

March 14 2024



Chief Executive Officer
Forest Enterprises Limited
PO Box 128
Masterton 5840

Forme Consulting Group
173 Main Road, Tawa
PO Box 56-030
Tawa, Wellington 6230
NEW ZEALAND

Ph +64-4-232 7155
Email info@forme.co.nz
www.forme.co.nz

Dear Sir,

Re: Forest Enterprises Limited – Harvest & Marketing Management Fees

We have been asked to benchmark Forest Enterprises Harvest and Marketing management fees against other harvest and marketing management fees observed in the market.

Forest Enterprises fees are \$3.00 per tonne of logs harvested, plus 2.5% of the 'Net to the Forest Owner' after payment of logging and cartage costs. Services provided for this fee include harvest management and supervision, health and safety and environmental compliance and reporting, roading design and construction supervision, supply chain management and cartage requirements, administration and accounts.

We have benchmarked this fee against other harvesting and marketing fees observed in the market over the last 3-year period. Fee mechanisms observed range from a fixed management fee per tonne to harvest the forest - \$/t, to a flat percentage of either gross or net revenue sales; or a combination of these two mechanisms.

A sample of the range of fees recently observed is provided in the table below.

Forest Company	Observed Industry Harvesting & Marketing Fees	Forest Enterprises Ltd Harvest and Marketing Fee
Independent Sample 1 - 2022	5% of gross revenue	\$3.00/t + 2.5% of net log revenue
Independent Sample 2 - 2022	\$5.50/tonne	
Independent Sample 3 - 2022	3% of net stumpage + \$1.75/tonne	
Independent Sample 4 - 2022	\$4.25/tonne	
Independent Sample 5 – 2021*	\$5.35/tonne	
Independent Sample 6 – 2021**	\$4.61/tonne	
Independent Sample 7 - 2021	\$3.40/tonne	
Industry Norms	Range from \$3.00-\$5.00/tonne + 3%-4% of net revenue.	

*Investment forest estate, North Island > 15,000ha

**Large forest estate in excess > 20,000ha.

NB: All sampled harvesting services fees for volumes <100,000m³, and commensurate services

Direct comparison of fees is subjective as it is very dependent on range of services offered including extent of marketing services.

In our professional opinion, the Forest Enterprises harvest and marketing fee specified is well within industry norms for the range of services offered.

FORME CONSULTING GROUP LTD
Kevin Reardon
NZIF Registered Forestry Consultant

A handwritten signature in blue ink that reads "K Reardon". The signature is written in a cursive, flowing style.