PROPOSAL FOR WHAKAPAPA AND TUROA SKIFIELDS

Financial Feasibility Study – 9th June 2023

RSSA

Ruapehu Skifields Stakeholders Association

Introduction

Ruapehu Alpine Lifts went into voluntary Administration on the 11th of October 2022. The Ruapehu Skifields Stakeholders Association (RSSA) has prepared a proposal to support the continuation of both Whakapapa and Tūroa Skifields. The proposal involves retaining both Whakapapa and Tūroa skifields under the existing Ruapehu Alpine Lifts (RAL) company. This will involve adjusting the RAL Trust and Company board composition, appointing new members, and revising the RAL Trust and Company constitution to align with the community-led Ruapehu Skifield Governance Framework.

Both Ministry of Business Innovation and Enterprise (MBIE) and ANZ have offered publicly to forgive the pre Voluntary Administration debts of $15m. This means that the existing RAL entity will be solvent and a viable company again.

Most importantly, this will ensure the 2023 ski season can proceed immediately as RAL holds the licence concessions. In addition, there will not need to be a transition to a NewCo which risks a delayed or no 2023 winter season.

The existing RAL entity will be re-capitalised by Life Passholders, and wider community stakeholders such as Ski Club members, season passholders, local community, and local businesses. The ski community are the natural owners of the skifield assets because they are the ones who will support the skifields in good years and in bad.

The RSSA was started by a mix of volunteers from the local community, life pass holders, season pass holders, former mountain staff and local businesses. Several of the founding members were members of the RAL Shareholders and Life Pass Holders Group. The RAL Shareholders and Life Pass Holders Facebook Group was originally created in 2016 as a place for the shareholders of RAL to connect and discuss areas of common interest regarding the company. Over time, the group had advocated for more transparency from the Company, Board of Directors, and the Shareholding Trust (who acts as the legal majority shareholder).

RSSA vision for the Skifields on Mt Ruapehu

Based on feedback and engagement with our wider groups over the last six months, we are proposing the following:

1. **Retain both Tūroa and Whakapapa** under the same company ownership where profits are reinvested in the skifields not paid out in dividends. This provides the following benefits:
    a. The ability to achieve economies of scale for efficient corporate overhead and support costs.
    b. The winter ski season is short and with climate change likely to further shorten the ski season over time, therefore efficient corporate overhead is critical to the long-term financial sustainability of both skifields. DOC concessions are unlikely to change which limits the ability to develop further on mountain summer revenue streams. Tūroa is limited to a winter only revenue stream, DOC concessions limit summer on-mountain activities, therefore Tūroa will rely on cost efficiencies in the corporate administration from economies of scale with Whakapapa.
    c. Keeping both fields together maximises crowdfunding potential in the form of Season Passes, Equity, and Life Passes. Surveys tell us the community has a strong preference to retain both ski fields as community-owned operations.
    d. Having two skifield operations provides diversification to weather risk and volcanic risk. For example: The Highnoon Express Chair on Tūroa is within the 2km Volcanic precautionary exclusion area and therefore cannot operate at volcanic alert level 2.
    e. Historical data shows that Tūroa's ownership has been unstable as a standalone skifield with ownership changing hands within four to ten years. Tūroa was stable for 20 years when combined with Whakapapa and only came into trouble when RAL pivoted away from its crowdfunding business model to become a debt funded business to finance the Sky Waka Gondola and other redevelopment programs.
2. **Community ownership structure and governance model**
    a. RAL had operated successfully for its first 60 years by only spending money that it actually had (low debt model). The model worked and only became broken under the most recent 10 year governorship, which wandered down the pathway of ever more corporatisation. This inevitably led to a high debt model. Further, poor strategic planning had simply not made provision for the poor seasons that inevitably come around, for various reasons, beyond the control of the company. Examples being eruptions, La Nina, COVID and more. We believe that a revised/revived/reset RAL can again be a successful company with a significant amount of fiscal efficiency and good governance.
    b. RSSA will retaining both Whakapapa and Tūroa Ski fields under the existing Ruapehu Alpine Lifts (RAL) company.

c. Fundamental to this will be the appointment of new Directors appointed to the Board with a range of skills appropriate to those required to run skifields.

d. A feature of the old RAL was inadequate representation of the core stakeholders. This had the unfortunate effect of isolating the Board from any real accountability. Our proposal intends to address this issue via the new shareholding and governance structures. Better representation of the key stakeholders including Iwi, DOC, Council(s), local businesses, clubs, and mountain users will help ensure transparency, accountability, and good governance.

e. As such, the Company will arrange for new RAL Trust Board members and Company Directors in the interim to ensure the 2023 season gets underway and the necessary governance changes are made. Following the 2023 season all board members will stand for re-election under the revised constitution and governance rules.

3. Financed through creditors writing down debt and most importantly, the mountain community

a. Throughout the Voluntary Administration we have kept a dialogue with key creditors. The two largest secured creditors, MBIE & ANZ have indicated that they would be prepared to write off those debts and release their securities. Given this was assumed fundamental to the creation of any viable NewCo, we likewise see this as also fundamental to the viability of the ‘refurbished’ RAL. Indeed, the whole reasoning behind the VA was that the previous directors saw themselves as insolvent. If you remove the MBIE and ANZ debits off the liability side of the balance sheet RAL is no longer insolvent. We are asking those secured creditors to write-off the pre-VA debt and to consider doing similar to the (post) VA debt.

b. Use community investment to help recapitalize the company. The cornerstone of this crowdfunding would be the LPH’s as recognised creditors, but it is essential that the greater snow community are also willing to donate/invest in order to reach the $ target required.

c. Maintain the current non-profit customer-owned status - specifically that all profit is reinvested back into the ski fields for the development of amateur snow sports within the Tongariro National Park. Retaining tax free status is important but may be worth compromising on to allow for investor capital gains (while still retaining the profit reinvestment clauses).

As a broad community, RSSA have inclusive mechanisms (social media, email and surveys) to canvas the wide range of views from the community, as well as regular engagement with representative groups such as RMCA and Iwi, to respect their enduring interests in the mountain.

Vision of the Community

Our 2022 Governance Survey received over 900 responses and we have conducted extensive community consultation through social media, in person meetings and grass roots engagement. Opinions were divided on some issues and do vary by stakeholder type. But there are some key themes that can be observed. Key observations from the crowd:

- They want a community-owned not-for-profit organisation
- They want assurances of financial stability
- They want to retain Whakapapa and Tūroa as one entity

Source: https://www.savemtruapehu.org.nz/post/mt-ruapehu-crowdfunding

Figure 1: What the Crowd are saying from the Governance Survey

1	1 to 5	5	Most Popular	Average
For Profit		Non Profit	5	3.7
Corporate Owned		Community Owned	5	3.6
New Company		Existing Company	1	2.6
Year Round Activities		Snowsports Focus	1	2.8
Pay to Renew LPH		Honour LPH	5	3.3
Relaxed about corporate finances		Want assurances of future stability	5	4.2
Relaxed about governance & decision making		Want a say in governance & decision making	3	2.8
Trust professionals on lift planning & operations		Want a say in lift planning & operations	1	2.4
Support day-to-day staff		Want changes in staff	1	2.4
Split Turoa & Whakapapa		Stronger together	5	4.1

Proposed Governance Structure

RSSA (Stakeholders Association)

- Association protecting members interests in the long-term stability, transparency and good governance of the skifields.
- RAL will issue the RSSA with % of material or “golden shares”. This is to prevent corporate takeovers and changes to the constitution.
- Promotion of Life pass holder settlement fees into RAL.
- The Association to appoint 2 of RAL directors.
- The board representatives will host an annual meeting to provide updates on RAL performance, hear feedback from members and vote to direct the board representatives.
- In addition to the elected board representees, there will also be a range of sub committees in the society to allow for diverse viewpoints, active participation.
- Example participants would include (1) Leadership Committee, (2) Life pass Holders (3) Iwi, (4) Businesses, (5) Environmental etc. These participants would consult with relevant stakeholders and (through the Board Representatives) assist RAL with special projects, advice and input.

Equity Crowd Funding

- RAL will issue general shares to raise capital to everyone.
- General Shareholders do not attract dividends (but may be able to achieve a capital appreciation if the share price increases).
- Likely to be mountain users, clubs, local business etc. who all rely on the industry.
- General shareholders to appoint 3 of RAL directors elected by vote at the RAL AGM.

Bondholders

- Bondholders have no shares in RAL unless they choose to via the equity crowd funding.
- Bondholders to appoint 1 of RAL directors.
- Bondholders receive investment % return (coupons).
- Provides ability to raise capital for major investments.
- Current Bondholders include, Iwi investment companies, local trusts, councils and individuals.

