest value has found some wider application though it is acknowledged there is no empirical data to support this estimate.



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**Indufor**

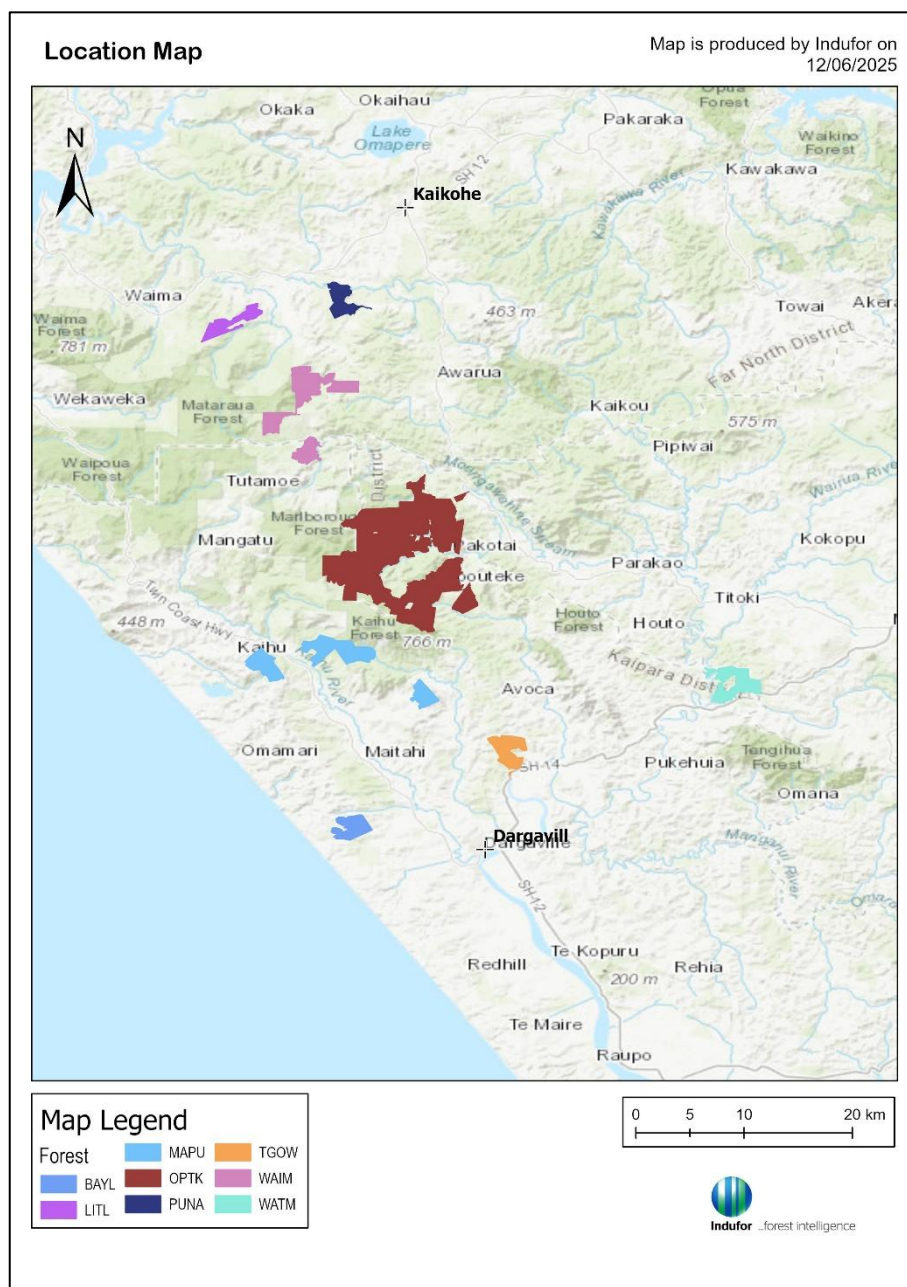
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# 1 INTRODUCTION

The MFV estate consists of two assets: (i) 9 840 hectares of productive tree crops, which is established on (ii) 12 790 ha of freehold lands. The estate consists of eight properties which are all located in the Northland region of New Zealand.

**Map 1-1: Mangakahia estate map**



## 1.1 Valuation settings

Indufor is requested to estimate the market value of the MFV estate. Indufor refers to a commonly cited definition for market value published by USPAP:

*“Market value”* means the most probable price which a property should bring in a competitive and open market under all condition’s requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated.
- Both parties are well informed or well advised and acting in what they consider their own best interests.
- A reasonable time is allowed for exposure in the open market.
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

The tree crop is valued by Indufor as a whole reflecting the likely basis for a market transaction.

An opinion of the freehold land value is provided by a registered land valuer, Arotahi Agribusiness. Indufor has included a notional rental in the tree crop cash flow projections to account for its occupation of the land.

The effective date of the appraisal is 31 August 2025.

The currency of the valuation is in New Zealand Dollars (NZD). An indicative United States Dollar value is reported based on an approximate currency exchange rate.

## 1.2 Valuation standards

The valuation is prepared in accordance with the Valuation Standards of the New Zealand Institute of Forestry (NZIF valuation standards), and in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP). Indufor also acknowledges the reporting requirements of the International Financial Reporting Standard 13 – Fair Value Measurement (IFRS 13) by recognition of the hierarchy of valuation inputs, and the New Zealand edition of International Accounting Standard 41 – Agriculture (NZ IAS 14) by distinguishing the value of the current tree crop from the value of the estate under a perpetual regime .

## 1.3 Valuation approach

Indufor has prepared the market valuation using an **income approach** under a discounted cash flow (DCF) framework. In estimating the market value Indufor acknowledges market transaction evidence in New Zealand and Australia by application of a discount rate implied by observed transaction prices.

A **cost-of-replacement approach** (or asset-based approach) was not adopted, for several reasons: (i) this approach does not emulate valuation processes commonly applied when valuing tree crops with a mix of immature, mid-rotation, and mature age classes; (ii) a potential buyer of the asset is likely to be considering the future earnings potential under a scenario where it manages the tree crop through to maturity and then regenerates the tree crop after harvesting; (iii) the cost-of-replacement approach does not capture the potential revenues available to a purchaser.

A **comparable sales approach** (or market approach) was not considered in terms of ‘dollar per hectare’ value, however the discount rates implied by recent market transactions were considered closely. The comparable sales approach requires that the other assets are reasonably comparable with the subject asset, however forest estates are rarely directly comparable with each other. While in New Zealand the tree crop species is frequently the same (i.e., radiata pine) other factors are likely to be materially different, for example:

- scale of the estate (larger forest estates are rarer and might attract more competitive bidding from a wider pool of investors)



- terrain characteristics (estates with flatter terrain tend to incur lower operational costs)
- age class structure (a relatively even age class profile is desirable for consistent and efficient forest management and log production)
- transport distance to markets (transport of logs to mills and ports is a significant operational cost; log transport costs are reduced if the estate is close to its markets)
- edaphic factors (there may be different tree growth potential between estates due to soil types, rainfall patterns, and temperature; hence estates with edaphic conditions that allow trees to grow faster – as captured in the yield projections – are generally favourable to valuation)

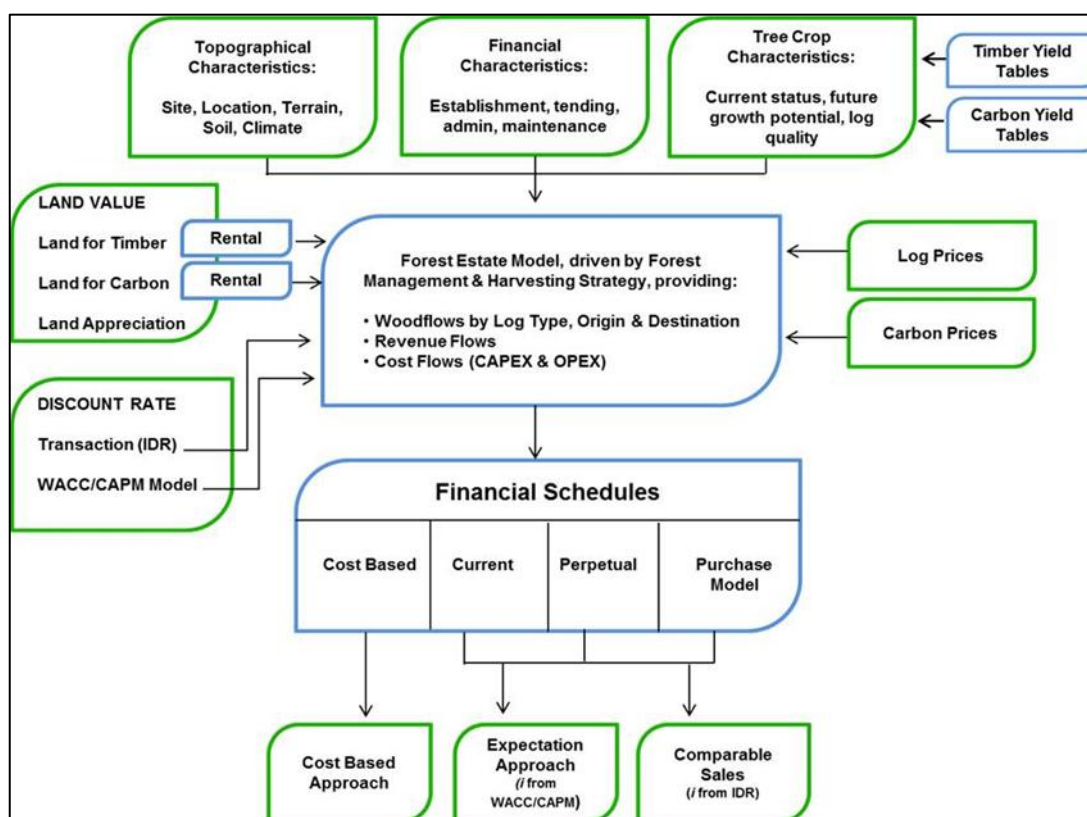
## **1.4 Valuation cash flow projections**

In accordance with IFRS 13, the inputs to the cash flow projections are defined as hierarchy 2 and 3 inputs. Indufor has prepared the projected cash flows to represent management systems applicable to the subject radiata pine tree crops. The silvicultural management regimes for radiata pine plantations – which define the timing and purpose of management activities – are based on decades of industry research and experience, and have been well documented.

Direct costs for establishment, tending, and final harvesting and log transport are included. These costs are estimated from a combination of sources including Greenheart's historical cost records and budgets, Indufor's own database of observations across New Zealand's forest estates in the conduct of appraisals and transaction due diligence assignments, and cost estimates reported in credible publications. General overheads are also accounted for, including general administration, service fees, and land costs. Plantation productivity (biological growth rates) is estimated by yield tables established from statistically qualified sampling methods. Future log prices are forecast by Indufor on the basis of current market prices, historical price trends, and a review of the key market influences on log price movements. Appropriate cost estimates, yield projections, and price forecasts are assigned to all planning units (stands) within the forest based on their current characteristics and the likely future management intentions.

A forest estate model provides the valuation framework, as illustrated in Figure 1-1. The Tigermoth forest estate model is employed to simulate the future management, biological growth, and harvesting of the forest estate. With the cash flow projections in place, objectives and constraints are imposed on the model to emulate industry standard management. The estate value – net present value of the projected cashflows – is the optimised result as guided by the model objectives and constraints.

Figure 1-1: Forest estate model framework



Note: Indufor considers several sources of discount rate evidence: (i) discount rates used in asset transactions (*implied* discount rates), discount rates used by forest asset valuers for financial reporting purposes (*applied* discount rates), and an independent assessment of the weighted average cost of capital (WACC) rate for a generic forest investment in New Zealand, which is updated annually (prepared by Dr. Marco Eugster CFA of Saentis Consulting Limited).

## 1.5 Selected valuation approach for the MFV estate

Indufor has applied an income approach. It provides opportunity to define projected cash flows that relate to the characteristics of the subject estate, and then estimate the net present value of the estate under a DCF framework. The applied discount rate is established from market evidence.

## **2 RESOURCE DESCRIPTION**

The eight properties that make up the MFV estate are all located in the Northland region of New Zealand. The relative scale and distribution of the individual properties is shown in Map 1-1 (see Section 1) and detailed in Table 2-1.

The MFV estate has been managed for Greenheart by NFM since 2011. NFM became a subsidiary of Greenheart in 2016. NFM holds a valid Forest Stewardship Council (FSC) certification<sup>7</sup>, dated 15 May 2024 until 30 January 2027. The Forest Management Plan for the MFV estate can be requested via NFM's website.

This section reports the condition and characteristics of the estate, including area, age, and productivity estimates. Indufor has undertaken verification procedures to check the precision and appropriateness of the records provided by NFM.

