



Public Consultation

City Forests' New Land and Forest
Acquisitions



Purpose

The purpose of this document is to provide information to stakeholders and the general public about new land and forest purchases now under City Forests ownership. By consulting with stakeholders and the public City Forests satisfies Forest Stewardship Council® (FSC®- C008934) obligations to extend the scope of the certification to include all the new land acquisitions covered in this document.

Company Strategy

In recent years City Forests has made new land investments that aim to deliver greater financial, social and environmental returns to the shareholder by increasing the productive forest area. These are wise land investments in terms of location, scale, productivity, supply chain and risk.

City Forests was amongst the first major forest owners to embrace the Emissions Trading Scheme (ETS) and has led the industry in recycling carbon revenues into new land plantings. The company's strategy is to continue to invest in the same way; principally by recycling carbon revenues into good quality land and high-quality tree stocks. These new plantings will also mean greater carbon stocks for the company in the future as the trees continue to sequester carbon from the atmosphere.

All new land purchases are on better than average sites that improve productivity and reduce environmental, financial, and health & safety risk. The new areas are also within City Forests current working circle and remain close to domestic and export markets.

Through this self-funded investment and the continued support of our shareholder, City Forests has a growing capital asset that is continuing to increase in value and deliver substantial and sustainable returns to the shareholder as well as long term benefits to the environment.