Note: *Having the right individuals in the boardroom is critical. Corporate directors need to have the skills, experience, and perspectives that align with the company’s long-term strategy. The number and % on the board of the revamped RAL above is a example only and is still to be confirmed. There will also be comprehensive risk governance mechanisms in place to ensure robust governance as well suitability for the required tasks.*

Our proposed co-operative governance structure provides the following benefits:

- Seamless continuation of skiing for the 2023 season and beyond due to existing licence concessions continuing.
- Retaining both Whakapapa and Turoa Ski fields.
- Co-operative style businesses have twice the survival rate of other businesses in NZ. This born out by New Zealand's largest and longest surviving companies such as Farmlands, Fonterra, Southern Cross etc. some of which are over 100 years old. The key reason for this longevity is the cooperative nature by all stakeholders involved.
- The ability for capital investment in major infrastructure.
- Ensuring all stakeholders including Iwi, local community and businesses, mountain clubs and general mountain users are properly represented in the future.
- Long-term stability, transparency and good governance of the skifields.
- Key stakeholder representation at Board level.
- Ensure no single shareholder group has total control of the operator(s).
- Ensure profit is reinvested back into the ski fields which helps improve the assets and manage risk.
- Promote innovative thinking, quality leadership at managerial level.
- Help ensure a back-to-basics focus to get the fundamentals of operating the ski fields right.

Methodology

The financial feasibility report has used data from following sources:

- RAL Management trading forecasts from the RAL Long Term Financial Model.
- PwC Administrators Progress Report.
- Ruapehu Skifields Stakeholders Association survey data and research.

Financial feasibility assumptions modelled are documented under the assumptions section of the report.

Executive Summary

The RSSA proposal will retain both Whakapapa and Tūroa Skifields under the existing RAL structure (pending review/restructure). Whakapapa is financially viable on its own having both a summer and winter trading season. However, Tūroa has been limited to a winter trading window from June to October. This has meant it was carrying corporate overhead and support costs over the summer with no supporting revenue. The modelling of the RSSA is that Tūroa will struggle to be financially viable long-term as a standalone skifield.

Whakapapa and Tūroa Existing Structure & Assumptions

1. A Deed of Company Arrangement will reduce RAL debt at appointment of Voluntary Administration from approximately $59m down to circa $24m. The DOCA contains the current working consensus on the commercial terms of the creditors' compromise. The financial modelling for capital planning in this Feasibility Study anticipates the following creditor treatment:

    a. To set up finance to build the Sky Waka a number of Bondholdings were established with security over the Sky Waka itself. The Bondholders will be paid in full on schedule.

    b. MBIE Pre Voluntary Administration debt of $15 will be forgiven.

    c. ANZ Pre Voluntary Administration debt of $12.7m will be forgiven.

    d. All trade and minor creditors valued at $2m will be paid over a 5 year period.

    e. Remaining employee liabilities of $124k will be paid out in FY23.

    f. MBIE post VA debt of $5.5m will paid over 10 years. No interest payable.

    g. ANZ post VA debt of $1m will be paid back over 2 years. No interest payable.

    h. Ruapehu District Council loan debt of $500k will be stretched out to FY32

    i. Deferred Life Pass revenue in advance of $14.7m will be extinguished. Life Passholders who wish to retain their Life Pass benefits for the 2023 ski season and beyond will be required to pay a one-off re-activation payment of $1,150 (GST inclusive).

    j. $1.3M outstanding VA and other legal costs in FY23.

2. Life Passholders have always been fundamental to the capital raising that is the lifeblood of our ski areas. The woes that have beset RAL have bought to light the unfortunate reality that, should LP holders wish to continue to enjoy our Maunga, skiing ‘for free’ into the future without contributing towards the company’s survival at this key moment is simply not viable. Further funds are required. The model anticipates that LP will contribute $7.5m as a settlement payment (ex GST) to maintain their right to continue to ski. It is estimated based on our survey data that 7,500 Life Passholders will accept the settlement payment of $1,000. We have forecast that $4m of the Life Passholder settlement fee will be collected in FY23 and $3.5m will be collected in FY24.
3. The right to levy a re-activation fee for the life passes arises from the ability of a Deed of Company Arrangement to vary the terms and treatment of a creditor. Many of the life passes also contain clauses that allow for variations to the terms of service. The overwhelming feedback from the Life Pass Holders is that they want to support the company in these difficult times and are willing to pay a re-activation fee to retain the right to ski.
4. A further $10m will be raised from community skifield stakeholders across a 5-year period at approximately $2m per annum under the Equity Crowdfunding scheme. There are approximately 25,000 Ski Club members, 10,000 Life Passholders, and RAL has a 100,000 customer database to crowdfund equity investment from. RSSA Community and Life Passholder survey’s have already identified $13m in expressed community equity interest to crowdfund the recapitalisation of the Whakapapa and Tūroa skifields.
5. The cost of the Community Equity Raise using a licensed Crowdfunding platform such as Snowball effect is estimated at $550k. This is based on a success fee of 7.5% in year one and 5% in years two to five.
6. The stakeholders association have organised expressions of interest from a small number of wholesale investors willing to provide short-term bridging finance to RAL through a line-of-credit facility. These short-term loans will make $2M available to the company to meet payroll obligations and short-term operating costs. The facilities are conditional on execution of the DOCA on terms substantially similar to the form presented (in particular the director and shareholder clauses). The short-term loans will receive a general security (not ranking above any existing securities) and will be paid back through operating cashflow during the 2023 winter season.
7. The company will immediately release the 2023 Season Passes for sale. Based on historic performance, this will generate a rapid injection of several million dollars in operating cashflow.
8. The Life Pass re-activation fee will be made available for purchase as a product on the company's website within 7 days. Based on LPH feedback to date, this will generate several million dollars in immediately available cash.
9. The company can mitigate the seasonal liquidity crunch risk in future years by bringing forward the Life Pass Sale campaigns to sell new Life Passes (scheduled in the model for FY28) to FY23. The PwC Voluntary Administration community survey identified $9m in new Life Pass sale interest and $7m in

5-year season pass interest. The seasonal cash short fall risk is also mitigated in our forecasts by stretching out the repayment of the $2m of trade and minor creditors across a five year period.

10. A new Life Pass Capital raise for $10.5m for the sale of 1,600 Life Passes is used to finance the repayment of the Bondholders in FY28. The purpose of this capital raise is for maintaining sufficient liquidity levels to mitigate seasonal risk. Our view is that a closing cash position at the end of a winter ski season should be targeted at a minimum of $15m. This ensures adequate working capital to fund the summer maintenance program to get to the next winter season and have a proportion of funds set aside to build up an endowment fund for a rainy day and to meet emergency capital expenditure requirements.
11. $250k contingency has been budgeted for restructuring costs FY23 (may also be spread over 2024).
12. The Tūroa Skifield financial viability is significantly stronger when combined with Whakapapa. The two skifields together can achieve economies of scale for the management of the corporate overhead and shared support services function which includes HR, Finance, IT and procurement.
13. As a public benefit entity, RAL is currently exempt from income tax under section CW 40 (1) of the Income Tax Act 2007. This mitigates the income tax consequences of the proposed loan forgiveness. If the status changes or the tax treatment of the loan forgiveness generates an income tax obligation the cashflow consequences can be serviced from within the operating cashflow forecasts.
14. As a widely held company, RAL is subject to the Takeovers Code. This restricts the issue or acquisition of a controlling interest in the company. The company is currently operating under a Takeovers Code Exemption granted in 2022 for the purposes of re-organising the company’s affairs. The anticipated re-structuring would appear to fall within the recently granted exemption and if required, an additional exemption would be sought on terms similar to the recent exemption.

Concession: Asset Remediation and Removal

The DOCA proposal maintains the existing operating concessions and the existing remediation liabilities which sit with the company. To a purely commercial investor, the remediation obligations may seem onerous. However, as a ski community we see the remediation obligations as an enduring reminder of the need for the skifields to tread lightly, to tidy up after ourselves, and to always be planning for ways to minimise our impact on the surrounding environment. We see all physical assets and infrastructure on the mountain as temporary installations that should be robust, modular and designed from the start for eventual removal.

The RSSA understands that the Maunga is sacred to the Tangata Whenua. Indeed, it is to us too. We note that a number of redundant structures have been simply left un-remediated on the skifields. Junk. The requirement to remediate is enshrined in the law. These scars on Koro are simply not acceptable! We intend to do the right thing and undertake a program of remediation.

Our vision is to get together with Iwi to identify/stocktake the offending structures (mostly old foundations, but right up to old ski club buildings!) and to draw up a priority ‘shopping list’ of which to attack first and the timeline to achieve the best outcome in a sustainable way.

Capital expenditure of $750k has been budgeted in FY25. If the cash position of the allows, it is the view of the RSSA that this remediation work should be brought forward to start from the summer of FY23. The Tangata Whenua have waited long enough for this restoration work. Further funds will be applied to the task into the future.

The RSSA will advocate to ensure the Skifield Operator acts as responsible and respectful guest on the Maunga.