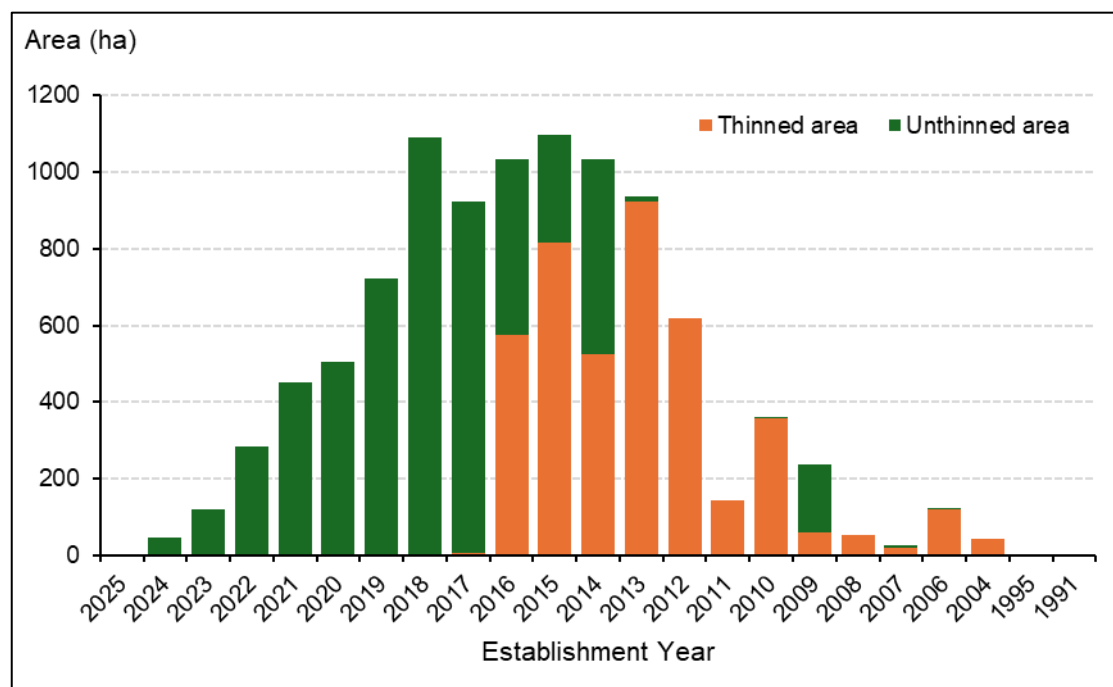
### **2.1 Resource characteristics**

The key characteristics of the MFV estate are as follows:

- Radiata pine is the sole commercial species.
- The subject estate is on freehold (fee simple) lands. The land titles were most recently valued by Arotahi Agribusiness at 31 August 2025.
- According to the land valuer's report, the gross land title area of the MFV estate is 12 790 ha.
- Based on review of the company's stockbook records (dated 11 August 2025) and GIS spatial data, Indufor estimates the productive stocked area to be 9 840 ha as of 31 August 2025 with a further 0.6 ha of fallow land awaiting regeneration.
- Indufor's estimate of productive stocked area accounts for small reductions for: (i) areas deemed to be inaccessible to harvesting systems (-51.0 ha) and (ii) a number of small plantation gaps (-7.9 ha).
- Greenheart's current market intention is to produce sawlogs suitable for structural end-uses (e.g., house framing and trusses) which Indufor believes would be the most likely intention for any future owner of the estate.
- Consequently, 99% of the plantations are currently managed, or intended to be managed, under a framing regime; This involves a thinning treatment at 8-9 years old when the trees are 12-16m tall.
- Greenheart's stockbook records show that 4 257 ha of the plantations have been treated by silvicultural thinning (Figure 2-1), covering most of the stands currently aged 9 years old or more. Around 4 600 ha of younger unthinned stands, currently aged 1-9 years old, are expected to be treated in future years. An estimated expense for silvicultural thinning is included in valuation cash flow projections.

<sup>7</sup> FSC-STD-NZL-02-2023 Plantations is a Forest Stewardship Council (FSC) Forest Stewardship Standard specifically developed for certifying plantation forest operations in New Zealand.

**Figure 2-1: Thinning status**



Source: Greenheart, Indufor

- Tree crop age is skewed to younger age classes (i.e., most of the plantations are less than 15 years old). The oldest stands will be ready for harvesting after 4 more years of growth (2029 onwards).
- The growth rate across the resource, as indicated by the New Zealand '300Index' for radiata pine, ranges from 24 to 37 m<sup>3</sup>/ha/a at age 30 years. The area weighted average is 30.7 m<sup>3</sup>/ha/a. The 300Index estimate is significantly higher than the 22.3 m<sup>3</sup>/ha/a at age 30 years projected by MFV's yield tables.
- Most (99%) of the tree crops are second rotation, consequently haulage roads and other infrastructure have been constructed. Future roading costs will mainly relate to repair and maintenance of the existing infrastructure.
- The plantations are within economic range of several domestic wood processors, including sawmills, an LVL mill, and a woodchip mill. Log export markets are accessed via Northport at Marsden Point.
- Altitude across the estate ranges from 8 to 561 masl.
- Terrain is characterised by a mix of "rolling" terrain (47% of the area with slopes 0-15 degrees) and more challenging "strongly rolling" terrain (52% of the area with slopes 15-30 degrees).
- The Erosion Susceptibility Class (ESC) as defined by government agencies indicates that 65% of the MFV estate is on Moderate ESC lands, 28% is on High ESC lands, and 7% is on Low ESC lands. Forestry activities on High ESC lands can require additional planning and resource consents, which would impose additional expense.
- The tree crops are established on a range of soil types, which can be summarised into two basic groups: clays and sands; Yield measures indicate that the productivity potential for both soil types is similar. However management techniques may differ.
- Rainfall profile for Northland shows a winter season maximum, with the average monthly rainfall generally around 80mm during the summer months, and 100-140mm in the winter months; Historical records show annual rainfall is generally 1 500mm to 2 000mm which is within the ideal range for radiata pine.

- Temperature profile for Northland indicates the average mean annual temperature is around 15°C, with summer temperatures in the range 22-25°C and winter temperatures 14-17°C; The temperatures in Northland are at the upper end but within the optimal range for radiata pine growth.
- The estate is subject to annual forest health surveillance. Greenheart participates in the industry-wide Forest Biosecurity Survey conducted by Ministry for Primary Industries. Greenheart engages qualified contractors for pest eradication, *Dothistroma* spraying, and weed control. Sampling is undertaken for foliage, insect and fungi, and records are routinely reported to Scion for the National Forest Health Database.
- Fertility is monitored annually by foliage sampling. The pine needle samples are analysed by Scion. If the tests reveal deficiencies, Scion will also provide fertiliser recommendations. In past years, some corrective treatments – using copper, nitrogen or phosphate – have been applied to limited areas.
- Fires are a relatively low risk for plantations in Northland but can occur in dry summer periods; Greenheart engages with Fire and Emergency New Zealand (FENZ) to monitor and respond to forest fires, and for preparation of annual fire plans for the Northland region.

## 2.2 Area

The assessed net stocked area and the potentially productive area are summarised in Table 2-1.

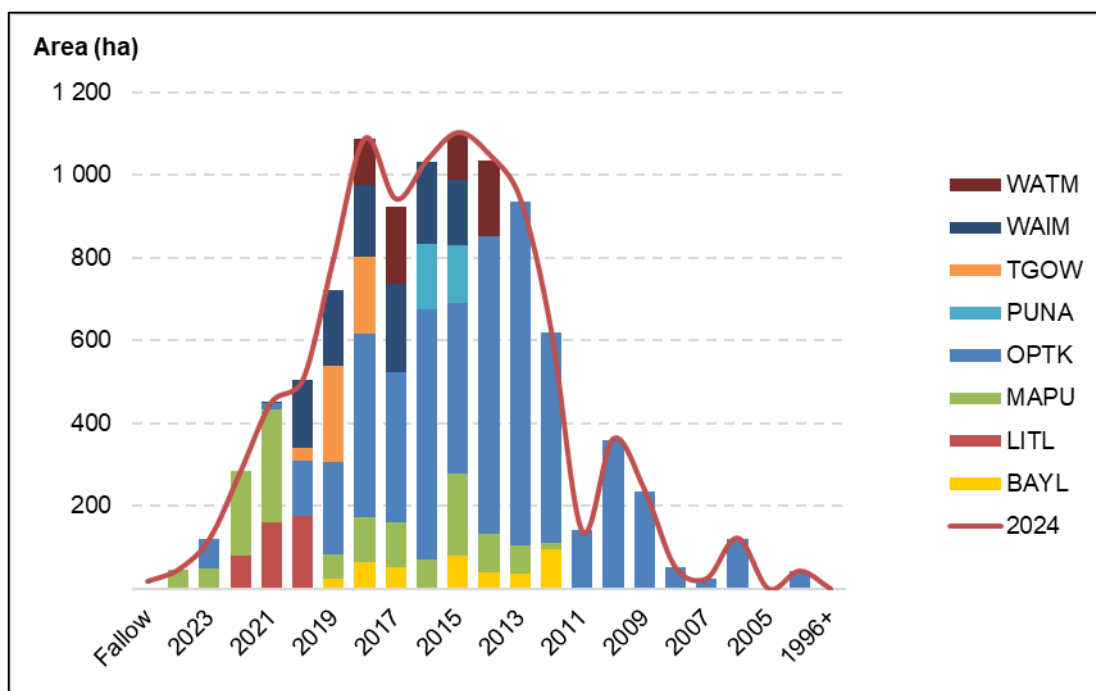
**Table 2-1: Area statement projected to 31 August 2025**

Property name	Weighted average age	Net stocked area	Area awaiting regeneration	Unstocked gaps	Potentially productive area
	years	(ha)			
Baylys	10.0	399.7	-	-	399.7
Littles	4.2	417.0	-	-	417.0
Maropiu	6.6	1 294.4	-	-	1 294.4
Opouteke	10.9	5 300.9	-	3.0	5 303.9
Punatikere	9.5	295.7	-	2.6	298.3
Tangowahine	6.4	451.8	-	-	451.8
Waimatenui	7.5	1 096.4	0.6	2.3	1 099.3
Waiotama	9.1	583.9	-	-	583.9
<b>Total Area (Aug 2025)</b>	<b>9.3</b>	<b>9 839.7</b>	<b>0.6</b>	<b>7.9</b>	<b>9 848.2</b>
<b>Total Area (Dec 2024)*</b>	<b>9.3</b>	<b>9 995.4</b>	<b>17.8</b>	<b>0.0</b>	<b>10 013.2</b>

Source: NRM, Indufor

Figure 2-2 illustrates the distribution of the tree crop by age class. This indicates a relatively small area is approaching maturity, which will be ready to harvest from 2029. The majority of the estate is currently 6 to 13 years old. There have been no significant changes to the age class profile over the past 8 months as confirmed by the profile observed on 31 December 2024 (illustrated by the red line in Figure 2-2). The small difference between the two valuation dates relates to Indufor's re-assessment of 'stranded stands', which resulted in a reduction of 51.0 ha.

**Figure 2-2: Area age class distribution of MFV estate as of 31 August 2025**



Source: Greenheart, Indufor

## 2.3 Yield

Three types of yield tables – defined by their provenance – are used for estimation of future harvest yields in the MFV estate:

1. Acquisition yield tables
2. Mid-rotation Inventory (MRI) yield tables
3. Generic yield tables.

Generic yield tables are the predominant source of yield estimations (Figure 2-3). Indufor has routinely reviewed the yield tables, using qualitative and quantitative methods, to check they are appropriate and reasonable for the valuation purposes.

**Acquisition yield tables (“Acquisition”):** Greenheart has provided Indufor with a number of ‘original’ yield projections in the form of yield tables, showing the expected harvest volume by log grade across a range of potential harvest ages. Indufor understands that these were acquired when Greenheart originally purchased the forest from Global Forest Partners in 2011. It has not been possible to identify the underlying inventory data or the basis for preparation of these ‘acquisition’ yield tables. The Total Recoverable Volume (TRV) for Acquisition yield tables is 525 m<sup>3</sup>/ha at age 25 years (area weighted average basis).

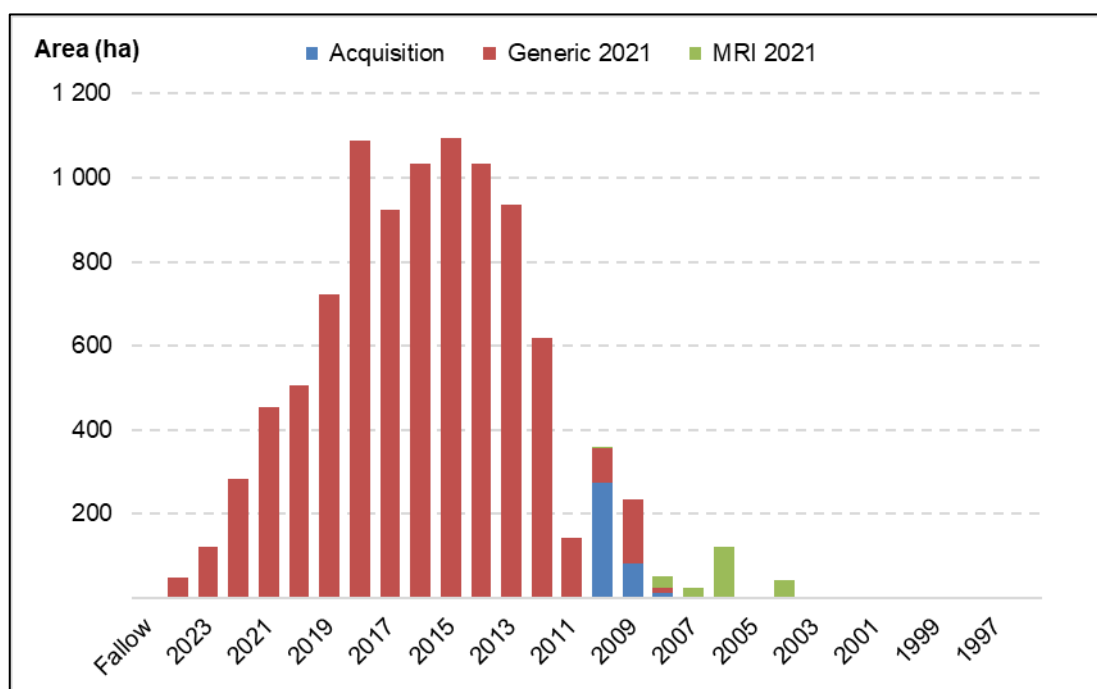
**Mid-rotation Inventory yield tables (“MRI 2021”):** Another set of yield tables were developed in 2021 based on an inventory of selected mid-rotation stands in the MFV estate. The inventory provided starting points for yield projections using the YTGen software. Following a review of these yield tables against regional benchmarks, Indufor has applied a -15% adjustment. These MRI 2021 yield tables are applied to specific stands within the MFV estate. The adjusted TRV for MRI 2021 yield tables is 612 m<sup>3</sup>/ha at age 25 years (area weighted average basis).