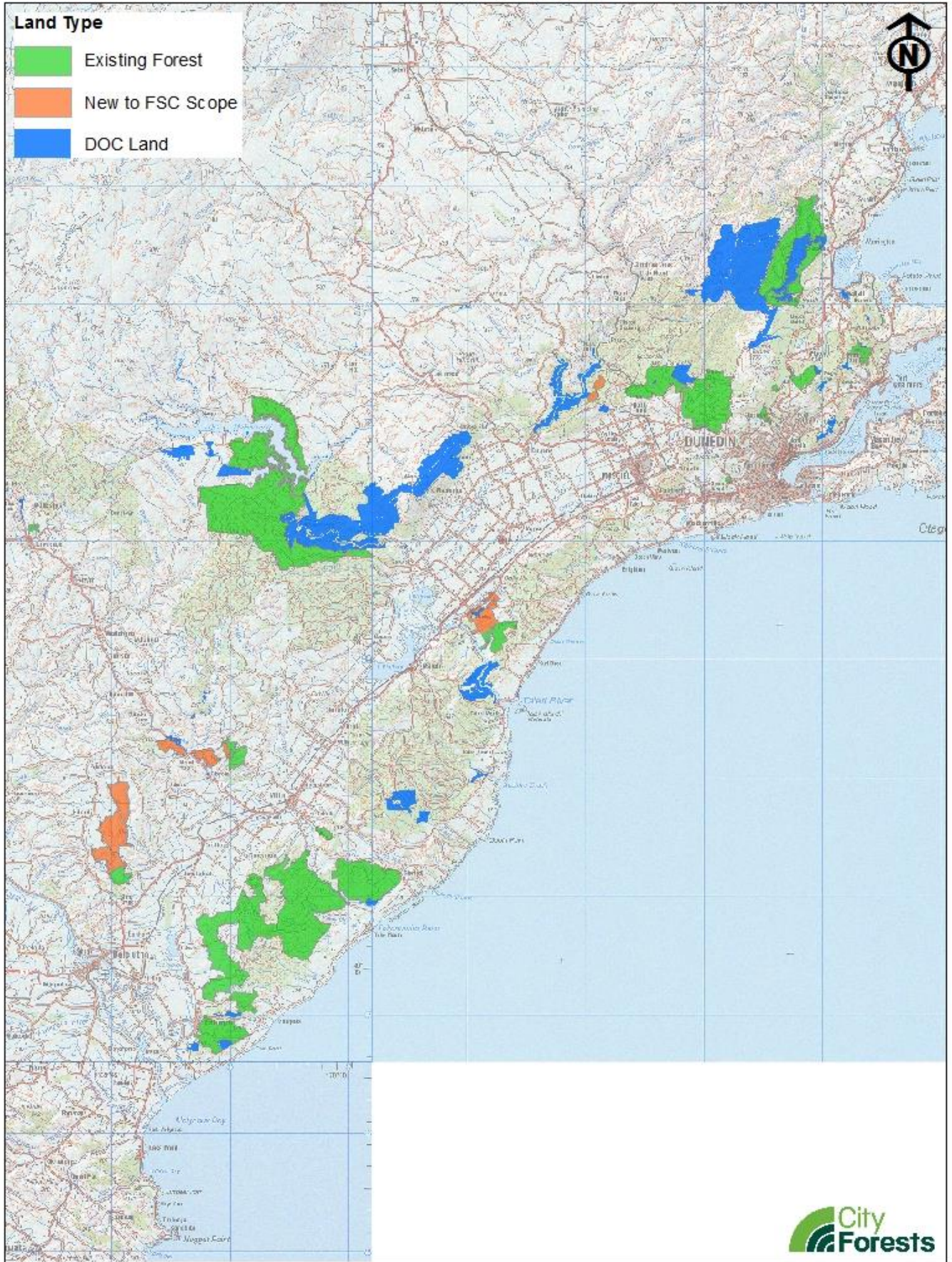
Background

10 properties totaling 1,927.8 hectares have been added to City Forests total working area of 22,544.4 hectares. The new land is spread across four main working areas; Ferny Hill, Takitoo, Millers & Hillend. There are a range of previous land uses on the new land including plantation forest, pasture, dense woody weed cover and native bush. Some new properties have existing dwellings that are subdivided off to create smaller farms or lifestyle properties that are later sold.

Establishing forests on new land involves a significant amount of preparation and planning. Considerations are made around planting setbacks from waterways, DOC land, neighbours and existing infrastructure such as roads, waterpipes and powerlines

All new land areas with significant areas of native forest have been independently assessed by Wildlands Consulting in order to identify any areas of ecological significance. These areas will be protected and progressively enhanced under City Forests' management through ongoing monitoring, the removal of grazing animals and the eradication of weeds.

