AgriWealth Pty Limited

30 JUNE 2007 RADIATA PINE PROJECT

2014-2015 Annual Report
(Part A)

Legal Context

This annual report complies with Schedule 1 Part 4(h) of the Forestry Management Contract between AgriWealth Pty Limited and the Forestry Commission of New South Wales (now known as the Forestry Corporation of NSW) for the AgriWealth 30th June 2007 Radiata Pine Project.

At the request of AgriWealth two reports have been prepared for this Project. This report (Part A) covers 580 hectares of the 1,410 hectare Project.

Background

This report covers *Pinus radiata* plantation established on seven properties within the Tumut management unit of the Snowy Forestry Region. Planting of this project was completed in 2008.

Plantation Area

A review of the net stocked area of each plantation block was undertaken in mid-2015 using new aerial photo coverage (Table 1). This is the first review that has been undertaken since the completion of post plant survival assessments. The review captures mortality and natural attrition that has occurred in the last 6 years.

Table 1 – Updated Net Stocked Area

Plantation	Net Stocked Area in 2015 (ha)
Tinonee	294.8
Walkers	31.8
McLennan	26.6
Russell	29.8
E&P1 (Valley)	73.0
E&P2 (Valley)	105.0
Hansens 3	19.7
Total	**580.6**

The updated net stocked area which includes Forestry Right Land and Adjoining Land constitutes a change of minus 2.2%.

Growing Season

In the Tumut management unit rainfall was below average (figure 1) with dry spells occurring in spring and late summer and above average temperatures (figure 2). The dry periods were partially offset by above average rainfall in December and January. Total rainfall at Tumbarumba for 2014-15 was 765 mm compared to the long term average of 977 mm (refer Annexure A).