**Generic yield tables (“Generic 2021”):** To estimate the potential yield of younger stands, in 2021 Indufor developed generic yield tables using the New Zealand Forecaster growth modelling software. The yield projections are correlated with average site index and average 300Index for each of the eight properties in the MFV estate. Yield projection settings included

normal assumptions: (i) initial planted stocking of 1 000 sph, (ii) thinning at age 7-9 years old to 450-500 sph. Following a review of these yield tables against regional benchmarks, Indufor then applied a -15% adjustment. The adjusted TRV for Generic 2021 yield tables is 566 m<sup>3</sup>/ha at age 25 years (area weighted average basis).

While there is insufficient information to review the assumptions and factors used in the development of the Acquisition and MRI 2021 yield tables, we can assume the differences relate to the different quality of trees in the original sample locations. It is also possible that the differences are influenced by inventory sampling methodologies, and/or the underlying functions applied in yield table development (e.g., growth functions, stem taper functions, mortality functions and cutting strategy).

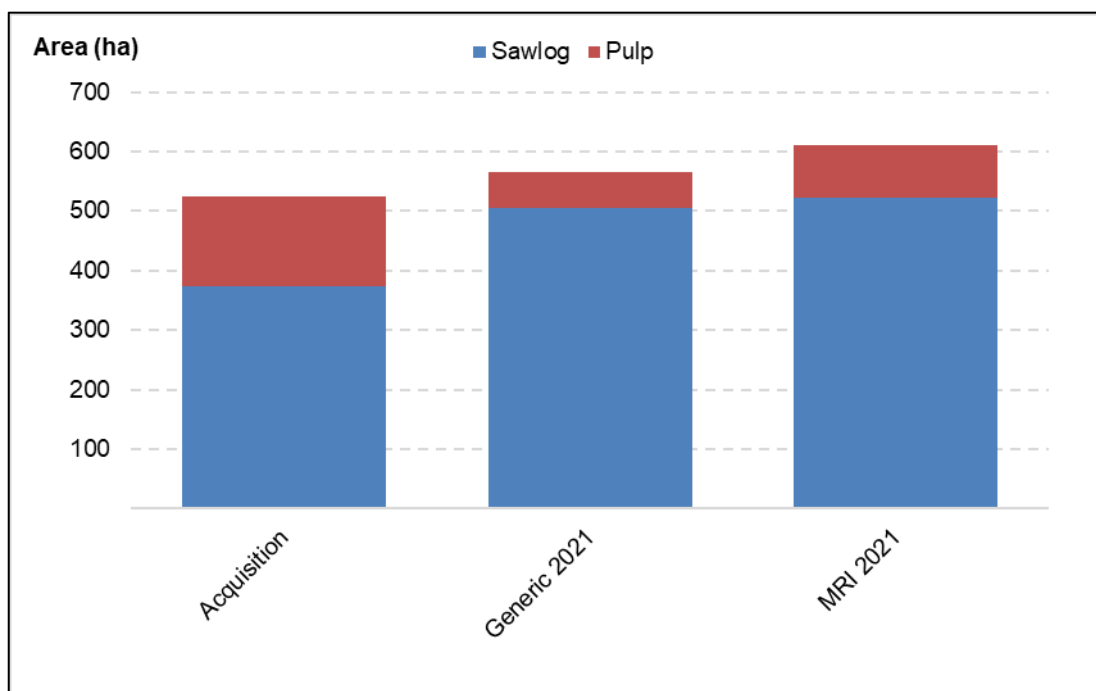
**Figure 2-3: Yield table types used for woodflow projection**



Source: Greenheart, Indufor

Figure 2-4 compares the TRV at age 25 years for each type of yield table. The estimates range from 525 to 612 m<sup>3</sup>/ha which are considered to be reasonable expectations for radiata pine at this age. Further, the proportions of sawlog and pulplog appears to be reasonable in the Generic 2021 and MRI 2021 yield tables. The Acquisition yield tables estimate that 29% of logs will be KIS and pulp grade, which is considered high for a well-managed radiata pine plantation in New Zealand.

**Figure 2-4: Comparison of yield and log grade mix for each yield table type**



The expected average outturn by log grade is reported in Table 2-2. Except as noted for Acquisition yield tables, the projected mix of log grades appears reasonable and aligned with industry norms.

**Table 2-2: Proportion of volume by log grade and yield table type**

Yield table type	Acquisition	Generic 2021	MRI 2021
Area (ha)	369.1	9 251.8	218.8
P40/42	0%	0%	0%
P30/34	0%	0%	0%
<b>Pruned log grades</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
A40	5%	0%	15%
A30	29%	51%	41%
K	25%	32%	19%
KI	12%	6%	9%
<b>Sawlog grades</b>	<b>71%</b>	<b>89%</b>	<b>84%</b>
KIS	8%	4%	10%
Pulp	21%	7%	6%
<b>Pulp log grades</b>	<b>29%</b>	<b>11%</b>	<b>16%</b>
TRV (m <sup>3</sup> /ha)	525	567	611

## 2.4 Yield reconciliation

Yield reconciliation analysis was undertaken for previous valuations. The analysis was based on harvesting results from November 2018 to October 2024. The analysis was not updated for the current valuation because there has been no harvesting in the MFV estate after October 2024. The analysis demonstrated a poor relationship between predicted yields and actual harvest recovery, with actual recovered yields 11% below predicted yields. Based on wider observations





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across the New Zealand forest industry, acceptable predictions are generally within 5% of actual harvest yields.

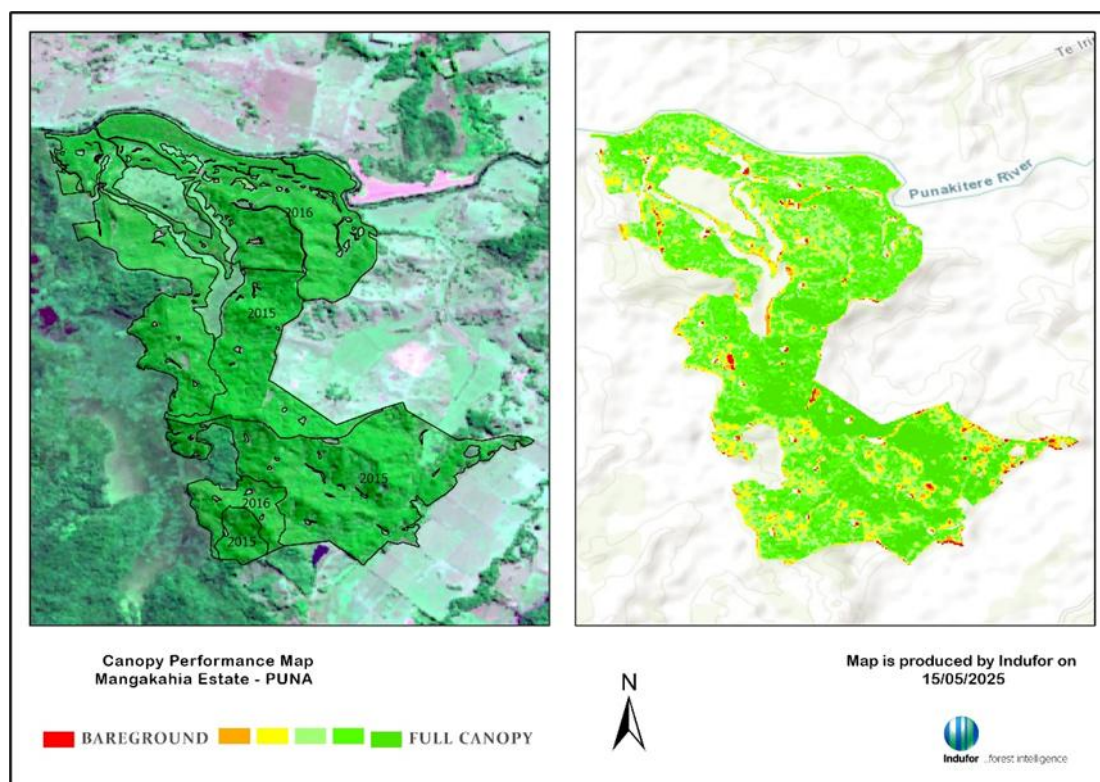
### 3 INSPECTION

Indufor has undertaken inspections across the MFV estate in every year from 2020 to 2024. The inspections routinely occur each December prior to the annual valuations. Due to the large scale of the estate a guided sampling approach is necessary.

Indufor has summarised its most recent observations. These include some comparison and contrasts to previous observations:

- The inspection methodology includes a remote sensing analysis prior to the field inspection. Indufor applies Normalized Difference Vegetation Index (NDVI) to recent satellite imagery to provide a relative measure of how healthy and green the plantation is. Indufor has developed a routine specifically for radiata pine plantations to produce a canopy condition map (Map 3-1). This identifies differences in plantation condition across the plantations, and alerts us to potential growth issues, tree stress, or damage. Concerning locations are identified and included in the field inspection plan for verification.
- Within this process Indufor also analyses the precision of GIS spatial data provided by Greenheart to verify that stand boundaries mapped by Greenheart's technicians align with the plantation areas as can be viewed in recent satellite images. Indufor confirms that the GIS data represents the area statements precisely, that the spatial data contains no significant overlaps, and accurately aligns with base layers and satellite imagery.
- The most recent remote sensing analysis in December 2024 confirmed that the plantation area had already been updated to account for past harvesting events, but identified some new minor anomalies: (i) 1.1 ha of wind damage in Tangowahine forest, (ii) 7.9 ha of unmapped gaps across the Opouteke, Punatikere and Waimatenui properties. These area reductions were subsequently corrected in the valuation area statements.

**Map 3-1: Example of canopy condition map**



- The principle valuer – a qualified forester – undertook stand-level inspections at a number of locations, inclusion ‘concerning’ stands identified by remote sensing. At all the sample

locations, they concluded that Greenheart's resource description is reliable in terms of stocked area boundaries, stand age, and the status of silvicultural treatments.

- Observation of forest roads within the plantations indicated these have been constructed to standards consistent with the management requirements. Where roads are not yet upgraded for log transport (i.e., because harvesting has not yet occurred) the tracks remain unformed but accessible by light 4x4 vehicles. Stands now in the second or later rotation include gravelled roads suitable for log trucks, and will require limited expense prior to future harvest events (e.g., light application of road metal, drain and culvert maintenance, and possibly some minor earthworks). Appropriate costs for road construction and maintenance are included in the cashflow projections.
- Small and scattered areas of wind damage and land slips were confirmed at Opouteke following the storm events associated with ex-cyclone Hale and Gabrielle in 2023. No major areas of wind damage were sighted.
- In December 2024, limited areas of Red Needle Cast (RNC) were observed at Maropiu and Opouteke. RNC infestations have declined since 2022 and 2023 which were markedly humid years associated with a La Niña event<sup>8</sup>.
- Indufor did not observe any harvesting operations. This matches Greenheart's records which report that harvesting has not occurred since 2022.
- All the inspected stands exhibited good health, with no material evidence of disease or nutritional deficiencies.

<sup>8</sup> A La Niña event is part of natural climate cycle where cooler-than-average sea surface temperatures in the central and eastern Pacific Ocean influence global weather, bringing wetter conditions to New Zealand and eastern Australia, while conditions in South America generally become drier. El Nino events demonstrate the opposite effect.