City Forests Estate

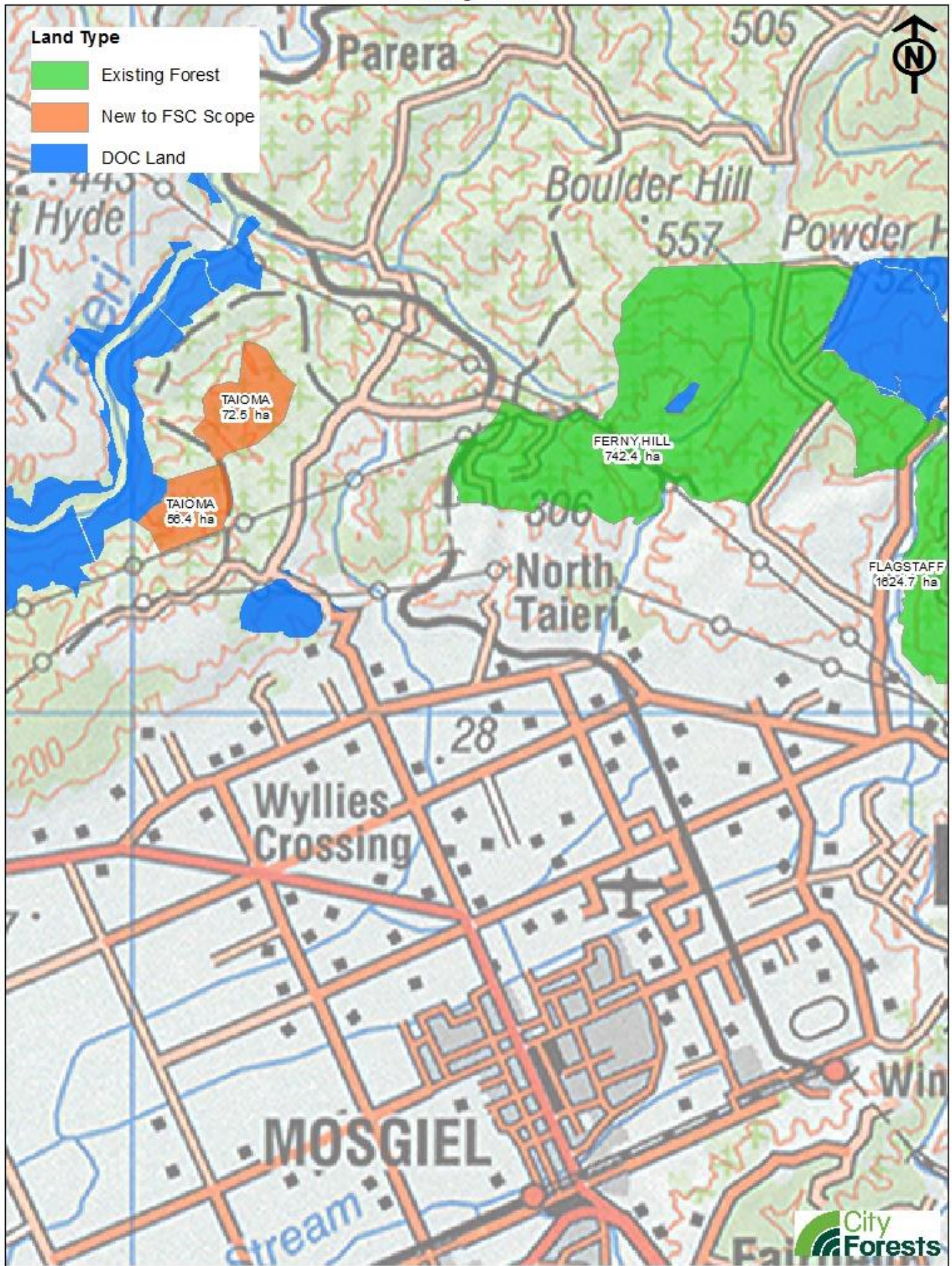


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Kilometers

Ferny Hill



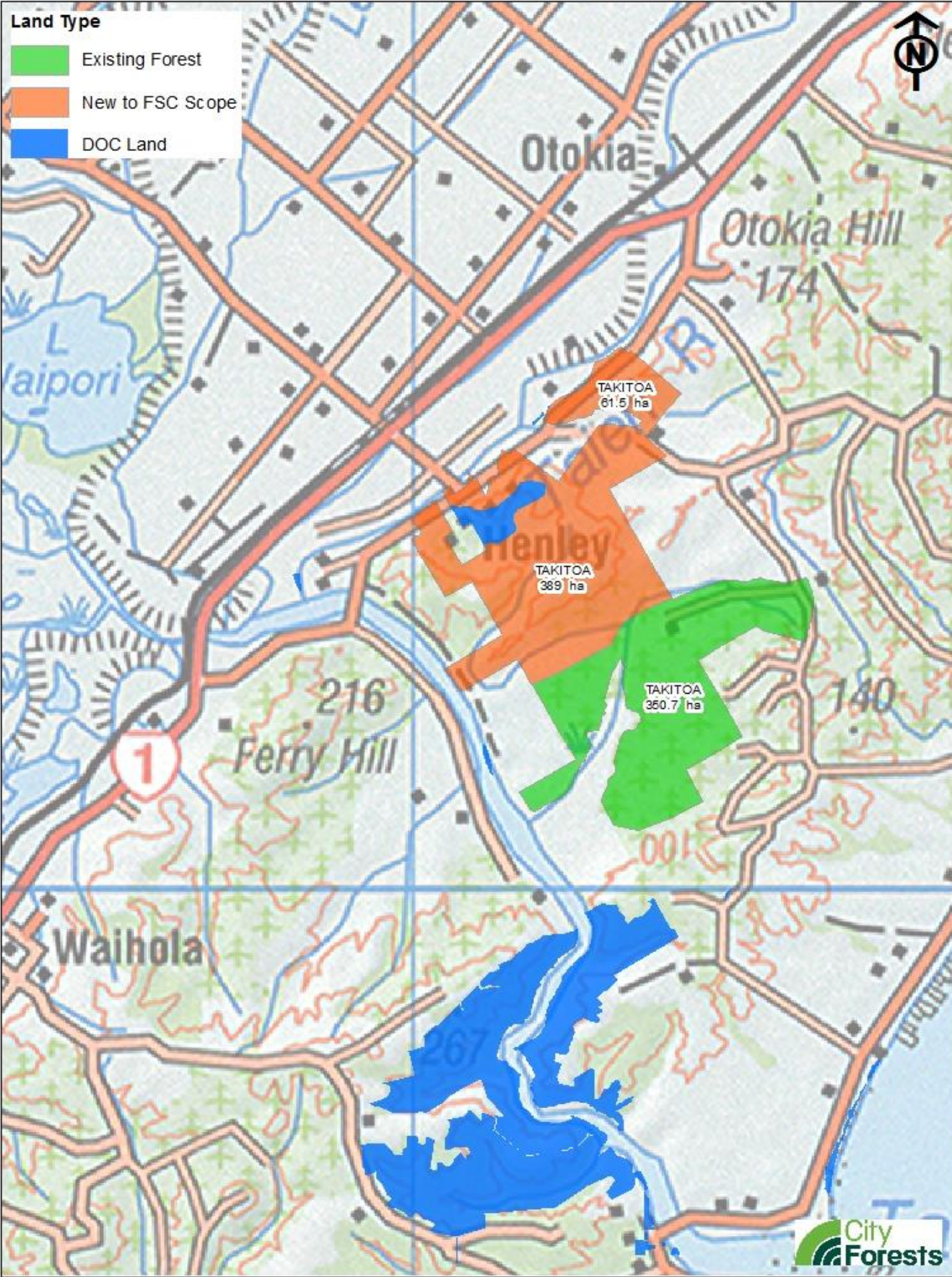
Ferny Hill

Located approximately 5km north of Mosgiel within the Tokomairiro Ecological District, City Forests has purchased two new properties within our Ferny Hill working area. These properties are not connected to City Forests' existing Ferny Hill forest, but are nearby.

The properties total 128.9ha and are both steep forestry land with no significant areas of native bush. Both properties were previously plantation forests under different ownership and will be re-planted by City Forests during the 2020 planting season.

From a land preparation point of view these two properties are relatively simple; all roading infrastructure is already in place from the previous harvesting operation and only a small amount of windrowing will occur to tidy up the harvest residues prior to establishment. Setbacks are required around waterways, powerlines and waterpipes to ensure any negative impacts are minimised as the trees mature.