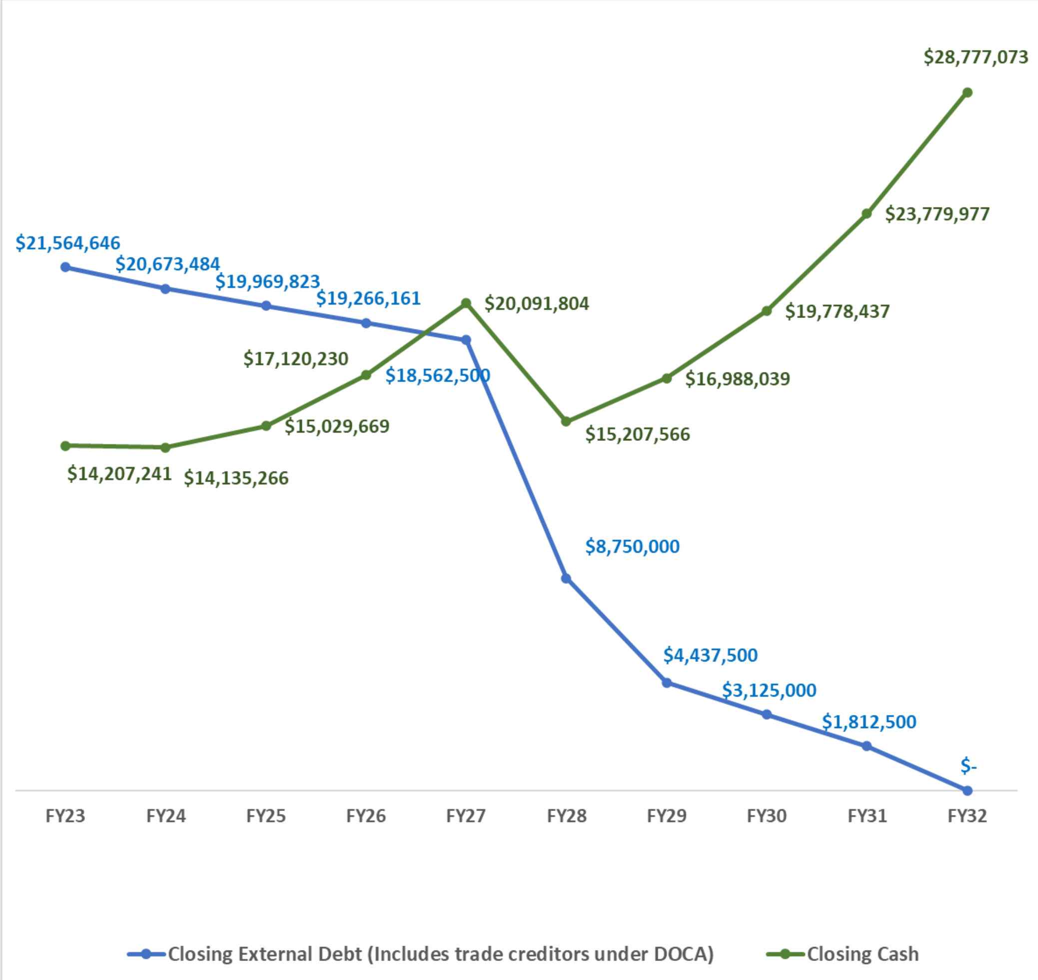
Headline KPI’s

The following table shows the key observations between the Whakapapa and Tūroa operation versus the Whakapapa only operation.

Table 1: Headline KPIs

	Whakapapa & Turoa
Life Passholder Capital from Settlement Payment FY23 to FY24	$ 7,500,000
Community Crowdfunding - FY23 to FY27	$ 10,000,000
Less: Costs of Equity Crowdfunding -FY23 to FY27	-$ 550,000
New Life Passholder Sales - FY28	$ 10,480,000
Recapitalisation - Strategy	**$ 27,430,000**
Bondholder coupons paid FY23 to FY29	**-$ 7,214,970**
Net Operational cash flows (Normalised for timing differences) **Includes Bondholder coupon payments, prior year pre-season sales, includes Life Passholder revenue recognised)*	$ 69,060,985
Capital expenditure FY23 to FY30	**-$ 38,294,000**
Capital expenditure as % operating cash flows	**55%**
Bondholder Principal repayments FY23 to FY29	-$ 13,500,000
Ruapehu District Council FY32	-$ 500,000
ANZ VA Debt Principal repayments FY23 to FY24	-$ 1,000,000
MBIE VA Debt Principal repayments FY23 to FY32	-$ 5,500,000
Debt Forgiven	**$ 42,333,172**
Life Passholders - Deferred Revenue	$ 14,660,086
ANZ pre-Voluntary Administration	$ 12,673,086
MBIE pre-Voluntary Administration	$ 15,000,000
Net Assets FY23	$ 32,543,584
Net Assets FY32	$ 38,498,862
Closing Cash position FY32	**$ 28,777,073**
FY32 Endowment Fund (Rainy Day Fund and Capital Fund)	$ 19,000,000
FY32 Working Capital	$ 9,777,073
External Debt FY23	$ 21,564,646
External Debt FY32	$ -

Figure 2: Debt position versus Cash position



Financial Modelling: Observations

1. $7.5m Life Passholder Capital is raised across FY23 and FY24 from the re-activation fee
2. $10m Community Crowd funding is raised across FY23 to FY27 from equity investment
3. No direct Crown funding required. An underwrite facility may be requested due to MBIE's role in causing a delay in the 2023 season pass campaign. The underwrite is not guaranteed or required for the proposal to proceed.
4. Total capital injection net of capital raising costs is $27.4m across the forecast period. This includes $7.5m in re-activation payments from existing Life Passholders, $10m in community equity raising, and $10.5m in a new Life Pass Capital raise.
5. Ruapehu District Council debt of $500k repaid in FY32
6. $1m Post-VA ANZ bank debt is repaid by over 10 years and fully repaid in FY32
7. $5.5m Post-VA MBIE debt is paid over 10 years and is fully repaid in FY32
8. Approx $42m of Debt is forgiven under the DOCA arrangement. This includes $14.7m in deferred Life Passholder revenue, $12.7m in pre-VA ANZ bank debt, $15m in pre-VA MBIE debt.
9. Normalised net operating cash flows (Cash flows normalised for timing differences in life pass and season pass cash flows) are $69m across the forecast period.
10. Total capital expenditure for the Whakapapa and Tūroa operation is $38m. This represents 55% of the normalised operating cash flows.
11. A new Life Pass capital raise of $10.5m is required to repay $9.5m bond debt maturing in FY28.
12. Bondholders are forecast to be paid $7.2m in coupon payments across the forecast period.
13. Bondholders are fully repaid at maturity dates. $9.5m in FY28 and $4m in FY29.
14. Closing FY32 cash position is $29m which is broken down into $10m working capital and $19m endowment fund. The endowment funds consists of $5m to cover operating shortfalls for a "Rainy Day" or "poor snow season". $14m is accumulated in the Capital Fund for the future replacement of ageing lifts infrastructure. For example, it is known to RSSA that the next significant lift upgrades are likely to be required to be prioritised on the replacement of the bottom lift access at Tūroa. The purpose of the capital fund is to save cash reserves to complete these projects without being reliant on risky debt financing.
15. By FY32 RAL is essentially debt free and 100% funded by the ski community and retained operating cash flows.
16. FY32 Net Assets are $38.5m. An increase of $6m from FY23 Net Asset position of $34m.

Contingency Funds: Capital Improvement Fund and Rainy Day Fund

Figure 3: Rainy Day Fund and Capital Fund accumulated cash balance (forecast FY23 to FY32)

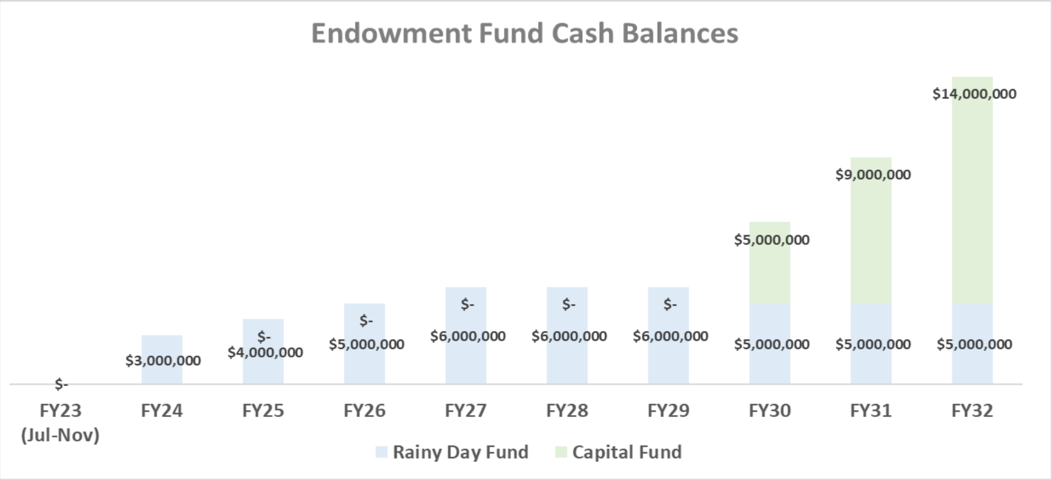
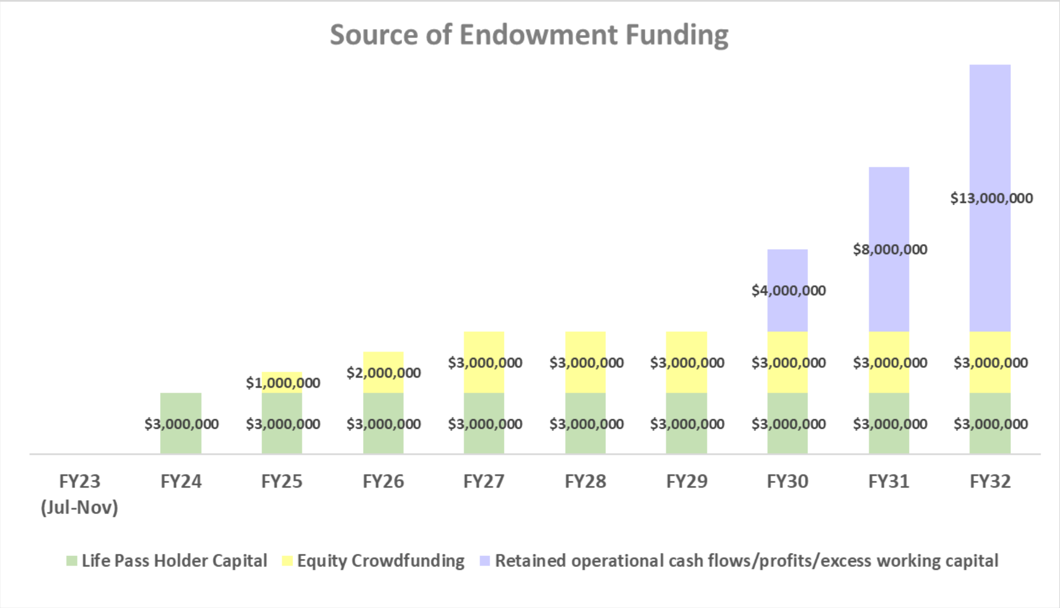