## 4 COST PROJECTIONS

A typical radiata pine plantation cycle (or regime) includes a series of activities, each of which incurs an expense. The appropriate timing, intensity, and inputs for each activity are well defined by industry research and experience. The typical radiata pine plantation “framing regime” – to produce structural quality sawlogs – includes the following direct activities:

1. The land is prepared before planting, which involves clean-up of debris from the prior harvesting event, and an aerial application of herbicides to eradicate weeds.
2. Mechanical soil cultivation will be considered (e.g., ripping and/or mounding) to ameliorate areas with compacted soils but is not a routine activity. It is applied infrequently to limited areas, and cannot be anticipated. Indufor has not included any contingency in the valuation cashflow projections for soil cultivation.
3. The trees (seedlings) are produced in nurseries from seed and/or genetic cuttings, and then transported to the planting site when they are around 3 months old.
4. Planting occurs during the winter season (May-August) when rainfalls are most favourable, and requires a hardy labour force with specialised tools and support vehicles. The planting density is around 1 000 sph.
5. Several months after planting, another aerial application of herbicide is used to control spring weeds and release the young pine from competition.
6. When the trees are around 6 years old, the forest manager undertakes foliage sampling to check for nutrient deficiencies. The analysis is undertaken by specialist laboratory technicians. The test results will reveal if the trees are lacking certain micro- or macro nutrients. Typically, the results will invoke close monitoring of the subject stands. In past years, corrective applications have been rarely required. Indufor has not included any contingency in the valuation cashflow projections for corrective nutrient applications.
7. As the trees grow, they require more space. Consequently, the plantations are thinned out when they reach 12-16 m height (which usually occurs when the tree are 7-9 years old). The stand density is reduced to around 500 sph. Trained contractors are employed to cull the weak trees and retain the strongest, well-formed trees. Thinning is followed by a quality assessment – undertaken by a supervisor or an independent assessor – to check that the contractor has achieved the required specifications.
8. After thinning, there are no direct silvicultural activities until final harvest when the trees are 25-30 years old. However, the forest manager continues to monitor and protect the forest. Indirect management activities include annual pest and disease surveys, road maintenance checks, periodic quality control, periodic inventory sampling, and ongoing maintenance of the forest description and spatial mapping.
9. When mature, the tree crop will be harvested to produce a range of logs of different grades and quality. Direct production costs are associated with a pre-harvest inventory, road upgrades in preparation for the harvesting event, and then the engagement of harvesting and transport contractors to cut, extract, load, and then deliver the logs to the intended markets.

### 4.1 Establishment and tending costs

Indufor has estimated unit costs for establishment and tending activities from Greenheart’s cost records for the subject asset, and compared those costs against the cost range demonstrated by other New Zealand forest growers:

1. Greenheart has provided a record of historical actual silviculture costs for the period January 2019 to May 2025. Indufor has indexed the costs to 30 June 2025 based on the quarterly New Zealand Producer Price Index (PPI) – All Industries (Outputs) as prepared by NZ Stats. PPI results for the September are not yet available. Results based on indexation to 30 June 2025 are considered reasonably precise for application as 31 August 2025.

2. Indufor's benchmark cost data has been accumulated over the past 15 years from forest growers across New Zealand including the Northland region. These are records of actual and budget costs at known dates as incurred or estimated for the management of other plantation estates. The benchmark values are indexed to 30 June 2025.

Table 4-1 summarises the estimated establishment and tending costs applied in the 31 August 2025 valuation cashflows. The cost inputs for the 31 December 2024 valuation are tabled in brackets for comparison. Compared to the costs estimated for the 31 December 2024 valuation, planting costs have generally remained flat. Some costs are higher (e.g., desiccation), but these slight cost increases are offset by lower thinning costs due to the implementation of chemical thinning methods and improved operational efficiencies. The estimated total establishment and tending costs have increased around 1.5%.

**Table 4-1: Establishment and tending costs applied to the valuation model**

Operation	Cashflow Period	Unit Rate (NZD/ha)
Windrowing	-1	86.71 (83.20)
Clearing & burning	-1	8.20 (13.32)
Land Clear	-1	0.18 (NA)
Desiccate	0	302.83 (262.73)
Planting freight	0	97.90 (97.39)
Planting stock	0	664.69 (467.19)
Planting labour	0	896.15 (914.90)
Blanking	0	18.95 (15.93)
Aerial releasing	0	296.60 (364.89)
<b>Site prep. / Establishment costs</b>		<b>2 372 (2 220)</b>
Planting quality control	1	5.76 (21.43)
Releasing	1	12.20 (21.07)
<b>Post-planting costs</b>		<b>17.96 (42.50)</b>
Foliage analysis	6 & 9	3.15 (NA)
Dothistroma spray	6 & 9	NA (40.97)
Quality control	9	35.09 (NA)
MRI	9	103.60 (NA)
Pre-assessment plots	9	18.10 (NA)
Roadside thinning	9	14.53 (NA)
Thinning cost	9	879.14 (1 095.95)
Thinning (delayed)	9	1 168 (NA)
Thin QC	15	103.60 (51.12)
<b>Tending-costs</b>		<b>1 157 (1 229)</b>
<b>Total</b>		<b>3 551 (3 491)</b>

Note: Some of the cost designations differ between the 31 Dec 2024 and 31 Aug 2025 valuations due to a change in the format and nomenclature in the FY25 budget information received from Greenheart. Further, in the 31 Dec 2024 valuation, Indufor accounted for several of these costs – designated "NA" above – by assigning an additional general charge equivalent to 10% of OPEX. With the more precise information available in the FY25 budgets to account for these ancillary costs, Indufor has excluded the general charge from the 31 August 2025 valuation.

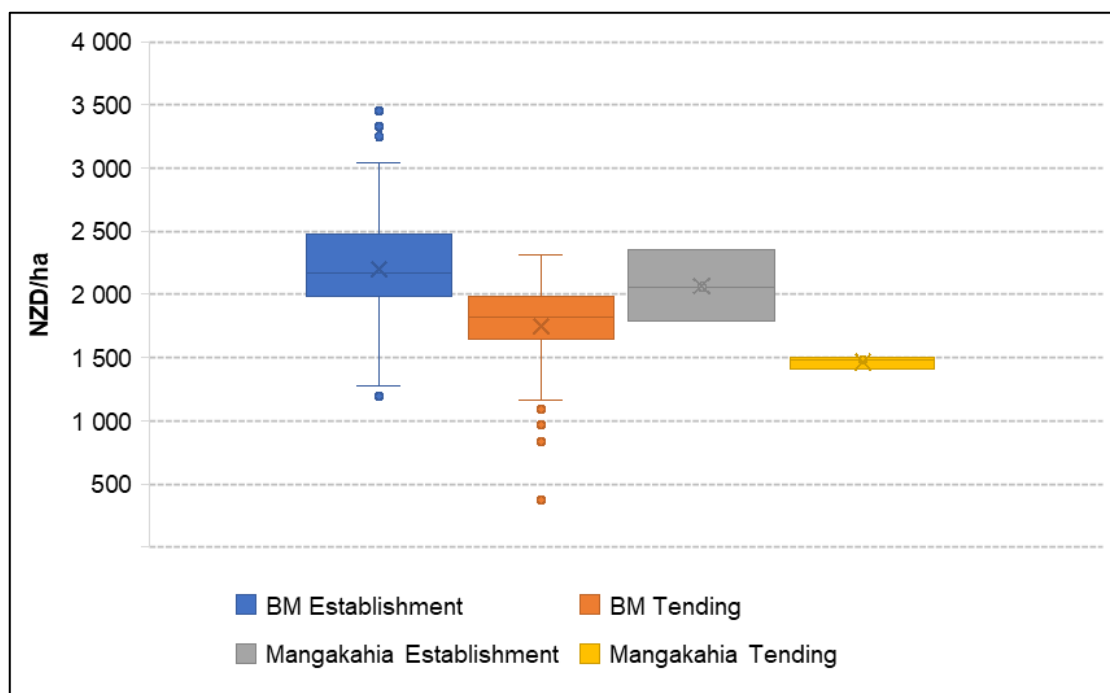
Figure 4-1 compares Greenheart's establishment and tending costs with the unit costs observed across other New Zealand forest growers.

Establishment costs for the MFV estate are at similar and slightly more competitive rates relative to other New Zealand forest growers. On average the Greenheart costs are around NZD150/ha lower than the median benchmark cost.

MFV's total tending cost appear to be at the lowest end of the observed range and around NZD250/ha below the average of the benchmark costs.

Overall, the MFV establishment and tending costs (NZD3 550/ha) are around 10% below the average of the benchmark costs. Indufor notes that a number of other growers have committed to a program of fertiliser application and such expenses are not included in the MFV estate budget.

**Figure 4-1: Establishment and tending cost comparison to benchmark data**



## 4.2 Production costs

Production costs mainly refer to the direct costs of roading, harvesting and transporting logs. Other harvest-related costs must also be accounted for (where relevant), including pre-harvest inventory, supervision charges, harvest planning, weighbridge costs, log scaling (especially for export sales), phytosanitary treatments (also for export sales), and environmental management of harvesting operations.

### 4.2.1 Roading costs

Harvest roading costs cover contractor charges for road maintenance, road upgrades, or road construction to support harvesting events.

Prior to harvesting in first rotation stands, new roads must be constructed. In subsequent rotations, with roads already established, the roading requirements are reduced to spot upgrades. The contractor charges cover machine costs, operator costs, and material costs (e.g., road surface materials).

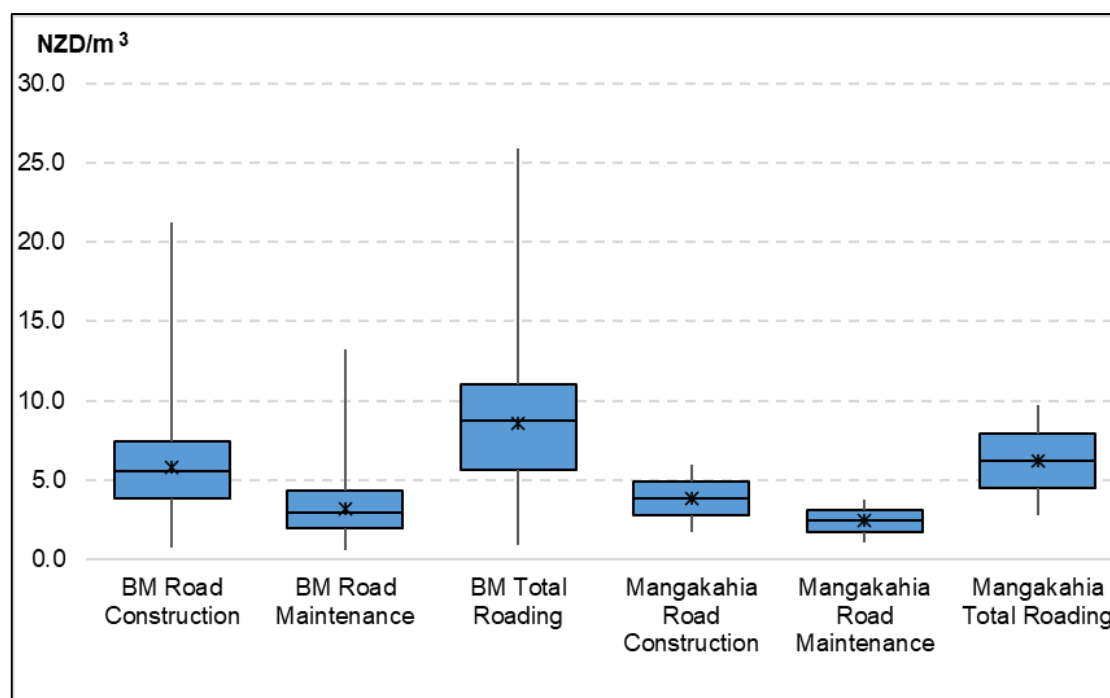
During harvesting operations, with intense use by loaded log trucks, forest roads will deteriorate (especially in periods of wet weather). Ongoing maintenance is required to maintain efficient and safe haulage operations. Because maintenance is linked to the intensity of road usage, it is expressed on a dollar per cubic metre basis.

Landings – where logs are stockpiled – require clean-up after harvesting. Either the roading contractor or harvesting contractor can be engaged for this task. The effort and expense are the same for first and subsequent rotations.

**Table 4-2: Roading costs by rotation**

Operation	First Rotation		Second Rotation	
	30 Aug 2025	31 Dec 2024	30 Aug 2025	31 Dec 2024
Construction/Upgrade (\$ per ha)	5 467	5 355	3 280	3 213
Road Maintenance (\$ per m <sup>3</sup> )	3.75	3.82	3.75	3.82
Landing post-harvest clean-up (\$ per m <sup>3</sup> )	0.31	0.34	0.31	0.34

**Figure 4-2: Harvest roading costs comparison to benchmark data**



#### 4.2.2 Harvesting costs

Harvesting cost covers contractor charges for felling, crosscutting stems into log products, extracting logs to the roadside stockpiles, and then loading logs onto trucks. Indufor has referenced Greenheart's historical actual cost records for harvesting within the MFV estate as well as those incurred in other Northland properties under Greenheart control.

The cost of harvesting is correlated with terrain conditions, especially slope and soil factors. Flatter terrain with dry and stable soils provides the most cost-efficient conditions for harvesting. Generally, conventional ground-based systems can be used on slopes up to 15 degrees, while steeper slopes above 20 degrees usually require cable hauler systems. On slopes between 15- and 20-degrees, factors such as soil stability, weather, and availability of machinery will dictate which system is applied. Within this middle zone, modified ground-based methods such as shovelling and/or tethering are possible.

Indufor has estimated the average harvesting costs for each property, based on the proportion of terrain that is generally suitable for ground-based or cable hauler systems. These estimated rates also account for the differential rates for sawlog and pulp log products. Forest owners including Greenheart generally incentivise contractors to maximise sawlog production, by paying a slightly higher rate for sawlogs regardless of the system employed.



**Table 4-3: Average harvesting cost applied to the valuation model**

Forest	Average model input cost (NZD/m <sup>3</sup> ) <sup>Note 1</sup>	
	Ground based	Cable hauler
Bayley's	26.88	NA
Littles	34.92	NA
Maropiu	35.57	46.70
Opouteke <sup>Note 2</sup>	45.65	49.08
Punatikere	36.42	NA
Tangowahine	35.43	NA
Waimatenui	35.57	43.93
Waiotama	34.98	43.30

Note 1: Average rates are inclusive of sawlog and pulplog rates, using the projected log grade mix in the yield tables to define a volume weighted average rate.

