

«AddressBlock»

9 November 2018

Dear «Greeting»

«InvestmentList»

Forest Enterprises' Harvest Management Services and Fee

Forest Enterprises Capability

Forest Enterprises has over 21,000 hectares of forest land under management and manages the harvest for over 500,000 tonnes of logs annually. Forest Enterprises is one of the largest forestry businesses in the Wairarapa and Gisborne. The harvesting team is led by Forestry Director - Bert Hughes and Gisborne Regional Manager - Dan Fraser. Together they have over 50 years of harvesting experience.

Our Harvest Fees

Forest Enterprises fees are \$3 per tonne of logs harvested, plus 2.5% of the 'Net to the Forest Owner' after the payment of logging and cartage costs. Forest Enterprises' harvest management fee has remained unchanged for many years. Included in our fee are the following services:

- a) Monitoring health & safety obligations;
- b) Monitoring environmental compliance and resource consent conditions;
- c) Management and supervision for the construction of road and skid sites;
- d) Management and supervision of harvesting and cartage;
- e) Accounting and harvest reporting;
- f) Timber supply chain management;
- g) Negotiation with customers;
- h) Invoicing and collecting from customers.

Independent Assessment of Fee

Forest Enterprises instructed independent forestry consultants Forme Consulting Group to assess our fee compared to market, and this report is on the next page.

Forme Consulting Group's letter states, *"In our professional opinion, the Forest Enterprises harvest and marketing fee specified is well within industry norms for the range of services offered"*.

Regards,



Graeme Tindall
Managed Investments Director