Figure 4: Cash source for the accumulation of the Rainy Day and Capital Funds



Contingency Funds: The failure of the old RAL governance was that cash reserves were not set aside for a rainy day such as the FY22 extreme La-Nina weather event and the 2020 to 2021 global COVID pandemic.

A second failure of the old RAL governance was that cash reserves were not set aside to manage the ageing asset infrastructure. For example, the $25 million deferred maintenance liability of which the majority of the deferred maintenance relates to the Tūroa assets.

The new and improved RAL governance plan will involve setting aside cash reserves to survive a poor season, volcanic event, or a future global pandemic. Secondly, the improved RAL governance plan will involve setting aside funds for future capital replacement works.

The following two graphs in figure 3 and 4 show that $19m in cash reserves will be accumulated by FY32. Of this endowment fund, $14m will be accumulated for a future life replacement. It is estimated a new lift will cost in the vicinity of $18m. This positions RAL to be well placed to invest in a new express chair lift to replace the two ageing Tūroa access chair lifts (Parklane and Movenpick) which are getting close to the end of their useful life.

As can be seen in figure 4, the **Capital Improvement Fund** relies on retained operational cash flows, whereas the **Rainy-Day Fund** can be quick established using the Life Passholder Settlement payment and Equity crowdfunding raise. Establishing the rainy day fund will be the immediate priority.

Second priority is to repay back creditor debt. From FY30, majority of the creditor debt has been repaid and then this allows for the accumulation of the capital fund.

RAL Whakapapa and Tūroa Projections

Table 2: Whakapapa and Tūroa Cash Flow Projections FY23 to FY32

Cash Flow Forecast - Whakapapa & Turoa	FY23 (Jul-Nov)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Operating Cash flows										
Operating EBITDA	**$ 7,103,216**	**$ 4,708,418**	**$ 5,710,127**	**$ 5,967,516**	**$ 6,416,892**	**$ 7,022,710**	**$ 7,779,981**	**$ 8,726,571**	**$ 9,909,808**	**$ 11,367,848**
Adjusted for non-cash life pass revenue	-$ 400,000	-$ 750,000	-$ 750,000	-$ 750,000	-$ 750,000	-$ 1,798,000	-$ 1,798,000	-$ 1,798,000	-$ 1,798,000	-$ 1,798,000
Adjusted for gondola coupon payments	-$ 419,708	-$ 918,690	-$ 1,181,116	-$ 1,233,406	-$ 1,377,205	-$ 1,556,953	-$ 527,893	$ -	$ -	$ -
Adjusted for Interest Earnings	$ -	$ 142,458	$ 144,054	$ 160,111	$ 185,548	$ 175,506	$ 138,884	$ 174,328	$ 202,232	$ 239,747
Adjusted for Advance Season Pass Sales (Oct-Nov)	$ -	-$ 5,000,000	-$ 5,500,000	-$ 6,000,000	-$ 6,500,000	-$ 7,000,000	-$ 3,500,000	-$ 7,000,000	-$ 7,000,000	-$ 7,000,000
Net operating cashflow	**$ 6,283,508**	**-$ 1,817,814**	**-$ 1,576,935**	**-$ 1,855,778**	**-$ 2,024,764**	**-$ 3,156,738**	**$ 2,092,972**	**$ 102,899**	**$ 1,314,040**	**$ 2,809,596**
**Net operating cashflow including prior year advance season pass sales*	*$ 6,283,508*	*$ 3,182,186*	*$ 3,923,065*	*$ 4,144,222*	*$ 4,475,236*	*$ 3,843,262*	*$ 5,592,972*	*$ 7,102,899*	*$ 8,314,040*	*$ 9,809,596*
***Normalised operating cash flows to include Life Pass revenues recognised*	*$ 6,683,508*	*$ 3,932,186*	*$ 4,673,065*	*$ 4,894,222*	*$ 5,225,236*	*$ 5,641,262*	*$ 7,390,972*	*$ 8,900,899*	*$ 10,112,040*	*$ 11,607,596*
Non-operating cash flows										
NEWCO restructuring costs	-$ 250,000	$ -	$ -	$ -	$ -					
Remaining VA & Legal costs	-$ 1,200,000	$ -	$ -	$ -	$ -					
Employee benefits	-$ 124,105									
Creditors - (DOCA payment over 5 years)	-$ 391,161	-$ 391,161	-$ 391,161	-$ 391,161	-$ 391,161					
Total Non-operating Cash flows	**-$ 1,965,267**	**-$ 391,161**	**-$ 391,161**	**-$ 391,161**	**-$ 391,161**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Capital Expenditure										
Whakapapa	-$ 339,000	-$ 2,575,000	-$ 2,925,000	-$ 2,100,000	-$ 1,875,000	-$ 1,970,000	-$ 2,000,000	-$ 2,000,000	-$ 2,000,000	-$ 2,000,000
Turoa	-$ 122,000	-$ 5,688,000	-$ 1,800,000	-$ 1,650,000	-$ 1,325,000	-$ 3,925,000	-$ 1,000,000	-$ 1,000,000	-$ 1,000,000	-$ 1,000,000
Less Capital expenditure	**-$ 461,000**	**-$ 8,263,000**	**-$ 4,725,000**	**-$ 3,750,000**	**-$ 3,200,000**	**-$ 5,895,000**	**-$ 3,000,000**	**-$ 3,000,000**	**-$ 3,000,000**	**-$ 3,000,000**
Financing Cash flows										
Life Passholder settlement payment	$ 4,000,000	$ 3,500,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New Life Pass Capital Raise	$ -	$ -	$ -	$ -	$ -	$ 10,480,000	$ -	$ -	$ -	$ -
Advance 5 year season pass	$ -									
Advance Season Pass Sales (Oct-Nov)	$ 5,000,000	$ 5,500,000	$ 6,000,000	$ 6,500,000	$ 7,000,000	$ 3,500,000	$ 7,000,000	$ 7,000,000	$ 7,000,000	$ 7,000,000
Crowdfunded Equity raises from Life Pass Holders, Clubbies, Community	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ -	$ -	$ -	$ -	$ -
Equity Raising Costs	-$ 150,000	-$ 100,000	-$ 100,000	-$ 100,000	-$ 100,000	$ -	$ -	$ -	$ -	$ -
Repayment of Gondola Bonds						-$ 9,500,000	-$ 4,000,000	$ -	$ -	$ -
Repayment of RDC (DOCA - Payment end of FY32)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-$ 500,000
Repayment of ANZ VA loan (DOCA payment over two years)	-$ 250,000	-$ 250,000	-$ 62,500	-$ 62,500	-$ 62,500	-$ 62,500	-$ 62,500	-$ 62,500	-$ 62,500	-$ 62,500
Repayment of MBIE VA loan (DOCA payment over 10 years)	-$ 250,000	-$ 250,000	-$ 250,000	-$ 250,000	-$ 250,000	-$ 250,000	-$ 250,000	-$ 1,250,000	-$ 1,250,000	-$ 1,250,000
Net financing cashflows	**$ 10,350,000**	**$ 10,400,000**	**$ 7,587,500**	**$ 8,087,500**	**$ 8,587,500**	**$ 4,167,500**	**$ 2,687,500**	**$ 5,687,500**	**$ 5,687,500**	**$ 5,187,500**
Net Cash flow (Operating + CAPEX + Financing + Other)	**$ 14,207,241**	**-$ 71,975**	**$ 894,404**	**$ 2,090,560**	**$ 2,971,574**	**-$ 4,884,238**	**$ 1,780,472**	**$ 2,790,399**	**$ 4,001,540**	**$ 4,997,096**
Opening cash balance	$ -	$ 14,207,241	$ 14,135,266	$ 15,029,669	$ 17,120,230	$ 20,091,804	$ 15,207,566	$ 16,988,039	$ 19,778,437	$ 23,779,977
Closing cash balance	**$ 14,207,241**	**$ 14,135,266**	**$ 15,029,669**	**$ 17,120,230**	**$ 20,091,804**	**$ 15,207,566**	**$ 16,988,039**	**$ 19,778,437**	**$ 23,779,977**	**$ 28,777,073**
Liquidity ratio %	66%	68%	75%	89%	108%	174%	383%	633%	1312%	n.a
External Borrowing balance (Including trade creditors under DOCA)	$ 21,564,646	$ 20,673,484	$ 19,969,823	$ 19,266,161	$ 18,562,500	$ 8,750,000	$ 4,437,500	$ 3,125,000	$ 1,812,500	$ -
Liquidity Management										
Working Capital Cash Opening	$ -	$ 14,207,241	$ 11,135,266	$ 11,029,669	$ 12,120,230	$ 14,091,804	$ 9,207,566	$ 10,988,039	$ 9,778,437	$ 9,779,977
Stress test opening cash position- Surplus/Shortfall	$ 5,822,508	$ 4,126,427	$ 4,833,331	$ 5,423,891	$ 6,895,465	$ 5,040,066	$ 8,300,539	$ 8,090,937	$ 8,092,477	$ 9,589,573
Working Capital Cash closing	$ 14,207,241	$ 11,135,266	$ 11,029,669	$ 12,120,230	$ 14,091,804	$ 9,207,566	$ 10,988,039	$ 9,778,437	$ 9,779,977	$ 9,777,073
Endowment fund closing	$ -	$ 3,000,000	$ 4,000,000	$ 5,000,000	$ 6,000,000	$ 6,000,000	$ 6,000,000	$ 10,000,000	$ 14,000,000	$ 19,000,000
Bondholder return on capital	3%	7%	9%	9%	10%	12%	13%	na	na	na