Note 2: Indufor acknowledges that the Opouteke ground-based harvesting costs are markedly higher than those assigned for other forests. Indufor has relied on the historical actual costs supplied by Greenheart for its harvesting operations in Opouteke during 2018 and 2019, which demonstrates similarly high rates for ground-based operations. Indufor has assumed that those higher rates are related to *modified* ground-based systems (e.g., tethered and/or shovel systems).

Table 4-4 reports the average harvesting rate based on the forest estate model simulation. The slight reduction in the overall average cost is due to re-optimisation of the woodflow.

**Table 4-4: Average harvesting cost from valuation model outputs**

Estate	Overall average output cost (NZD/m <sup>3</sup> )	
	30 Aug 2025	31 Dec 2024
Mangakahia	42.98	43.26

Source: Indufor (TMSchedule\_GH\_NL\_Freehold\_25\_01\_Aug\_draft.xlsb)

The applied rates generally match the rates observed by NFM's senior manager (Table 4-5).

**Table 4-5: Indicative harvesting rates by system type as advised by NFM**

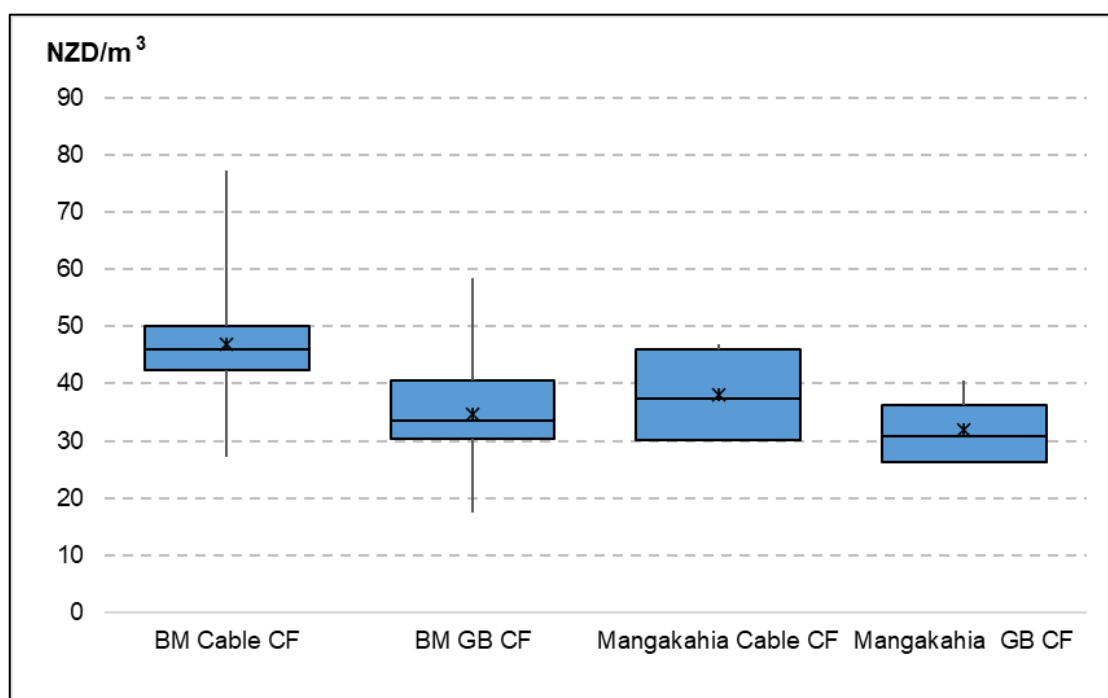
Product	Indicative rates (NZD/m <sup>3</sup> )		
	Ground-based	Tethered ground-based	Cable hauler
Sawlogs	37.50	43.50	45.00–47.00
Pulp logs	26.00		

Source: N. Geerkens (*personal communication*, 30 June 2025)

Figure 4-3 compares Greenheart's actual harvesting rates to observed industry rates across New Zealand. Greenheart's ground-based rates are generally more competitive than the benchmark costs. Greenheart's median ground-based rate (NZD31.77/m<sup>3</sup>) is lower than the benchmark median (NZD34.74/m<sup>3</sup>). Greenheart's median hauler rate (NZD37.98/m<sup>3</sup>) is also lower than the corresponding median benchmark (NZD46.91/m<sup>3</sup>). Indufor understand that Greenheart's ground-based harvesting operations have included a proportion of tethered machine operations, which imposes rates that are notably above conventional ground-based harvesting rates but typically less than cable hauler rates.



**Figure 4-3: Harvesting cost comparison to benchmark data**



Note: BM = benchmark value; Cable CF = clearfelling using a cable hauler system; GB CF = clearfelling using a ground-based system

### 4.2.3 Cartage costs

Log cartage costs cover the direct costs of transporting logs from roadside landings in the plantations to the mill- or wharf-gate. Indufor's valuation model includes a matrix of estimated costs for each origin and destination combination. The model selects the appropriate rate for the simulated log sales.

NFM has provided a record of its historical actual cartage costs for the period January 2023 to May 2025 on NZD/tonne basis. Indufor has indexed the historical rates to 30 June 2025 using the NZ PPI–All Industries index. The rates are also transformed to an NZD/m<sup>3</sup> basis using reliable weight to volume conversion factors.

Transport rates provided by Greenheart are calculated for an estimated haulage distance for each origin and destination combination. Indufor has checked Greenheart's underlying lead distance assumptions using routine GIS methods and verified these to be reasonably accurate.

Indufor has also estimated the transport rates for valuation modelling for each origin-to-destination combination (Table 4-6). Indufor's estimates are established from a linear regression of a wider population of transport rate data sourced from Greenheart's historical actual costs (indexed to the present), current actual cartage rates (from Greenhearts operations in other properties under common management).

**Table 4-6: Cartage rates applied to the valuation model**

Forest Origin	Marsden Point	CHH Futurebuild	Portland	Portland OS	ETC	Waipapa	Mt Pokaka	Croft	Rosvall	Kaihu Valley	North Pine
	(NZD/m <sup>3</sup> )										
Baylys	31.73 (30.44)	23.02 (30.44)	26.49 (23.75)	26.49 (23.75)	31.73 (29.52)	37.76 (35.91)	36.42 (34.70)	26.04 (25.27)	26.04 (25.27)	5.94 (7.01)	29.05 (28.00)
Littles	44.12 (41.69)	35.08 (41.69)	36.09 (34.70)	36.09 (34.70)	44.12 (40.78)	16.99 (17.05)	15.32 (15.53)	31.06 (29.83)	34.75 (33.18)	20.34 (20.09)	42.11 (39.87)
Maropiu	37.76 (35.91)	28.72 (35.91)	31.02 (28.92)	31.02 (28.92)	37.76 (35.00)	34.75 (33.18)	33.07 (31.65)	30.39 (29.22)	31.73 (30.44)	3.93 (5.19)	36.42 (34.70)
Opouteke	27.38 (26.48)	18.67 (26.48)	23.02 (19.79)	23.02 (19.79)	27.38 (25.57)	25.37 (24.66)	23.69 (23.14)	21.01 (20.70)	22.69 (22.22)	8.95 (9.75)	29.72 (28.61)
Puna-kitere	39.44 (37.43)	30.39 (37.43)	32.36 (30.44)	32.36 (30.44)	39.44 (36.52)	12.64 (13.10)	10.96 (11.58)	27.71 (26.79)	32.07 (30.74)	22.69 (22.22)	40.11 (38.04)
Tang-owahine	25.03 (24.35)	16.32 (24.35)	21.15 (17.66)	21.15 (17.66)	25.03 (23.44)	33.07 (31.65)	31.40 (30.13)	19.67 (19.49)	19.34 (19.18)	10.96 (11.58)	25.37 (24.66)
Waima-tenui	35.42 (33.78)	26.37 (33.78)	29.16 (26.79)	29.16 (26.79)	35.42 (32.87)	17.33 (17.36)	15.65 (15.84)	28.38 (27.40)	31.40 (30.13)	14.98 (15.23)	38.43 (36.52)
Waiotama	19.00 (18.88)	10.29 (18.88)	16.35 (12.19)	16.35 (12.19)	19.00 (17.97)	33.41 (31.96)	32.07 (30.74)	10.96 (11.58)	10.96 (11.58)	16.66 (16.75)	16.66 (16.75)

Note: rates applied to valuation as of 31 December 2024 in brackets.

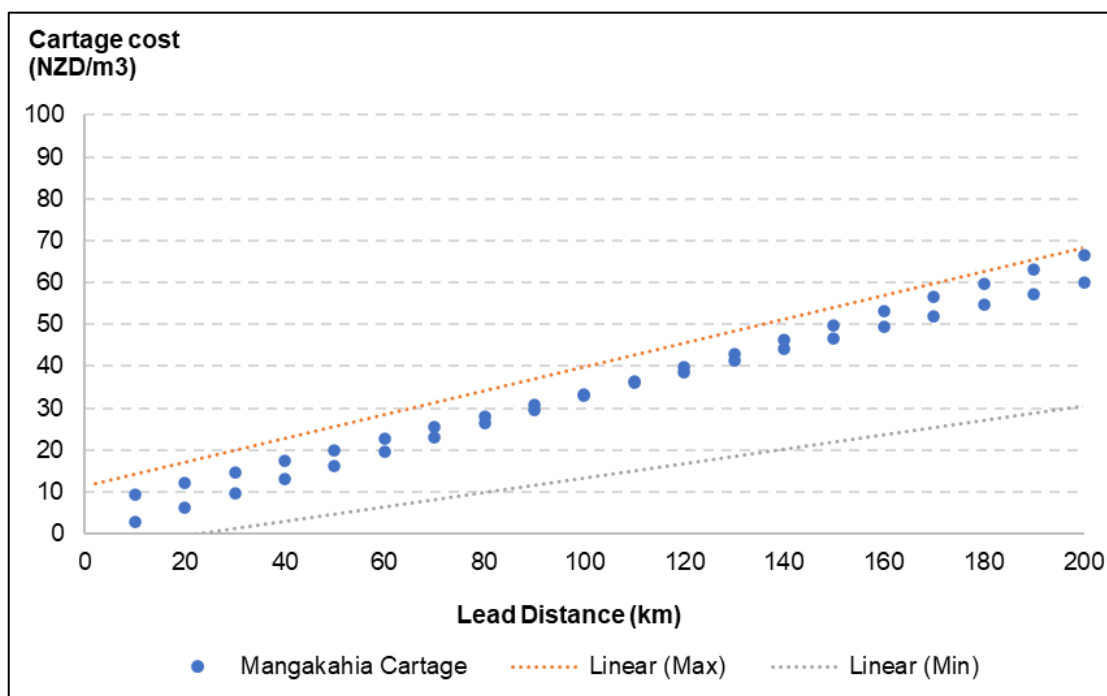
**Table 4-7: Average cartage cost from valuation model outputs**

Estate	Overall average output cost (NZD/m <sup>3</sup> )	
	30 Aug 2025	31 Dec 2024
Mangakahia	28.83	27.82

Source: Indufor (TMSchedule\_GH\_NL\_Freehold\_25\_01\_Aug\_draft.xlsb)

The assumed cartage rates are at the upper end of the observed range of industry rates for New Zealand (Figure 4-4).

**Figure 4-4: Cartage cost comparison to benchmark data**



### 4.3 Overhead costs

The modelled overhead costs (Table 4-8) account for three components:

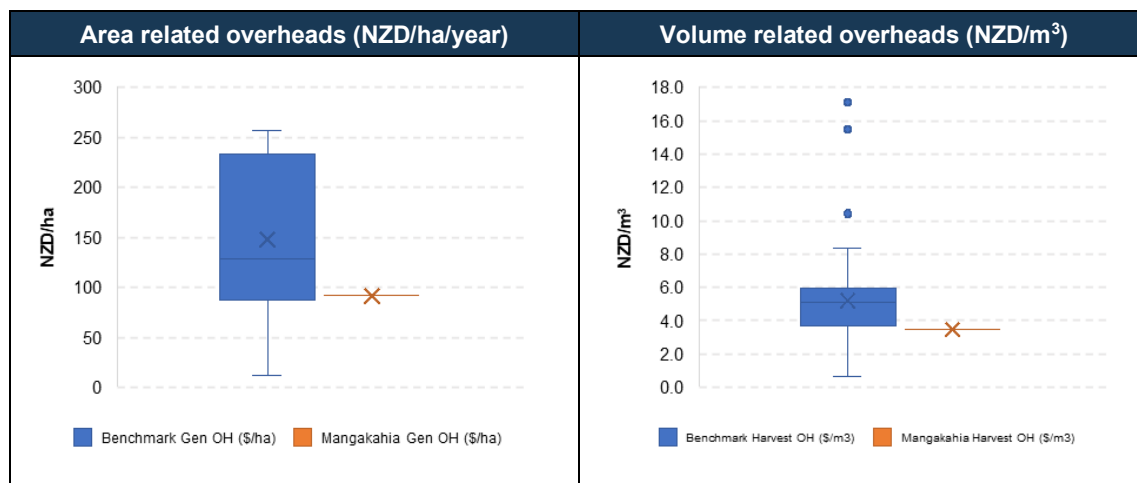
1. General fixed overheads are costs associated with management of the forest resource. They include staff remuneration in forest management, administration, business support, environmental compliance costs, and information technology and value optimisation. Also included are external professional service expenses, office rental, rates, telecommunications and other office expenses, depreciation of assets, public relations, health and safety, and fire protection. These costs are more closely associated with estate area, rather than harvested volume.
2. Harvesting and sales administration overheads cover the management and supervision of harvesting operations, and the costs of marketing and selling the logs. These expenses are influenced more by volume than area.
3. Forestry operations overheads cover the supervision and administration of establishment and tending operations. In past valuations Indufor had applied a general contingency pegged at 10% of operational expenditure. In the most recent valuations – with the benefit of more detailed budget information from Greenheart – Indufor has determined that the contingency is redundant.