Takitoa



1:50,000

Takitoa

Located on the 6km north east of Waihola in the Tokomairiro Ecological District, the new forest area is made up of 2 separate land purchases connected to City Forests existing Takitoa Forest. Both properties were ex-farm sites that were planted by City forests over the 2017 & 2018 planting season.

Each property contained small areas of existing plantation forest, part of which was harvested prior to planting, as well as significant areas of gorse & broom that was cleared to create more plantable land.

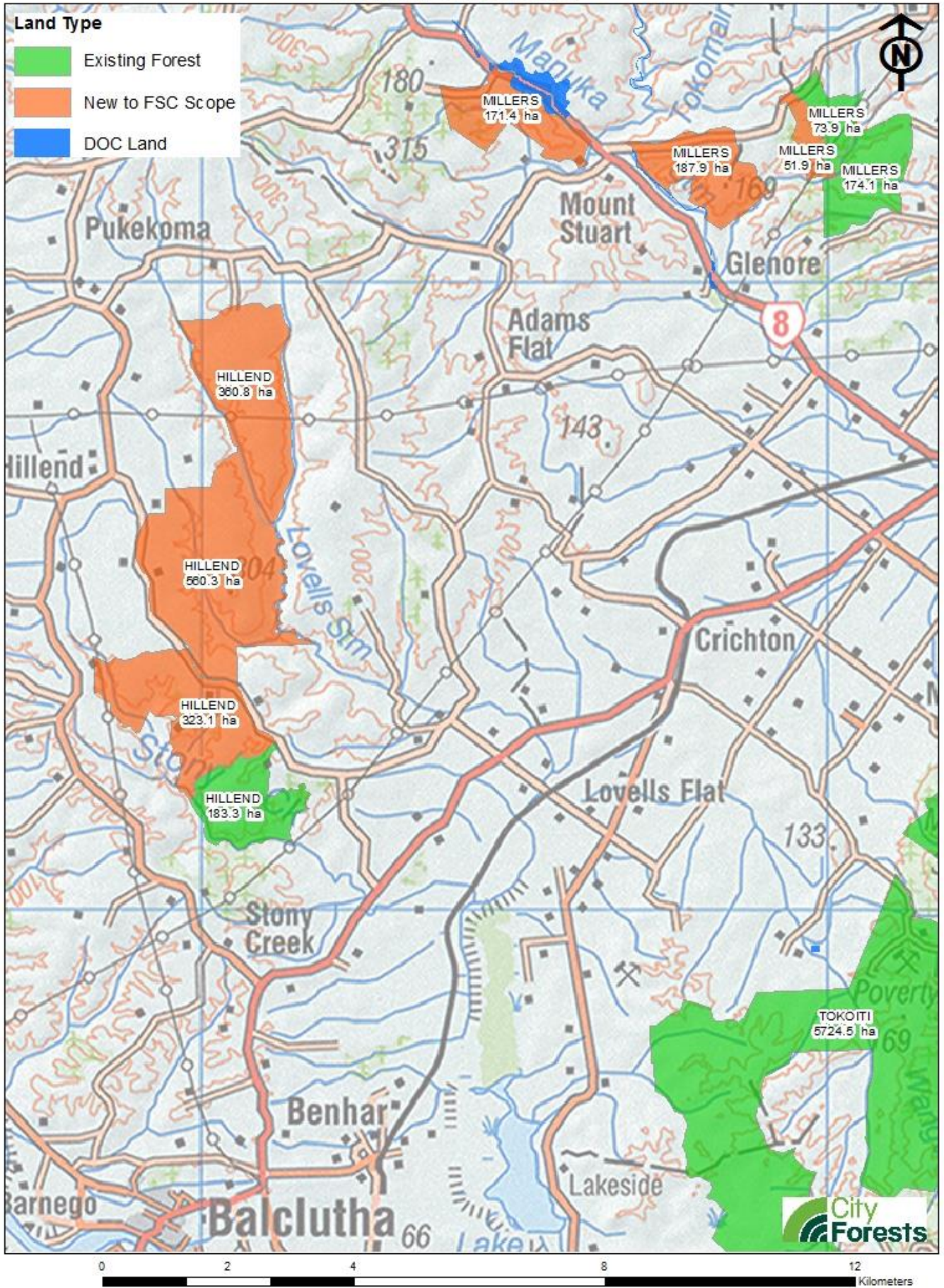
Some new roading infrastructure was required on these properties but mostly consisted of tidying up and extending existing tracks. Planting setbacks were required from neighbouring properties, roads and around the existing rural water scheme which runs through both properties