Table 3: Whakapapa and Tūroa Activity KPI’s

Other KPI's Metrics	FY23 (Jul-Nov)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Whakapapa - skier and winter sight seeing visitor days	186,156	275,051	285,511	285,511	285,511	285,511	285,511	285,511	285,511	285,511
Whakapapa winter visitor capacity	436,000	436,000	436,000	436,000	436,000	436,000	436,000	436,000	436,000	436,000
Whakapapa winter capacity utilisation	43%	63%	65%	65%	65%	65%	65%	65%	65%	65%
Whakapapa summer sightseeing	na	46,191	71,729	78,902	98,627	123,284	154,105	192,631	240,789	300,000
Turoa Skier days	83,211	158,000	158,000	158,000	158,000	158,000	158,000	158,000	158,000	158,000
Turoa visitor capacity	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Turoa winter capacity utilisation	35%	66%	66%	66%	66%	66%	66%	66%	66%	66%
Operating Revenue	**$ 22,039,117**	**$ 38,494,333**	**$ 39,785,707**	**$ 40,345,824**	**$ 40,916,144**	**$ 41,794,552**	**$ 42,892,563**	**$ 44,265,076**	**$ 45,980,718**	**$ 48,102,263**
Whakapapa		$ 23,062,073	$ 24,353,447	$ 24,913,564	$ 25,483,884	$ 26,362,293	$ 27,460,303	$ 28,832,816	$ 30,548,458	$ 32,670,003
Turoa		$ 15,432,260	$ 15,432,260	$ 15,432,260	$ 15,432,260	$ 15,432,260	$ 15,432,260	$ 15,432,260	$ 15,432,260	$ 15,432,260

Table 3 shows the Skier and visitor day assumptions in the RAL Management trading forecasts. From FY25, Skier days and winter visitor numbers stabilise at approximately 285,500 for Whakapapa and 158,000 for Tūroa. Whakapapa is operating at 65% capacity and Tūroa is at 66% capacity. The available capacity is for midweek skiing as we understand on fine weather days during weekends, both skifields will often reach their capacity limits.

Whakapapa sightseeing is forecast to steadily grow to approximately 300,000 visitors by FY32. Our understanding is that Sky Waka is not well marketed, and many of the Tourism bus groups visiting the region have not included a Sky Waka visitor into their tour schedules. This lack of marketing is mostly attributable to the timing of the COVID-19 pandemic lock downs, followed by the voluntary administration process.

Table 4: Whakapapa and Tūroa Balance Sheet Projections

Balance Sheet - Whakapapa & Turoa	1st July 2023	FY23 (Jul-Nov)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Current Assets											
Cash	$ -	$ 14,207,241	$ 14,135,266	$ 15,029,669	$ 17,120,230	$ 20,091,804	$ 15,207,566	$ 16,988,039	$ 19,778,437	$ 23,779,977	$ 28,777,073
Total current assets	$ -	$ 14,207,241	$ 14,135,266	$ 15,029,669	$ 17,120,230	$ 20,091,804	$ 15,207,566	$ 16,988,039	$ 19,778,437	$ 23,779,977	$ 28,777,073
Non-Current Assets											
Property Plant and equipment	$ 54,070,722	$ 48,500,989	$ 50,213,122	$ 48,623,122	$ 46,123,122	$ 43,109,789	$ 42,611,789	$ 39,411,789	$ 36,211,789	$ 33,011,789	$ 29,811,789
Total Assets	**$ 54,070,722**	**$ 62,708,230**	**$ 64,348,388**	**$ 63,652,791**	**$ 63,243,352**	**$ 63,201,593**	**$ 57,819,355**	**$ 56,399,827**	**$ 55,990,226**	**$ 56,791,766**	**$ 58,588,862**
Current liabilities											
LP Revenue in-advance	$ -	$ 400,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 1,798,000	$ 1,798,000	$ 1,798,000	$ 1,798,000	$ 1,798,000
Season Pass Revenue in-advance	$ -	$ 5,000,000	$ 5,500,000	$ 6,000,000	$ 6,500,000	$ 7,000,000	$ 3,500,000	$ 7,000,000	$ 7,000,000	$ 7,000,000	$ 7,000,000
Accounts Payable (DOCA - payment terms stretched)	$ 1,955,807	$ 1,564,646	$ 1,173,484	$ 782,323	$ 391,161	$ -	$ -	$ -	$ -	$ -	$ -
Employee entitlements	$ 124,105	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ANZ - VA loan (DOCA - Debt partially forgiven, payment terms stretched)	$ 1,000,000	$ 750,000	$ 500,000	$ 437,500	$ 375,000	$ 312,500	$ 250,000	$ 187,500	$ 125,000	$ 62,500	$ -
MBIE - VA loan (DOCA - Debt partially forgiven, payment terms stretched)	$ 5,500,000	$ 5,250,000	$ 5,000,000	$ 4,750,000	$ 4,500,000	$ 4,250,000	$ 4,000,000	$ 3,750,000	$ 2,500,000	$ 1,250,000	$ -
PwC Administrator Fee & Legal estimate	$ 1,200,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Current liabilities	**$ 9,779,912**	**$ 12,964,646**	**$ 12,923,484**	**$ 12,719,823**	**$ 12,516,161**	**$ 12,312,500**	**$ 9,548,000**	**$ 12,735,500**	**$ 11,423,000**	**$ 10,110,500**	**$ 8,798,000**
Non-current Liabilities											
RDC Loan (DOCA - payment terms stretched)	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ -
ANZ Debt (DOCA - Debt forgiven)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MBIE Debt (DOCA - Debt forgiven)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
RAL Gondola Bonds	$ 13,500,000	$ 13,500,000	$ 13,500,000	$ 13,500,000	$ 13,500,000	$ 13,500,000	$ 4,000,000	$ -	$ -	$ -	$ -
Life Pass revenue in advance	$ -	$ 3,200,000	$ 5,600,000	$ 4,850,000	$ 4,100,000	$ 3,350,000	$ 18,484,000	$ 16,686,000	$ 14,888,000	$ 13,090,000	$ 11,292,000
Total non-recurrent Liabilities	**$ 14,000,000**	**$ 17,200,000**	**$ 19,600,000**	**$ 18,850,000**	**$ 18,100,000**	**$ 17,350,000**	**$ 22,984,000**	**$ 17,186,000**	**$ 15,388,000**	**$ 13,590,000**	**$ 11,292,000**
Total Liabilities	**$ 23,779,912**	**$ 30,164,646**	**$ 32,523,484**	**$ 31,569,823**	**$ 30,616,161**	**$ 29,662,500**	**$ 32,532,000**	**$ 29,921,500**	**$ 26,811,000**	**$ 23,700,500**	**$ 20,090,000**
Net Assets	**$ 30,290,810**	**$ 32,543,584**	**$ 31,824,903**	**$ 32,082,969**	**$ 32,627,190**	**$ 33,539,093**	**$ 25,287,355**	**$ 26,478,327**	**$ 29,179,226**	**$ 33,091,266**	**$ 38,498,862**
Current ratio	0%	110%	109%	118%	137%	163%	159%	133%	173%	235%	327%
Liquidity ratio (Cash/external borrowings	0.00%	96.32%	97.48%	104.10%	119.10%	140.38%	320.16%	2470.99%	3164.55%	4227.55%	na

The net assets of RAL decline from $30m to low point of $25m in FY28. However, once RAL has reduced its debt level and repaid the bondholder debt, Net Assets start to rebuild to a closing balance of $38.4m in FY32.