**Table 4-8: Overhead costs applied to the valuation model**

Cost Item	Assumed Cost	
	31 August 2025	31 Dec 2024
General Overhead (NZD/ha) <sup>Note 1</sup>	91.51	92.31
Harvesting and Sales Overhead (NZD/m³)	3.07	2.38
Weighbridge&Forest Grower Levy	0.72	0.71
Forestry Operations Overhead (% of cost)	nil	10%

Note 1: General Overheads excludes Council Rates, which are a separate line item in the valuation model cashflows.

**Figure 4-5: Overhead costs compared to benchmark data**



## 4.4 Land costs

The MFV estate is wholly established on lands with freehold (fee simple) titles. An opinion of the market value of the lands was commissioned by Greenheart from registered New Zealand land valuers, Arotahi Agribusiness (as of 31 August 2025).

The tree crop is established on the freehold lands, and consequently Indufor includes a cost for its occupation of the land via an assumed notional rental, which is charged annually. The notional rental values are estimated at 4% of the unit land value. While Indufor has observed rural land yield rates in a wider range, from 3 to 6%, the assumed yield rate is in line with rural land leases for forestry and farming land uses in New Zealand.

Because the tree crop has been charged a rental for the land, the full appraised value of the land can advisedly be added to the tree crop value to estimate the forest asset value.

**Table 4-9: Notional rental costs applied to the valuation model**

Forest	Stocked Area	Unit value	Notional Rental
	(ha)	(NZD/ha)	(NZD/ha)
Baylys	400 (401)	3 003 (2 996)	120 (120)
Littles	417 (417)	3 286 (3 214)	131 (129)
Maropiu	1 294 (1318)	4 187 (4 212)	167 (168)
Opouteke	5 301 (5392)	2 381 (2 362)	95 (94)
Punakitere	296 (298)	2 705 (2 615)	108 (105)
Tangowahine	452 (489)	5 533 (5 616)	221 (225)
Waimatenui	1 096 (1111)	2 846 (2 922)	114 (117)
Waiotama	584 (588)	3 511 (3 477)	140 (139)
<b>Total</b>	<b>9 840 (10 013)</b>	<b>2 955 (2 960)</b>	<b>118 (118)</b>

Note: The values assumed for the valuation as of 31 Dec 2024 are shown in brackets.

Council rates are payable on freehold lands. The FY25 rates billing information provided by NFM shows a total annual rates cost of NZD130 370. To account for this payment, the valuation model applies a rates payment of NZD13.25/ha/a to the productive plantation area.

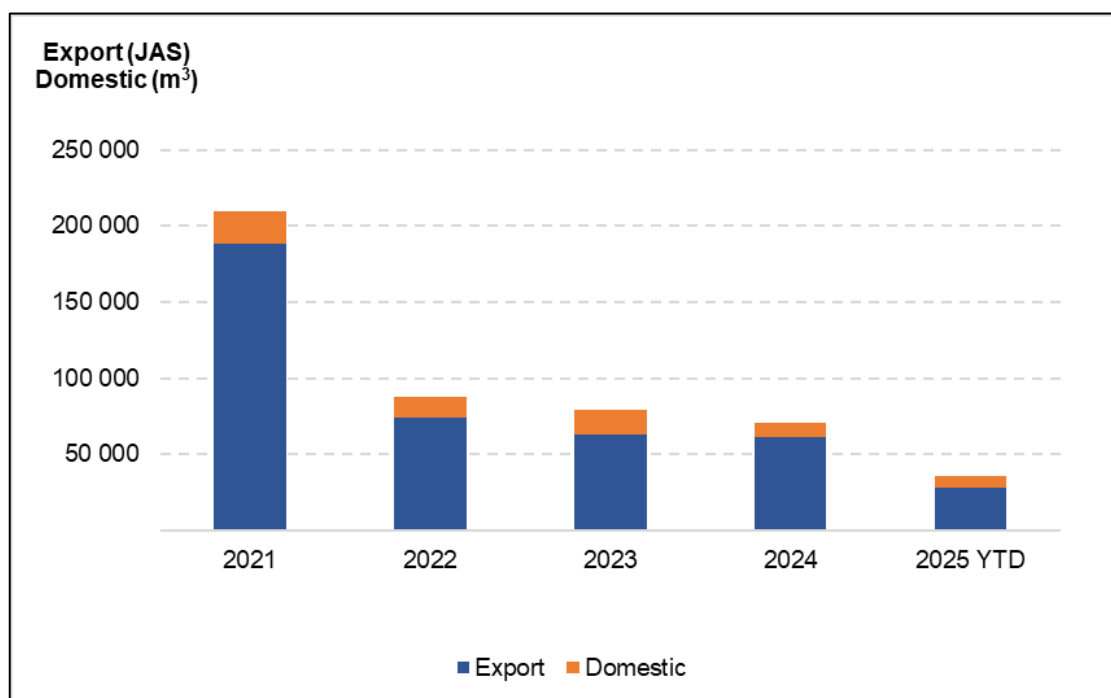
## 5 LOG PRICE FORECASTS

### 5.1 Greenheart log production

Indufor estimates that the MFV estate can produce a long-term average harvest level around 230 000 m<sup>3</sup>/year. Over the past three years (2023-2025 YTD), Greenheart has sold approximately 186 000 m<sup>3</sup> to seven customers (Figure 5-1). The currently lower volumes are in line with the limited areas of mature forest in the current phase of the estates production cycle.

The majority of Greenheart's log production has been exported each year (80%-87%). The balance has been sold to domestic markets, with a notable decline in this recent period due to weaker construction activity while interest rates remained high. Greenheart is therefore a significant potential supplier of logs in the Northland region of New Zealand. Indufor expects that the same and other potential markets will be available in future years.

**Figure 5-1: Greenheart log sales to export and domestic markets**



Note: Export and domestic sales are measured by different units: Export sales are sold in terms of Japanese Agricultural Standard (JAS) units, and domestic sales are measured in tonnes (t) or cubic metres (m<sup>3</sup>) (presented on m<sup>3</sup> basis in this chart). There are established methods for converting between the units. The conversion factors vary within a restively narrow range due to changing seasonal and location factors, and also vary with log dimensions. Indufor applies conversion factors estimated from Greenheart's log sales data, and these are verified against industry-wide conversion factors prepared independently by AgriHQ (<https://www.agrihq.co.nz/our-industry-reports>).

### 5.1 Northland markets

The combined log uptake of the Northland domestic markets is around 1.25 million m<sup>3</sup>/year. The domestic markets offer an outlet for sawlog grades (around 650 000 m<sup>3</sup>/year) and roundwood and pulp log grades (around 600 000 m<sup>3</sup>/year). Export markets are accessed via Northport at Marsden Point. Over the past decade the annual export volume has been in the range 1.9 – 2.9 million m<sup>3</sup>/year.

### 5.2 Price forecasting

Log market analysis is an important component of the tree crop valuation. Projection of future cash flows requires revenue forecasts. Indufor's revenue forecast is the product of future log

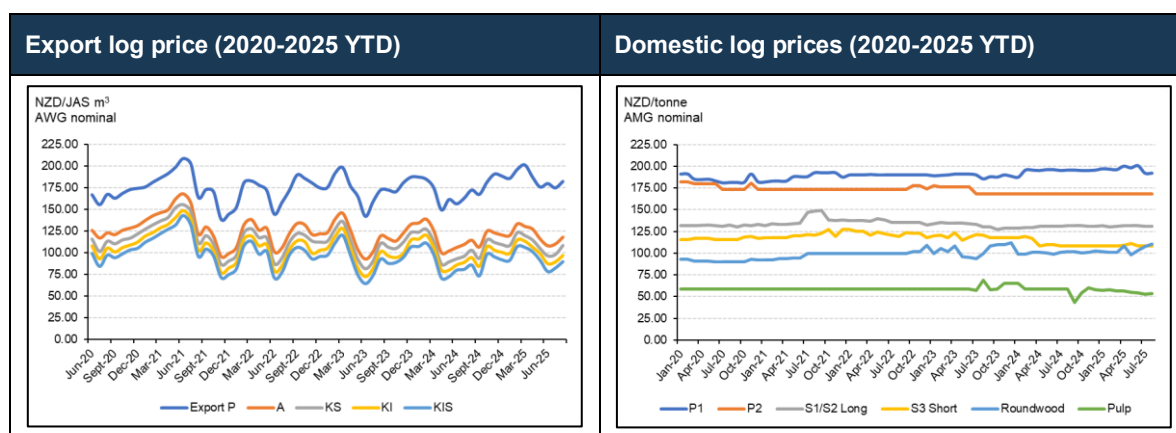
production volume (m<sup>3</sup>/year)<sup>9</sup> and forecast log prices (NZD/m<sup>3</sup>). Forecast log prices are established for 'at mill gate (AMG)' and 'at wharf gate (AWG)' price points. While domestic log prices have historically demonstrated less volatility than export log prices, the open market prices set by the larger export market have firm influence on domestic price levels.

### 5.2.1 Price forecast methodology:

Indufor's forecast 'return to trend' methodology considers several factors:

- Historical log price movements using precise market evidence, which are used to establish price trends by log grade and to examine price fluctuations in relation to market forces.

**Figure 5-2: Historical prices for export and domestic log grades – Northland**



- Identification of the current market prices using the same market evidence and specific price evidence for the subject forest asset; These prices have influence on near-term cashflows.
- Projection of the relative price movement for the next 3-5 years towards a reasonable long-term trend price level. The long-term trend prices are then assumed to remain flat in real terms for the balance of the valuation period. The rate at which the market recovers or declines back to the estimated long-term trend level is expressed by the number of periods for the price change to occur.

### 5.2.2 Market forces

Regarding price projections, Indufor's forecasts are influenced not only by the historical market price trends but also by the key market drivers that influence open market export prices. Current considerations have included:

- Chinese markets: China's economy is slowing as it naturally transitions to a consumption-based economy; Housing starts are less than half of the 5-year average (lowest since 2006); Anticipated population reductions in future years; Recent and sustained collapse of property development industry; Internal log supply volume is increasing and may gradually replace a portion of imported volumes.
- South Korea markets: Supply from NZ is at lowest levels for many years; weak demand for new home construction; sawmill capacity declining, more reliance increased preference for processed wood imports over log imports.
- Indian markets: The Indian economy expected to grow 6-7% pa over next 5-years; Pine wood demand is growing; Demand is driven by a growing middle class and increasing income levels; Government incentives for home ownership are improving; Population

<sup>9</sup> As reported in Section 2.3, the future yield estimates for the MFV estate are defined by statically qualified sample measurements and industry standard yield projection methods.

continues to increase steadily; Populations are shifting from rural to urban centres; NZ is negotiating a free trade deal with India.

- New Zealand markets: In recent years log production has been at the long-term sustainable levels; There is ability to respond to short term increases in demand but the longer-term supply will require prudent management; currently export markets have declined and production levels has settled to
- Shipping costs have declined to more reasonable levels in recent years with declining oil prices and expansion of fleet numbers.
- Conflicts in Ukraine and the Middle East and rising political tensions in the Far East continue without obvious intentions for settlement, hence markets remain unsettled.

### 5.3 Log prices applied to valuation cash flow projections

Indufor has elected to define the current log prices based on the average of AgriHQ published prices for the 3-month period June – August 2025 (see 2025 prices as reported in Table 5-1). Current log prices remain below the long-term trend, and despite some short-term volatility, price levels are expected to be stagnant for the near term. Consequently, Indufor has judged that log prices will remain flat in real terms for the period until mid-2026.

Indufor then assumes prices will incrementally improve back to long-term trend levels from mid-2026 to mid-2029. The 'return to trend' approach assumes a linear progression of prices back to observed historical trend levels, which will not emulate normal price volatility that occurs month-to-month, but does simulate our macro expectation that market prices will not fully recover until mid-2029. From mid-2028 onwards (i.e., model period 4) log prices are assumed to be flat in real terms.

The forecast log prices applied to valuation cash flows is reported in Table 11 3 (31-Dec-2024 valuation prices in brackets). These vary by log grade and may also vary by market destination.

