

07/08/2017

Peter Clark  
CEO  
PF Olsen  
Te Papa Tipu Innovation Park,  
99 Sala Street  
Rotorua 3010

Dear Peter

### Reference

We have had a long-term relationship with PF Olsen in Gisborne, starting right from the time of purchase of the bare land, through to harvesting. As time has gone by a number of staff have looked after the forest, communicated regularly with us, and been responsive to any questions we had. The final stage of our forest project has been harvesting, which has been managed by Zane Boyle under the supervision of Warren Rance.

We live in Thailand most of the time so meetings had to be held when we were back in Gisborne. Often, we were available only for a day or two but this difficulty was always able to be accommodated. Otherwise communication was by email.

PF Olsen proactively approached us about planning to become harvest ready. However, as prices rose we rapidly moved from getting harvest ready, to being able to commence harvest. This process was handled smoothly and well.

The forest was planted in with a lower density of 600 stems per hectare, and using high GF rated trees. This was unusual but had been trialled in some other places around the time the forest was planted.

When the plotting was done however, the calculations were based on standard density planting. This resulted in a higher predicted yield. After about 6 weeks of harvesting, it became apparent that actual yields were significantly below the predicted yield. We were notified that there was an issue and met together to discuss this. The discussion was straightforward, open and honest. At that stage, it was not absolutely certain what had caused the discrepancy, but we left the meeting with a clear understanding of the problem and with revised predicted yields which proved to be accurate.

The easiest access to the forest is through roads in the adjoining Juken New Zealand Ltd forest. Due to the working relationship between JNL and PF Olsen staff, access for harvest was able to be agreed using the JNL roads. This resulted in considerable saving in roading costs for our forest, and to a slightly shorter distance to the port, which reduced the transport costs.

Zane conducted a site visit when we were in Gisborne. We found him to be very approachable, knowledgeable, and efficient. He answered all our questions and addressed the key issues, clearly and fully.

As owners of the forest we retain responsibility for health and safety in the forest. Harvesting is a high-risk activity. We were confident that the health and safety processes

used by PF Olsen would minimise the risk. This was confirmed during the site visit. We could see first-hand that the harvest contractor had robust health and safety processes in place and a strong safety culture. As owners, we were responsible but did not have the necessary skills to ensure the workplace and work practices were safe. It was reassuring for us to know that the team at PF Olsen would ensure that best practice health and safety procedures were in place and would select a contractor who employed these same procedures.

Some areas of the forest had difficult access for effective harvest. These required use of 2 neighbouring forests for siting the backline machine. This meant a small area of forest on each neighbour's land had to be harvested. This required negotiation with the neighbours, negotiation of an updated harvesting costs for this specific area, and management of the loads for each of the neighbouring forests. This was managed efficiently behind the scenes by Zane Boyle, and leading to a more complete harvest and improved income.

The expected finish date for harvesting was in February, but completion was delayed until later in March. We were not aware of this change as this was not communicated to us and it caused some concern that we were not going to reach the expected financial yields.

We met near the end of harvesting in March while we were in Gisborne. This meeting covered the harvest and provided more detail about the earlier issues with the plotting data. We had been concerned that the knowledge gained from this issue would be lost, and were keen to know in more detail about the causes. Discussion again was open and honest. At the end of the meeting we clearly understood the reasons for the misleading plotting predictions, based on further investigation that had been done by the staff at PF Olsen, and from their identification of similar issues in similarly planted forests. We were reassured that the issue had been peer reviewed within PF Olsen, and that the wider organisation was aware of the potential problems with such plotting.

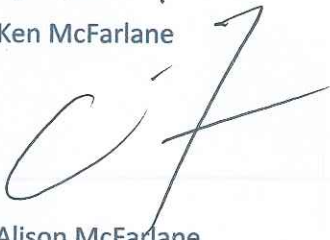
The harvest report from Zane was clearly written and covered all the key issues both positive and negative.

Harvesting is a complex process with many things that can go wrong. We are grateful to have had knowledgeable and capable professionals to manage the harvest for us. We are happy with both the process and the outcome.

Yours faithfully



Dr Ken McFarlane



Dr Alison McFarlane