Detailed Modelling Assumptions – Combined Whakapapa and Tūroa Skifields

Overview of Assumptions

The assumptions have been derived from the following sources:

- RAL Management trading forecasts form the RAL Long Term Financial Model.
- PwC Six Month Voluntary Administrators Report.
- Ruapehu Skifields Stakeholders Association survey data and research.

The cash flow projections in the forecast are in net of GST. For simplicity assumes GST credits are claimed and paid within the forecast period.

Capital Raising Assumptions

Table 5: Capital and Equity Raising Assumptions

	FY23	FY24	FY25	FY26	FY27
Crown Capital Grant/Equity					
Crowdfunded Equity	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000
Equity Raising costs	7.5%	5.0%	5.0%	5.0%	5.0%
Equity Raising costs $	-$ 150,000	-$ 100,000	-$ 100,000	-$ 100,000	-$ 100,000
Estimated LP Settlement Payment available for combined fields	$ 4,000,000	$ 3,500,000			
Life Passholder Equity % splits					
Whakapapa	55%	55%	55%	55%	55%
Turoa	45%	45%	45%	45%	45%
Whakapapa Life Pass Settlement Payment Allocation	$ 2,200,000	$ 1,925,000	$ -	$ -	$ -
Turoa Life Pass Settlement Payment Allocation	$ 1,800,000	$ 1,575,000	$ -	$ -	$ -
Life Passholder Equity modelled	$ 4,000,000	$ 3,500,000	$ -	$ -	$ -

- No financial input is required from the Crown. However, a $5m underwrite may be requested for the five-year capital raising period and due to the fact that MBIE have compromised the 2023 winter season pass campaign. It is conservatively assumed that no bank will provide a high-risk seasonal business working capital facility.
- $2m Equity Crowdfunding per 12-month period. $10m to be raised across the five-year forecast period. Community Equity Raising survey has identified $13m in expressed community interest. The findings of this survey is published on the RSSA website here. 72% of Life Passholders participating in a previous Capital Raising survey conducted prior to voluntary administration indicated a willingness to purchase equity to help recapitalize the company. This survey represented 11% of the 14,000 Life Passholders.

- $550k cost of raising $10m Equity. This assumes a success fee of 7.5% in year one and 5% in years two to five.
- Life Passholders to provide $7.5m in cash through the re-activation fee. Life pass capital is to be raised across FY23 and FY24 financial periods due to the RAL database contact details being incomplete, hence it will take time to communicate with every life passholder. Note the Life Passholder capital will not be treated as equity for legal reasons (FMCA limits on share sales), it will legally be in the form of a product purchase. Life Passholders will also be able to purchase direct equity ownership in RAL and/or join the RSSA to have an indirect ownership interest through RSSA membership rights.
  - The current Life Passholder Settlement Payment survey indicates 70% of Life Passholders will accept the $1,000 re-activation payment, 17% are unsure and 13% have said no. We estimate once a credible plan is put forward 75% of Life Passholders will accept the re-activation payment.
  - We estimate that there are 10,000 active Life passholders. This is based on discussion with RAL management on utilisation of Life Passes over the recent five years.
  - The Life Pass Settlement Survey Results are available on the RSSA website. 3,253 individuals responses have been received. These responses represent 5,599 passes. This means the survey currently represents approximately 56% of the Life Passes.
  - The results of the Life Passholder survey can be found on the RSSA website here.

Capital Expenditure Assumptions

The Capital expenditure for the FY23 and FY28 forecast has been sourced from RAL VA capital expenditure forecasts. FY29 to FY32 capital expenditure is taken from the RAL Long Term Financial Model.

Table 6: Capital Expenditure Assumptions (GST exclusive)

Capital Expenditure assumption	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Whakapapa	-$ 339,000	-$ 2,575,000	-$ 2,925,000	-$ 2,100,000	-$ 1,875,000	-$ 1,970,000	-$ 2,000,000	-$ 2,000,000	-$ 2,000,000	-$ 2,000,000
Turoa	-$ 122,000	-$ 5,688,000	-$ 1,800,000	-$ 1,650,000	-$ 1,325,000	-$ 3,925,000	-$ 1,000,000	-$ 1,000,000	-$ 1,000,000	-$ 1,000,000
Total CAPEX	**-$ 461,000**	**-$ 8,263,000**	**-$ 4,725,000**	**-$ 3,750,000**	**-$ 3,200,000**	**-$ 5,895,000**	**-$ 3,000,000**	**-$ 3,000,000**	**-$ 3,000,000**	**-$ 3,000,000**
CAPEX notes/source data	Post VA	Post VA	Post VA	Post VA	Post VA	Post VA	RAL model	RAL model	RAL model	RAL model

The Tūroa Skifield has three ageing lifts being the Movenpick, Parklane, and the Giant. Future operational efficiencies have been identified by industry experts that these three lifts could be replaced by one single detachable express chair lift. The ballpark cost of a lift installation in today's terms is estimated to be in the realm of $14 million. The current feasibility study has modelled capital expenditure and trading forecasts based on maintaining the status quo.

Operating EBITDA Assumptions

The operating EBITDA assumptions for FY23 have been taken from the RAL FY23 forecast for the winter months being 1st July 2023 to 30th November 2023. Operating EBITDA assumptions from FY25 to FY32 have been taken from the 2.12 RAL Long Term Financial model. Table 8 below shows the operating EBITDA assumptions and RSSA adjustments for Life Pass deferred revenues, new life pass sales and Life Passholder re-activation payments.

Table 7: Operating EBITDA assumptions modelled and RSSA adjustments

Financial performance assumption	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**
Data Source	**RAL FY23 Forecast (July to November)**	**RAL model**	**RAL model**	**RAL model**	**RAL model**	**RAL model**	**RAL model**	**RAL model**	**RAL model**	**RAL model**
RAL Management forecast Operating EBITDA										
Whakapapa		$ 3,623,899	$ 4,651,301	$ 4,917,395	$ 5,380,064	$ 6,004,314	$ 6,784,626	$ 7,760,017	$ 8,979,255	$ 10,481,692
Turoa		$ 334,519	$ 308,825	$ 300,121	$ 286,828	$ 268,396	$ 245,355	$ 216,554	$ 180,553	$ 136,157
Total Operating EBITDA per source data	$ 8,379,020	$ 3,958,418	$ 4,960,127	$ 5,217,516	$ 5,666,892	$ 6,272,710	$ 7,029,981	$ 7,976,571	$ 9,159,808	$ 10,617,848
RSSA adjustments										
Add LPH Settlement Payment Revenue	$ 400,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000
Deferred RAL LP revenue oldCo - Whakapapa	Deferred Life Pass Revenue is already excluded from RAL Model Operating EBITDA									
Deferred RAL LP revenue oldCo - Turoa										
20% EBITDA reduction for delayed season pass campaign	**-$ 1,675,804**									
Add Operating EBITDA increases for New Life Pass sales						New Life Pass Sales well utilised in first 5 years - Assume no operating EBITDA increase - Revenue simply received in advance				
Operating EBITDA for RSSA modelling	$ 7,103,216	$ 4,708,418	$ 5,710,127	$ 5,967,516	$ 6,416,892	$ 7,022,710	$ 7,779,981	$ 8,726,571	$ 9,909,808	$ 11,367,848

In the FY23 July to November forecast, the operating EBITDA has been reduced to by $1.68m. This is to recognise a 20% operating EBITDA deduction due to the delayed season pass sales campaign. The additional Life Passholder re-activation payment is reported as deferred revenue and is amortised over 10 years and therefore increases the operating EBITDA. This amortisation of this revenue is added back onto the operating EBITDA by an average of $750k per annum.

The EBITDA forecasts in the 2.12 RAL Long Term Financial Model are already adjusted to remove the $1.75m deferred Life Passholder revenue**.**

It is important to note in the operating cash flow model, the non-cash life pass deferred revenue and settlement payments have been adjusted as non-cash items to ensure the operating cash flows are not overstated.