**Table 5-1: Valuation log prices**

Destination	Log grade	FY26	FY27	FY28	FY29	FY30+
		NZD/m <sup>3</sup>				
Marsden Point	P40/42	181 (188)	184 (195)	187 (202)	191 (209)	191 (209)
	P30/34	151 (151)	153 (157)	156 (162)	159 (168)	159 (168)
	A40, S40	126 (134)	131 (139)	135 (144)	140 (148)	140 (148)
	A30, V30	115 (127)	123 (131)	132 (136)	140 (141)	140 (141)
	K, V20, M20	100 (112)	109 (118)	118 (124)	127 (128)	127 (128)
	KI	90 (106)	101 (112)	111 (119)	121 (123)	121 (123)
	KIS	76 (94)	86 (100)	95 (107)	105 (111)	105 (111)
CHH Futurebuild	A30, V30	119 (123)	124 (127)	130 (132)	135 (136)	135 (136)
	P30/34	169 (165)	173 (171)	177 (177)	182 (184)	182 (184)
ETC	P30/34	169 (165)	173 (171)	177 (177)	182 (184)	182 (184)
	P40/42	176 (185)	185 (192)	194 (199)	204 (206)	204 (206)
	A40	129 (134)	134 (139)	138 (144)	143 (148)	143 (148)
	K	119 (112)	122 (118)	125 (124)	128 (128)	128 (128)
Kaihu Valley	V30	118 (127)	124 (131)	130 (136)	136 (141)	136 (141)
Portland	Pulp	57 (58)	58 (58)	59 (59)	60 (59)	60 (59)
Rosvall	P40/42	176 (190)	185 (198)	194 (205)	204 (212)	204 (212)
	P30/34	169 (149)	171 (155)	173 (160)	175 (166)	175 (166)
Waipapa	A30, V30	118 (127)	124 (131)	130 (136)	136 (141)	136 (141)
Croft	KI	110 (114)	114 (121)	118 (128)	122 (132)	122 (132)
Mt Pokaka	KI	111 (106)	115 (112)	119 (119)	123 (123)	123 (123)

## 6 DISCOUNT RATE

In selecting an appropriate valuation discount rate, Indufor considers several sources of evidence:

- Implied discount rates (IDR) based on asset transaction evidence including details provided in confidence by parties to a transaction.
- Discount rates reportedly by forest investor surveys based on recent experiences; Indufor has referenced the responses published by J W Sewall (global investors) and Professor Bruce Manley (New Zealand and Australian industry participants including valuers).
- Discount rates declared in financial statements for annual valuation purposes; Indufor maintains a detailed database of the discount rates published in company financial statements
- Estimates derived from weighted average cost of capital (WACC) formulations for a generic New Zealand forest asset.

### 6.1 Discount rate evidence

Table 6-1 reports the low-high range and mid-point of the various sources of discount rate evidence considered by Indufor. Indufor notes that there is significant variation in assumptions used in deriving the IDRs and WACC rates, including whether the cash flows apply to current rotation or multiple rotation ('perpetual') models. Within Table 6-1 it appears that rates based on current rotation cash flow models are consistently higher than those derived from perpetual models. Indufor routinely compares discount rates derived from both types of models, and the difference in the rates can range from 40 bps to 250 bps.

**Table 6-1: Summary of discount rate evidence by source**

Basis of discount rate	Basis of cash flows	Source	Low Note 1	Mid-point Note 2	High Note 3
Implied / Applied Discount Rates	Real, Pre-tax, Current Rotation	Manley 2023 (Aus. Med/Large, Implied)	6.7%	6.8%	6.9%
		Manley 2023 (NZ Med/Large, Implied)	4.5%	5.3%	6.1%
		Manley 2023 (Aus. Med/Large, Applied)	5.0%	7.1%	10.0%
		Manley 2023 (NZ, Med/Large, Applied)	5.0%	7.0%	8.5%
		Declared Discount Rates (Aus. 2019-24)	5.3%	7.5%	10.7%
		Declared Discount Rates (NZ 2019-24)	5.5%	6.5%	8.5%
		IDR – Australasia 2015-2025	5.2%	7.8%	10.3%
	Real, Pre-tax, Perpetual Rotation	Manley 2023 (Aus. Med/Large, Implied)	5.3%	5.5%	5.7%
		Manley 2023 (NZ Med/Large, Implied)	5.2%	6.3%	7.6%
		Manley 2023 (Aus. Med/Large Applied)	5.0%	6.8%	8.0%
		Manley 2023 (NZ Med/Large Applied)	5.0%	6.6%	8.0%
		Sewall 2024 Survey (Australia, softwood)	4.5%	6.0%	6.5%
		Sewall 2024 Survey (NZ softwood)	4.5%	6.0%	6.5%
		IDR – Australasia 2015-25	4.5%	6.2%	8.0%
WACC/CAPM	Real, Pre-tax	WACC Australia (2024)	6.7% <sup>1</sup>	8.9% <sup>2</sup>	11.5% <sup>3</sup>
		WACC NZ (2024)	6.7% <sup>1</sup>	8.9% <sup>2</sup>	11.3% <sup>3</sup>

Note 1: Low estimate applies to a domestic WACC with an effective tax rate of 15% (Australia) or 14% (NZ) and 0% increment applied to cost of equity capital.

Note 2: Mid-point estimate applies to an average of the WACC rates, at both 15% (14% NZ) and 30% (28% NZ) tax rates, at 1% and 2% equity premium.

Note 3: High estimate applies to a domestic WACC, with an effective tax rate of 30% (28% NZ) and 3% increment applied to cost of equity capital.



## 6.2 Selected discount rate

Table 6 1 suggests that New Zealand discount rate evidence for multiple rotation models have a mid-point around 6.3% with a low of 4.5% and a high of 8.0%<sup>10</sup>. Indufor assumes that the mid-point rate captures country risk and represents an ‘average’ softwood plantation in New Zealand. By comparing the characteristics of the MFV estate to the ‘average’ New Zealand plantation, an assessment can be made as to an appropriate risk premium/discount to be added to the mid-point discount rate.

Table 6-2 sets out Indufor’s assessment of the MFV estate compared to an ‘average’ New Zealand plantation estate using broad value drivers (e.g., forest growth, markets, surety of tenure). Such a comparison is qualitative rather than quantitative, and therefore reliant on the valuer’s industry experience and professional judgement. Overall, Indufor believes Greenheart’s MFV estate has an average to above average risk profile relative to other softwood plantations in New Zealand. The above average risk factors include market factors, the limitations of the harvest profile, and a relatively low investment in inventory and yield table development to date.

**Table 6-2: Relative risk rating compared with an ‘average’ plantation estate**

Risk factor	Risk relative to country average	Comment
Biotic	At average risk	Biological risk does not appear to be any higher than other New Zealand forest assets.
Abiotic	At average risk	New Zealand has recently experienced significant weather events including two ex-tropical cyclones. It is likely that these events will increase in intensity, if not number, with increasing climate change.
Growth and Yield	Above average risk	Generic and acquisition yield tables should be revised.
Market / Log Prices	Above average risk	Greenhearts market is dominated by exports through Northport with the bulk of the volume going to China. The current sluggish Chinese market, particularly in the construction sector are a risk for Greenhearts exports. The outlook for China remains poor to stable.
Harvest Profile / Market Absorption	Above average risk	The age class distribution is dominated by younger age classes with a corresponding drop in future volumes and a corresponding increase in harvesting cost due to the impact of a smaller piece size.
Production Costs	At average to below average risk.	MFV is strategically managed under NFM, with experienced local entities in place to supervise forest operations. The forests have a good spread of ground based and hauler terrain and costs are expected to remain stable.
Forestry and Overhead Costs	At average risk	There has been some upward pressure on costs which have been included in the valuation. Generally, costs are within the industry average.
Land Tenure / Regulatory	At average risk	The estate is all on freehold land.

Based on this assessment Indufor has applied a discount rate of 7.00% for valuing the tree crop component of Greenheart’s MFV estate. The rate is applied to real, unlevered, pre-tax, NZD cash flows modelled over multiple rotations (‘perpetual’ basis). The discount rate remains unchanged from the 31 December 2024 valuation.

<sup>10</sup> Indufor has assigned no weighting to the rates estimated by the generic WACC formulation. The explanations for this are longer than can be contained within a footnote. In brief, Indufor perceives that the implied discount rate evidence better reflects investor behaviour under market conditions. In competitive markets, asset prices tend to be bid up, which implies lower discount rates even if the factors applied in formulaic WACC estimations remain unchanged.

## 7 WOOD FLOWS

Indufor has simulated the potential log production ('wood flows') from the MFV estate using the Tigermoth<sup>11</sup> forest estate modelling software. The estate model applies linear programming to optimise the objective, which in this case is net present value of the whole estate.

### 7.1 Modelling objectives and constraints

Aside from the model inputs that define the forest description (i.e., stand areas, yield projections, cost assumptions, and price forecasts), the simulation is controlled by constraints and objectives to emulate the governance and management applied by well-informed forest investors with professional forest management support. These include harvesting related constraints (Table 7-1) and merchandising constraints (Table 7-2).

**Table 7-1: Harvesting related constraints**

Constraint	Start Period	End Period	Applied to	Minimum	Maximum
Clearfell age	1	60	All stands	24 years	No limit
Harvesting volume	1	60	All stands	0	500k m <sup>3</sup> /year
Smoothing volume	5-year blocks		All stands	Defaults to the harvesting volume limits	

Merchandising constraints (a combination of 'allocation' and 'balancing' constraints) define the market destinations, the period(s) of supply, the log grades that are applicable for individual customers, and the supply volume limits.

**Table 7-2: Customer allocation and balancing constraints**

Customer	Product	Volume
Marsden Point	All available log grades	No limit
CHH Futurebuild	Pruned, V30, A30	< 5 000
Waipapa Pine	A30	< 1 000
Rosvall	Pruned, V30	< 1 000
ETC	Pruned, A40, K	< 1 500
Kaihu Valley	V30	< 500
Croft	KI	< 500
Mt Pokaka	KI	< 500
Marusumi chip mill	Pulp, Oversize pulp	< 500

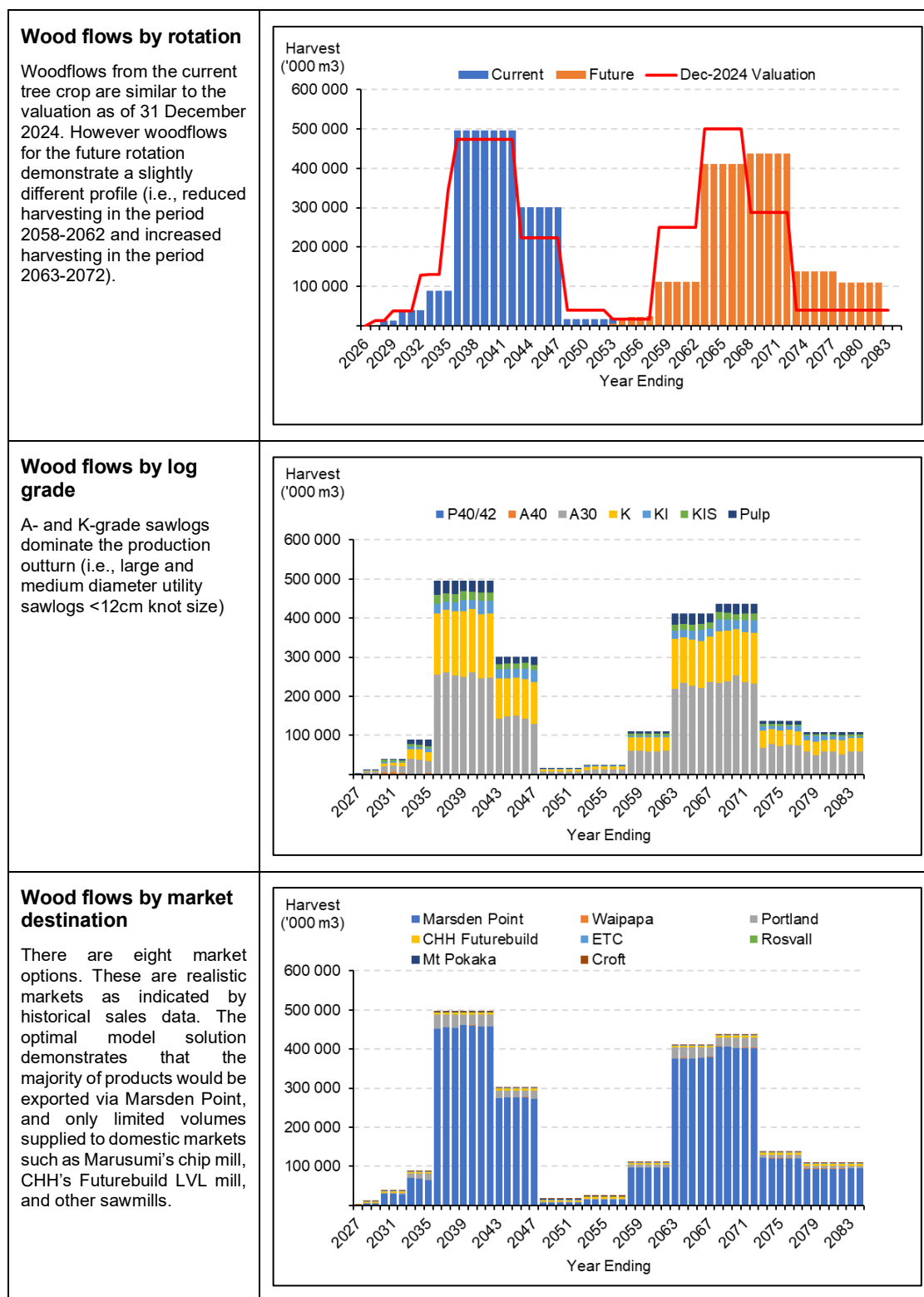
For the MFV estate, the final management objective relates to replanting rules which define the way that stands are regenerated and then managed in successive rotations. Successive rotations are modelled to be replanted in the year after harvesting. The yield and cost assumptions applied to future rotations are the same of very similar to the current rotation.