The planted area surrounds DOC's Henley Scenic Reserve. This area is not under City Forests management and therefore requires a significant planting setback to provide long term enhancement and protection of the reserve

The ecological assessment found significant areas of native bush within the forest boundary that will also be protected and enhanced under City Forests management. These native patches are predominantly Kanuaka forest with one large area of Totara / broadleaved species forest.

The existing dwelling on this property was subdivided off and recently sold. The subdivision included some hill country areas around the dwelling as well as flatter and wetter paddocks better suited to grazing than forestry.

Millers & Hillend



Millers

Located 8km north west of Milton, Millers is scattered collection of blocks crossing into both the Lawrence and Tokomairiro Ecological Districts. Three new properties totalling 411.2 hectares have been added to City Forests' already existing Millers forest.

The two larger stand-alone properties were predominantly farmland at the time of purchase but also include small areas of varied age plantation forest. The smaller property bordering the existing Millers forest was previously forest and purchased by City Forests post-harvest as cutover land. On all three Millers properties there are no significant areas of native bush that needed to be ecologically assessed, but small patches of native do exist and were left untouched to continue regenerating.

All Millers areas were planted during the 2019 planting season. Setbacks were put in place for powerlines, waterpipes, neighbours, roads and waterways. No dwellings exist on any of these properties therefore no subdivisions were required.

Hillend

Located about 8km North of Balclutha in the Lawrence Ecological District, these new properties are the largest additions to the City Forests estate. Three large new land acquisitions totalling 1,244 hectares, adjoin City Forests' existing Hillend Forest. All three properties are ex-farm sites and are to be planted over the 2020-2022 planting seasons. Grazing is still active to keep the grass growth under control prior to planting.

Extensive areas of the properties are covered in dense gorse and broom which requires significant land preparation in order to increase the plantable area. Small areas of existing and recently felled plantation forest also exist on the properties. Significant areas of native bush exist across the new Hillend properties these will be protected and enhanced by City Forests and managed as part of the existing reserve network.

Due to the size of these properties City Forests has put significant planning and investment into roading infrastructure to allow access to all areas of the forest, as well as have the roads still be usable for logging trucks at harvest time.

Setbacks are planned for these properties in the same way as the rest; protecting waterways, infrastructure and neighbouring properties. There is also a shading setback required from the main road on the north side as trees must not shade the road between 10am & 2pm on the shortest day of the year. Each property also has a dwelling that served as the previous farmhouse, these will be subdivided off and sold as smaller farms or lifestyle sized sections.

Feedback

City Forests invites feedback on our proposal to extend the scope of our FSC® certificate to include the new properties through our website.

www.cityforests.co.nz