Table 8: 2.12 RAL Long Term Financial Model Trading Forecast projections

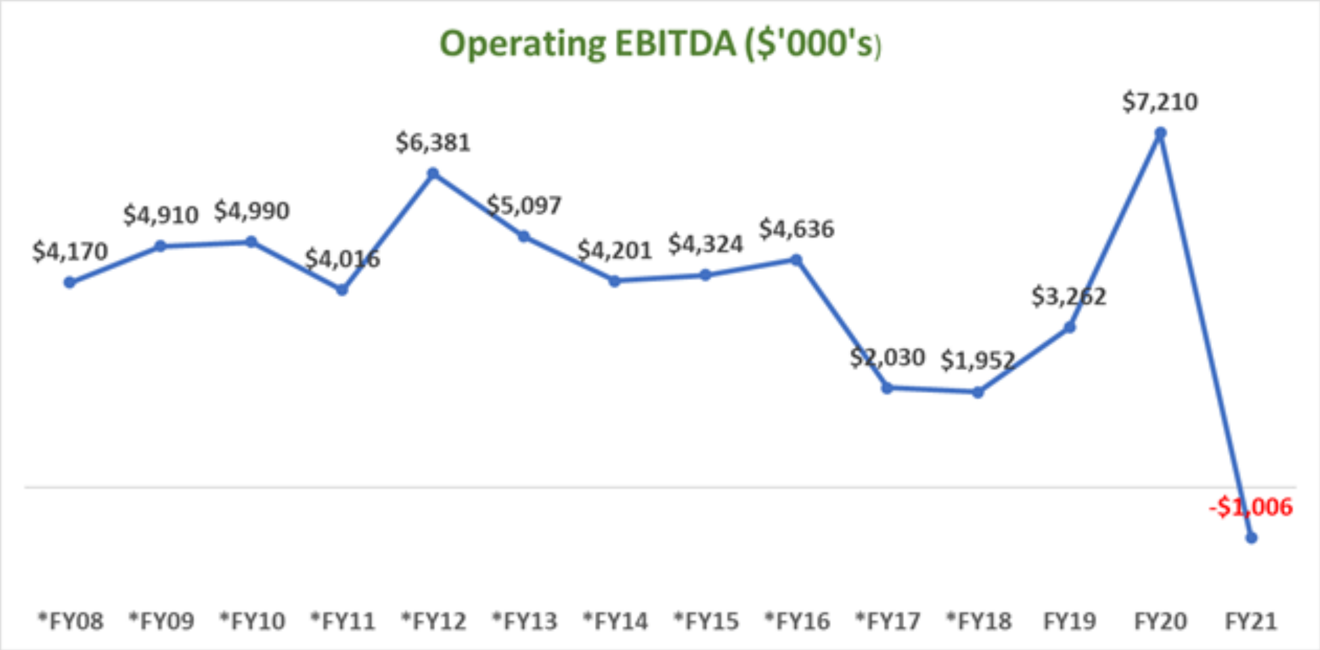
	2024	2025	2026	2027	2028	2029	2030	2031	2032
RAL Enterprise Value	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**
Whakapapa									
Whakapapa Net Operating Contribution - Winter	9,208	9,692	9,703	9,715	9,732	9,754	9,782	9,816	9,858
Whakapapa Net Operating Contribution - Summer	634	1,211	1,477	1,946	2,577	3,365	4,351	5,583	7,101
Whakapapa corporate overhead allocation	-5,218	-5,252	-5,262	-5,280	-5,304	-5,334	-5,372	-5,419	-5,477
Whakapapa non-cash winter life pass revenue	-1,001	-1,001	-1,001	-1,001	-1,001	-1,001	-1,001	-1,001	-1,001
Whakapapa EBITDA	**3,624**	**4,651**	**4,917**	**5,380**	**6,004**	**6,785**	**7,760**	**8,979**	**10,482**
Whakapapa Gondola coupon payments	-919	-1,181	-1,233	-1,377	-1,557	-1,782	-2,062	-2,414	-2,845
Whakapapa Capex allocation	-2,525	-2,200	-1,875	-1,800	-2,000	-2,000	-2,000	-2,000	-2,000
Whakapapa Free Cash Flow before change in working capital & ta	**180**	**1,270**	**1,809**	**2,203**	**2,447**	**3,003**	**3,698**	**4,566**	**5,636**
Tūroa									
Tūroa Net Operating Contribution	4,746	4,746	4,746	4,746	4,746	4,746	4,746	4,746	4,746
Tūroa corporate overhead allocation	-3,665	-3,690	-3,699	-3,712	-3,731	-3,754	-3,783	-3,819	-3,863
Tūroa non-cash winter life pass revenue	-746	-746	-746	-746	-746	-746	-746	-746	-746
Tūroa EBITDA	**335**	**309**	**300**	**287**	**268**	**245**	**217**	**181**	**136**
Tūroa Capex allocation	-2,675	-3,000	-1,875	-1,150	-1,000	-1,000	-1,000	-1,000	-1,000
Tūroa Free Cash Flow before change in working capital & tax	**-2,340**	**-2,691**	**-1,575**	**-863**	**-732**	**-755**	**-783**	**-819**	**-864**

Lastly, in FY28 we introduce a Life Pass sale to repay the Bondholders. We have not increased the operating EBITDA to reflect this Life Pass sale. We assume this revenue in-advance cannibalises some of the future day pass and season pass sales, therefore is already factored into the operating EBITDA forecast. Life Passes are heavily utilised in the first five years of purchase and then usage typically declines after five years. This is due to lifestyle changes of the life passholder. In the operating cash flows, we have adjusted FY28 to FY32 operating cash flows to reflect the advanced life pass revenue received to ensure the Life Pass revenue is not being doubled counted in the operating EBITDA cash flow.

It is important to note that Life Passholders will spend on other mountain services such as food and beverage, retail, ski school and other services which will be captured in the operating EBITDA.

Based on historical performance and given the latest Sky Waka investment, there should be opportunities to improve the trading forecasts by reviewing the operational model and the corporate overhead and support services function. FY20 was the highest operating EBITDA result (excludes Covid subsidies) despite being a Covid impacted year with a lockdown event.

Figure 5: Historical Operating EBITDA Trends (Operating EBITDA methodology per RAL Alternative Reports)



Advance Season Pass Sale Assumptions

At the end of the ski season, it is normal practice to have an early bird season pass campaign to fund working capital to pay for the summer maintenance program. Being a seasonal business with a July to October trading window, advance season pass sales help to de-risk the cash flows. Table 9 below shows the advance season pass sale assumptions. Note in FY28 there is a Life Pass capital raise. This will cannibalise part of the advance season pass campaign.

We have split the season pass sales 54% Whakapapa and 46% Tūroa based on the season pass skier days in the 2.12 RAL Long Term Financial Model.

Note the season pass sale for the 2023 winter season will be captured in the operating EBITDA cash flow assumptions. It is not reported as revenue in-advance as of 30 November 2023 for the 2023 season.

Table 9: Advance Season Pass Sales (Oct - Nov)

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Advance season pass campaign (Combined fields)	$ 5,000,000	$ 5,500,000	$ 6,000,000	$ 6,500,000	$ 7,000,000	$ 3,500,000	$ 7,000,000	$ 7,000,000	$ 7,000,000	$ 7,000,000
% split Wakapapa	54%	54%	54%	54%	54%	54%	54%	54%	54%	54%
% split Turoa	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%
Whakapapa	$ 2,715,369	$ 2,986,906	$ 3,258,443	$ 3,529,980	$ 3,801,516	$ 1,900,758	$ 3,801,516	$ 3,801,516	$ 3,801,516	$ 3,801,516
Turoa	$ 2,284,631	$ 2,513,094	$ 2,741,557	$ 2,970,020	$ 3,198,484	$ 1,599,242	$ 3,198,484	$ 3,198,484	$ 3,198,484	$ 3,198,484
Advance season pass campaign - Modelled	$ 5,000,000	$ 5,500,000	$ 6,000,000	$ 6,500,000	$ 7,000,000	$ 3,500,000	$ 7,000,000	$ 7,000,000	$ 7,000,000	$ 7,000,000

Table 10 shows the historical season pass and life pass cash trends per analysis of cash flows in the audited reports. As can be seen, season pass advance revenue averages between $4m to $7.8m and is less during a Life Pass capital raise campaign.

Table 10: Historical advance season pass revenue and Life Pass Capital Raises (Note figures include GST)

RAL cash flow analysis and trends	November reporting date				April reporting date	
	FY21 $'000s	FY20 $'000s	FY19 $'000s	**Nov-18 (7 months)	*FY18 $'000s	*FY17 $'000s
Operating activities						
Cash received:						
Receipts from customers	16,976	21,587	26,273	25,268	22,507	18,614
Revenue received in advance	5,905	6,423	6,546	7,761	7,281	4,736
Receipts from life pass sales	215	253	4,419	197	368	13,181

New Life Pass Sale Assumptions

In 2028 a Life Pass capital raise may be required to repay the Bondholders upon maturity. $10.48m is raised by selling 1,600 life passes. Historical sales data in table 13 below suggests that selling 1,600 Life Passes in 2028 and raising $10.48m is not unreasonable. The PwC Voluntary administration survey in November 2022 identified $9m in potential new life pass sales across 1,612 responses.

Table 11: PwC Voluntary Administration Survey

Funding category	Positive responses	Potential value
Transfer of an existing Life Pass to new entity ($2,500)	2,937	$7.3m
Interested in purchasing a new Life Pass ($5,750)	1,612	$9.3m
Interested in paying to transfer an existing Life Pass to a family member ($3,000)	333	$1.0m
Purchase of a 5-year Season Pass ($2,000)	4,912	$7.4m
Intention to make a donation (various amounts)	4,989	$0.9m
Total		**$25.9m**

Table 12: Life Pass Sale Assumption

New Life Pass Sale	Price today	Price five years time @ 3% CPI	Assume Life Pass is valued at 10 seasons	Qty sold	Life Pass Capital raise including GST	Life Pass Capital raise excluding GST
Seasn Pass Price GST inclusive	$ 650	$ 754	$ 7,535	1,600	$ 12,056,450	$ 10,483,870

Table 13: Historical Life Pass Capital raises

Year	Life Pass and 5 year pass funding raised	Life Passes and 5 year Passes sold (approximate)	Purpose/Project
2000	$ 6,000,000	2,700	Purchase Turoa
2006	$ 12,900,000	3,700	Turoa upgrades Highnoon Express, Apline café, snow making
2006	$ 3,300,000	2,500	Turoa upgrades- 5 year plus pass
2012	$ 2,300,000	1,000	5 year passes converting to Life pass users
2007 to 2010	$ 1,900,000	400	Sold upon request?
2013-2014	$ 300,000	100	Sold upon request
2016	$ 14,100,000	4,100	Whakapapa redevelopment program
2019	$ 4,800,000	1,000	Turoa upgrade program
Total 2000 to 2019	**$ 45,600,000**	15,500	

Life Pass capital raises have financed $45.6m in capital infrastructure upgrades since the year 2000. Life Pass Financing is cost effective and low risk compared to debt and equity forms of financing as seen in table 14 on the following page.