### 7.2 Wood flow modelling results

The modelled wood flows for the MFV estate are presented by rotation, product group and market destination (Figure 7-1). The model's optimum harvesting simulation shows that no harvesting occurs in the first two periods (2026-2027). This is followed by a period when harvest levels step-up but remain well below 100 000 m<sup>3</sup>/a (2028-2035). Very significant areas of the estate will become harvest ready from 2036, showing potential to supply the maximum harvest constraint level of 500 000 m<sup>3</sup>/year.

<sup>11</sup> Tigermoth is a licensed product of Stewart Murray Limited (<https://www.tigermoth.com/>)

**Figure 7-1: Woodflow results**



## 8 VALUATION

### 8.1 IFRS 13 hierarchy of valuation inputs

In adhering to the requirements of NZ IFRS 13, Indufor has prepared Table 8-1 which lists the types of inputs to the valuation and their classification within the fair value hierarchy. Indufor has classified the fair value of the Greenheart forest assets at Level 3.

**Table 8-1: Fair value hierarchy for the valuation inputs**

Valuation Input	Tier Level
Productive area	Level 2
Yield tables	Level 2
Log prices – current	Level 2
Log prices – forecast	Level 3
Production costs – current	Level 2
Production costs – forecast	Level 3
Discount rate	Level 2
Land holding costs	Level 2
Forestry management costs	Level 2
Forestry overhead costs	Level 3

### 8.2 Opinion of market value

Applying an income approach to the current and future tree crops, Indufor's opinion of market value for the MFV estate, as of 31 August 2025, is **NZD79.099 million**. Table 8-2 reports the estimated value of the tree crop and land components and estimated total market value for the MFV estate. This is compared with the estimated total market value as of 31 December 2024.

**Table 8-2: Market value as of 31 August 2025**

Value component	Market value	
	NZD million	USD million <sup>12</sup>
Tree crop	50.019	29.461
Land <sup>13</sup>	29.080	17.128
<b>Total value at 31 August 2025</b>	<b>79.099</b>	<b>46.589</b>
<b>Total value at 31 December 2024</b>	<b>79.615</b>	<b>46.513</b>

### 8.3 Value apportionment for NZ IAS41-Agriculture

For the purposes of NZ IAS41-Agriculture, Table 8-3 reports the value attributed to the current tree crop when the future crop is assumed to be NPV neutral. For financial reporting purposes it would be suitable to report a current tree crop value of NZD50.019 million while acknowledging a current crop discount rate of 7.72% applied to real, unlevered, pre-tax NZD current rotation cash flows.

<sup>12</sup> Assumes an exchange rate NZD1.0000 : USD 0.5890 on 31 August 2025 (Source: <https://www.exchange-rates.org/>)

<sup>13</sup> Freehold land value was appraised independently by Arotahi Agribusiness, as of 31 August 2025.

**Table 8-3: Value apportionment as of 31 August 2025**

Value component	Same discount rate applied to current and future rotations		Future rotations assumed to be NPV neutral <sup>14</sup>	
	Discount Rate	Forest Value (NZD million)	Discount Rate	Forest Value (NZD million)
Current Crop	7.00%	56.818	7.72%	50.019
Future Rotations	7.00%	(6.799)	4.96%	0
Land		29.080		29.080
<b>Total</b>		<b>79.099</b>		<b>79.099</b>

## 8.4 Point of sale costs

The financial reporting standard NZ IAS 41-Agriculture stipulates that “A biological asset shall be measured on initial recognition and at each balance date at its fair value less estimated point-of-sale costs”. Indufor has professional expertise in assessing the forest’s fair value but not the estimation of point-of-sale costs. We have observed that a figure of 0.5% of the forest value has found some wider application though it is acknowledged there is no empirical data to support this estimate. Under this assumption, Indufor estimates the point-of-sale costs for the subject forest asset at NZD0.253 million (USD0.148 million).

## 8.5 Sensitivity

Table 8-4 reports the sensitivity of the tree crop value to changes in log price and production costs (excluding cartage costs). The asset value is more sensitive to log price changes than to cost changes of the same magnitude:

- $\pm 5\%$  change to log price influences a  $\pm 30\%$  change to the appraised value.
- $\pm 5\%$  changes to all production costs – which covers logging, loading, roading, inventory, and supervision costs (but excludes cartage costs) – would have  $\pm 13\%$  impact on the appraised value.

**Table 8-4: Sensitivity of tree crop value to revenue and production costs**

Production Cost Change (excluding cartage)	Change in revenue (log prices)		
	-5%	0%	+5%
	NZD million		
+5%	28.486	43.416	58.345
0%	35.089	<b>50.019</b>	64.949
-5%	41.693	56.622	71.552

Table 8-5 reports the sensitivity of the tree crop value to changes in the cartage costs. A 5% change to cartage rates has a  $\pm 7\%$  impact on the tree crop value.

**Table 8-5: Sensitivity of tree crop value to cartage costs**

Changes in transport costs	NZD million
+5%	46.647
0%	<b>50.019</b>
-5%	53.391

Table 8-6 reports the sensitivity of the tree crop value to changes in the discount rate. Moving the discount rate by  $\pm 100\text{bp}$  would have around  $\pm 20\text{-}26\%$  impact on the overall appraised value.

<sup>14</sup> This occurs when the discount rate applied to the future rotations is equivalent to the IRR from replanting.

**Table 8-6: Sensitivity of tree crop value to discount rate**

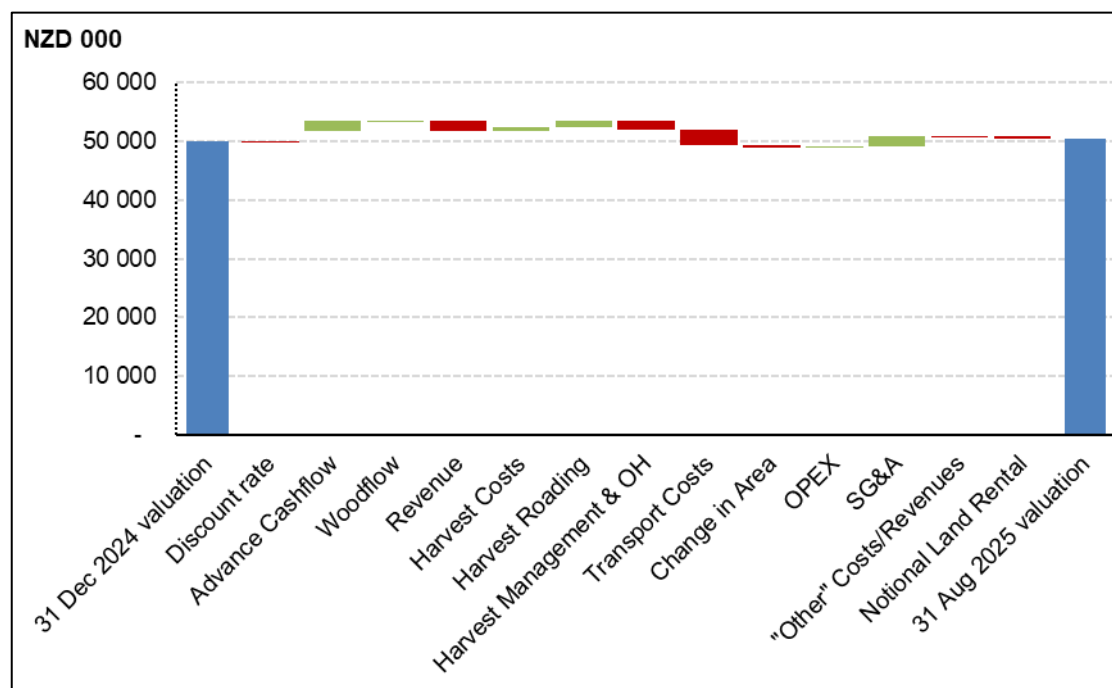
Forests	Discount Rate				
	5.00%	6.00%	7.00%	8.00%	9.00%
	NZD million				
MFV	80.466	62.911	<b>50.019</b>	40.154	32.386

Note: The table has been prepared based on 1% increments at the request of Greenheart to match its financial reporting requirements and does not necessarily reflect Indufor's view on the discount rate range that would be considered in a transaction of this asset.

## 8.6 Value change analysis

A reconciliation of the change in tree crop value is presented in Figure 8-1, between the value estimated as of 31 December 2024 and the value estimated as of 31 August 2025. A summary of the key factors contributing to the value change are reported below.

**Figure 8-1: MFV value change from 31 Dec 2024 to 31 Aug 2025**



Note: Represents the changes in tree crop value only

The overall value change for the MFV tree crop from 31 December 2024 to 31 August 2025 is **-NZD0.047 million** (-0.1%). The key factors contributing to the change in value between the two dates are as follows:

- **Depletion:** The net cashflows for the first eight months of the previous valuation cashflow projection (corresponding to the period 31 December 2024 to 31 August 2025) are removed, having a positive impact on the value (**+NZD1.664 million**).
- **Advance of the 31 December 2024 cash flows to 31 August 2025:** This is the effect of advancing 8 months along the cash flow stream. All valuation inputs are left unchanged from those assumed in the 31 December 2024 valuation, aside from the physical changes related to biological growth (i.e., yields). This has a positive impact on value (**+NZD1.782 million**) as stands are closer to being harvested.

- **Woodflow profile (-NZD1.160 million):** The re-optimised woodflow influences a modest negative impact on value.
- **Revenue:** The forecast average log price is around NZD0.68/m<sup>3</sup> lower than was assumed at 31 December 2024 **(-NZD1.545 million)** (Section 14.5). This average price change is influenced by two factor: improved grade mix (+NZD0.36/m<sup>3</sup>) but lower unit price forecast (-NZD1.04/m<sup>3</sup>).
- **Production costs (including harvesting, loading, roading, and harvesting related overheads):** Slightly lower cost expectations for harvesting and roading are offset by increased overhead cost assumptions. The net cost change has a slightly positive impact **(+NZD0.120 million)**. This arises from a combination of adjustments to the assumed contractor rates based on new cost evidence, and changes to the proportion of harvesting systems due to terrain. Harvesting costs are on average around 1.0% lower than were assumed for the 31 December 2024 valuation (on a time and volume weighted basis). Unit roading costs were also revised slightly lower based on more recent cost evidence for the Northland region. The assumed harvest management and overhead costs have been increased significantly – from NZD3.60/m<sup>3</sup> to NZD4.25/m<sup>3</sup> – based on updated benchmark cost evidence.
- **Transport costs:** The assumed unit rates for August 2025 (NZD28.83/m<sup>3</sup>) is higher than was assumed for the 31 December 2024 valuation (NZD27.81/m<sup>3</sup>). Consequently, transport rates have a **-NZD2.321 million** (-4.6%) impact on value change.
- **Area:** The productive area (net present basis) of the estate has declined slightly since the 31 December 2024 valuation, resulting in slightly reduction in the total area-related charges **(-NZD0.537 million)**.
- **Forestry operations costs:** OPEX is marginally lower thereby having a slightly positive impact on value change **(+NZD0.241 million)**. The assumed SG&A costs have decreased significantly based on NFM's FY26 budget estimates, having a positive impact on value **(+NZD1.915 million)**.
- **Land costs:** Council Rates have increased from NZD12.71/ha to NZD13.10/ha, influencing relatively small negative impact on value **(-NZD0.054 million)**. The notional rental assumption for the 31 August 2025 valuation is slightly reduced in line with the lower land valuation opinion **(-NZD0.054 million)**.

**Table 8-7: Tree crop value change analysis from 31 Dec 2024 to 31 Aug 2025**

Component	Value Step (NZD million)	Value change (NZD million)	Value change (%)	Unit Value (Dec 2024)	Unit Value (Aug 2025)	Units
<b>31 Dec 2024 valuation</b>	<b>49.972</b>					
Depletion	51.636	1.664	3.3%			
Advance Cashflow	53.418	1.782	3.6%			
Woodflow	52.259	-1.160	-2.3%			NP volume
Revenue	50.714	-1.545	-3.1%	128.41	127.73	\$/m <sup>3</sup> harvested
Harvest Costs	51.373	0.659	1.3%	43.27	42.98	\$/m <sup>3</sup> harvested
Harvest Roothing	52.309	0.936	1.9%	9.66	9.25	\$/m <sup>3</sup> harvested
Harvest Mgmt & OH	50.830	-1.480	-3.0%	3.60	4.25	\$/m <sup>3</sup> harvested
Transport Costs	48.509	-2.321	-4.6%	27.81	28.83	\$/m <sup>3</sup> harvested
Change in Area	47.972	-0.537	-1.1%			NP area
OPEX	48.213	0.241	0.5%	114.71	113.04	\$/ha productive
SG&A	50.128	1.915	3.8%	103.73	90.47	\$/ha productive
Other Costs & Revenues	50.073	-0.056	-0.1%	12.71	13.10	\$/ha productive
Notional Land Rental	50.019	-0.054	-0.1%	118.41	116.88	\$/ha productive
<b>31 Aug 2025 valuation</b>	<b>50.019</b>		<b>0.1%</b>	<b>4 991</b>	<b>5 083</b>	<b>\$/ha productive</b>







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