Table 14: Life Pass financing versus Debt and Equity financing

	Life Pass	Private Investment	Debt
Cost of capital	3%-5%	10% minimum	0% - *8.95%
Risk	Low	Medium to Extremely High	Medium to Extremely High
Principal repayments	No	No	Yes
Dividends paid	No	Yes	No
Interest and financing servicing costs	No	No	Yes
Future revenue foregone	No, you get the Life Pass holders revenue upfront	No	No
Promotes future revenue growth	Yes, Life Pass Holders are pipe line revenue feeders. They are passionate about the Mountain and introduce friends and family to skiing on Mt Ruapehu	No - source of capital only	No - source of financing only
Financial Stability risk	Low	Extremely high	Extremely high
Ability to access additional capital	Yes, can issue new Life Pass campaigns over time. Every 5 years a new generation of fee paying skiiers are available to replace ageing Life Pass Holders	Limited, depends on how deep the private equity investors pockets are and whether they believe they will receive a return on investment	Limited by the profitability of the company to service the debt

Bondholder Assumptions

It has been assumed that the Bondholders will retain their existing terms and conditions. The coupon payments for FY25 to FY32 have been extracted from the 2.12 RAL Long Term Financial Model. In FY29 we adjusted the coupon payment to reflect $4m of capital invested due to the maturing of $9.5m of bonds in FY28.

Table 15: Bondholder Coupon Payments and Principal repayments

Bondholder Assumptions	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Coupon payments	-$ 419,708	-$ 918,690	-$ 1,181,116	-$ 1,233,406	-$ 1,377,205	-$ 1,556,953	-$ 527,893
Principal repayments						-$ 9,500,000	-$ 4,000,000

Debt Assumptions

PwC volunteer administration fees and associated legal costs outstanding are estimates at $1.2m. PwC and their legal advisors will expect to paid at the conclusion of the voluntary administration and will have a preferential claim.

RAL Trade and minor creditors totaling $1.955m will be paid over five years.

Employees are owed $124k in outstanding entitlements. It is expected this will be repaid in FY23.

Other restructuring of costs of $250k has been budgeted to be spent managing the DOCA process in FY23.

Table 16: Other assumptions

	FY23	FY24	FY25	FY26	FY27
PwC Voluntary Administration outstanding fees and legal costs	$ 1,200,000				
Other restructuring costs	$ 250,000				
Employees	$ 124,105				
RAL Trade and Minor Creditors	$ 391,161	$ 391,161	$ 391,161	$ 391,161	$ 391,161

The cash rate on surplus cash is a conservative 1% to reflect the working capital nature of the cash held.

Table 17: ANZ, MBIE, and RDC Debt repayment assumptions

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	Total
Repayment of ANZ VA loan	-$ 250,000	-$ 250,000	-$ 62,500	-$ 62,500	-$ 62,500	-$ 62,500	-$ 62,500	-$ 62,500	-$ 62,500	-$ 62,500	-$ 1,000,000
Repayment of MBIE VA loan	-$ 250,000	-$ 250,000	-$ 250,000	-$ 250,000	-$ 250,000	-$ 250,000	-$ 250,000	-$ 1,250,000	-$ 1,250,000	-$ 1,250,000	-$ 5,500,000
Repayment of MBIE pre-VA loan											Debt forgiven
Repayment of ANZ pre-VA loan											Debt forgiven
Repayment of RDC										-$ 500,000	-$ 500,000

Post-VA ANZ debt is paid between FY23 and FY32. No interest is payable on outstanding debt balances. Pre-VA debt of $12.7m is forgiven.

Post-VA MBIE debt is paid between FY23 to FY32. No interest is payable on outstanding debt balances. $15m pre-VA debt is forgiven.

RDC debt is repaid back in full, but maturity of payment is pushed back to FY32.

Crowdfunding Strategies

Equity Crowdfunding

Mechanics: Equity crowdfunding rules allow a maximum of up to $2m to be raised in any 12 month period from retail investors (through a licensed ECF platform). Most platforms also allow for a simultaneous sidecar offering to wholesale investors. Meaning that any given capital raise can exceed $2m (if some larger investors are eligible as wholesale investors). We have discussed ECF representation with licensed platform Snowball Effect (regarding the proposed capital raises) and allowing secondary transactions through Unlisted Market.

Preparation: ECF campaigns require an Information Memorandum. This is a formal disclosure document that is smaller in scope than a full Product Disclosure Statement (used for an IPO). Snowball Effect provide an Information Memorandum preparation service and the Company will work with Snowball Effect to prepare offer materials for each of the proposed capital raising windows.

Investor Demand: The most important part of any public capital raise is to evaluate investor demand and actively work to promote the offering. To this end, it is common to conduct a 'testing the waters' campaign or series of investment surveys. The survey process serves two purposes, empirically assessing existing investor demand and raising awareness of the offering. The various surveys conducted by PwC, MBIE and RSSA so far have validated the presence of significant interest from life-pass holders and the wider mountain community in making an equity investment to become co-owners of the business that operates the skifields.

Table 18 Estimated Investor contribution by timing (Year 1 vs Year 2 to 5)

	Investor Count	Expressed Amount	Average	Mode
Year 1 Capital Raise	2,207	$6,199,175	$2,809	$1,000
Years 2 to 5 Capital Raises	1,368	$6,980,999	$5,103	$5,000
Total Investor Demand	**2,287**	**$13,180,174**	**$5,763**	**$1,000**

Investor composition: Different size investors require different marketing strategies. For example, smaller investors can be reached through social media advertising and email databases. Medium investors are better engaged through investor webinars and in-person roadshows or hosted events. Large investors often require one-on-one meetings with the company's senior management team.

Table 19: Estimated Investor contribution profile by investment value

Investment contribution ranges	Investor Composition (by count)	Investor Composition (by total amount)
Less than $1k	689	$116,113
$1k - $5k	1,868	2,336,674
$5k - $50k	991	$8,319,887
$50k +	27	$2,407,500
Total	**2,287**	**$13,180,174**

Feasibility: Our analysis suggests that raising $10m over 5 years from approximately 2,000 investors is a realistic plan based on latent investor demand and potential marketing reach. Although, for scale, the marketing effort to achieve these capital raises are likely to be comparable to any normal product marketing campaign (covering paid, owned and earned media) required to sell $10m worth of commercial product or services. We have planned for a series of annual $2m raises spread over 5 years to build momentum, spread demand-risk (e.g. investors constrained by recession), load-balance marketing efforts, manage dilution from new share issues, and to build credibility through a (hopefully) escalating share-price (based on Net Asset Value backing).

Investor Demographics: The various parts of the ski community have expressed interest in purchasing shares in the skifields. Life Pass Holders are obviously highly aligned with the success of the company. What is interesting is the significant investment appetite from other groups.

Table 20: Investor demand by stakeholder type

	Count	Sum	Average	Mode
Life Pass Holders	1,392	$6,345,870	$4,559	$1,000
Season Pass Holders	784	$6,096,450	$7,776	$2,000
Day Pass Skiers	344	$2,673,012	$7,770	$2,000
Sightseeing Pass Buyers	21	$110,700	$5,271	$500

Comparable campaigns: The skifields may represent a large series of capital raises compared to recent New Zealand ECF campaigns. Nevertheless, we can learn from other campaign about marketing best practises, average individual investment sizes, and the importance of ongoing quality investor relations.

Table 21: Crowdfunding Equity Raising Case Studies

Company	Relevance to raise	Number of investors	Total raised
Reefton Distilling	Local community focus. Non-dividend paying, long-term capital appreciation focused.	500	$3.3m +
Behemoth Brewing	Multiple raises on Snowball Effect and PledgeMe.	635 +	$5m +
Invivo Wines	Raised multiple rounds across multiple years. Marketing led approach.	687	$4.4m
Otago Chocolate Company OCHO	Local employment focus. Community orientated.	3,549	$2m
Karma Cola	Sustainability focus. Primarily wholesale investors.	(Private raise)	$4m

Revenue: Multi-Season Product Pre-Sales

The PwC Voluntary Administration conducted a survey to RAL's 100,000 customer database. This survey identified the following:

Table: PwC Product Crowdfunding Survey November 2022

Funding Category	Positive responses	Potential value
Interested in purchasing a new Life Pass ($5,750)	1,612	$9.3m
Interested in paying to transfer an existing Life Pass to a family member ($3,000)	333	$1.0m
Purchase of a 5 year Season Pass ($2,000)	4,912	$7.4m

The pre-sale of long-term products such as new life passes, five-year season passes and premium parking passes can provide an additional mechanism to bring cashflow forwards and match the cash needs of the business to customer demand. These products rely on customer trust which can be enhanced through the transparency, accountability and good governance of the re-capitalised community-owned operation.