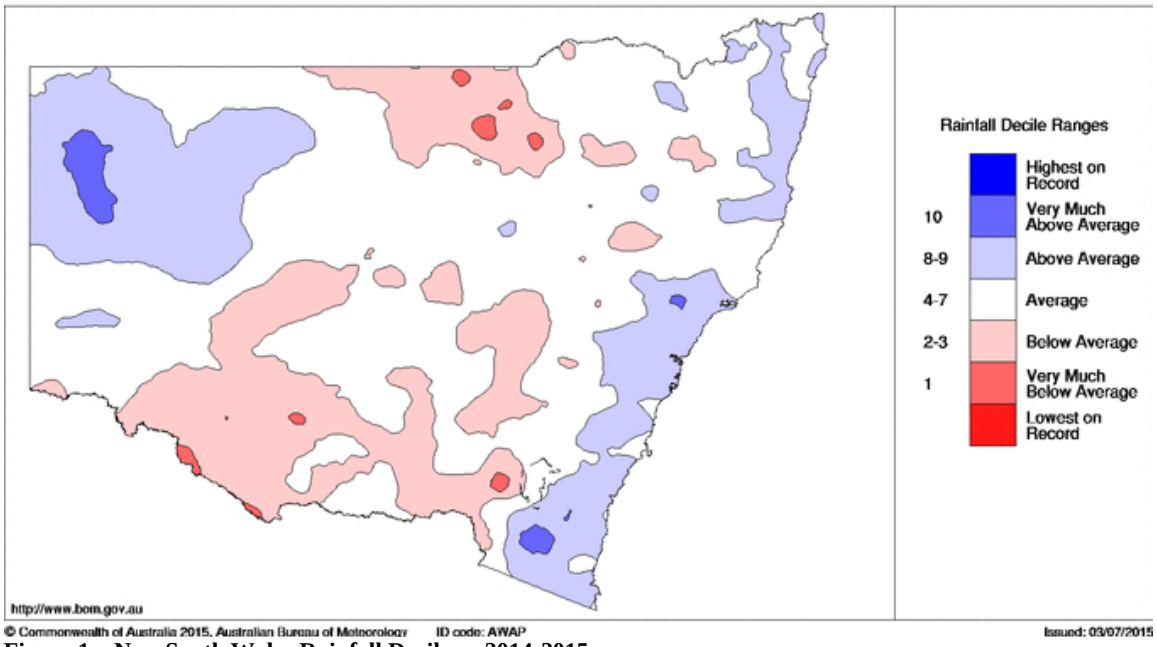

Figure 1 – New South Wales Rainfall Deciles – 2014-2015

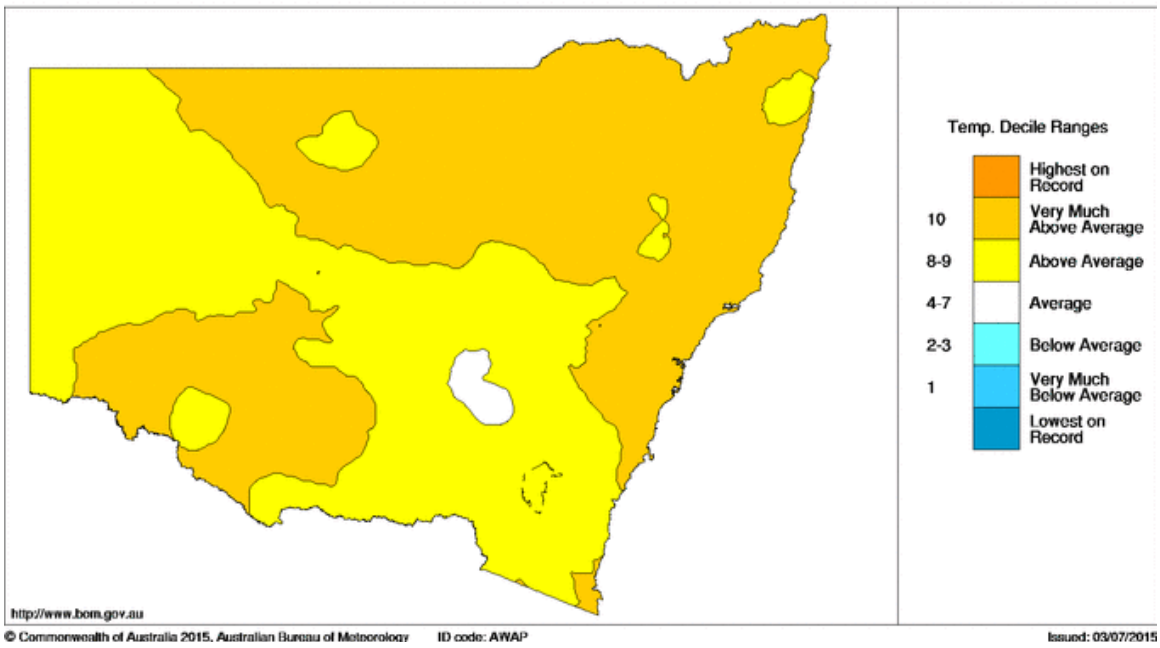

Figure 2 – New South Wales Rainfall Deciles – 2014-2015

Stand Condition

Tinonee

As noted in recent reports, the overall tree growth and condition in this plantation continues to be very good with a satisfactory stocking (figure 3). There is no evidence of any significant ongoing issues with tree stability, which was evident in the early years of the plantation. Low levels of Dothistoma needle blight are evident on the lower slopes of the plantation.

No significant issues are currently evident in this plantation.

Figure 3: Tinonee July 2015 – continuing good growth and tree health

Walkers, McLennan, Russell and E&P2

These plantations have continued to grow well during reporting period, with good tree health being evident over the majority of the plantations. E&P2 is performing reasonably well (figure 4).

Figure 4: E&P 2 2008AC - July 2015 – continuing good tree growth and plantation condition.

Walkers (figure 5) and McLennan (figures 6 and 7) are growing less vigorously.

Figure 5: Walkers 2008AC (foreground) – July 2015

Figure 6: McLennan 2008AC July 2015 – example of satisfactory tree growth

Figure 7: McLennan 2008AC July 2015 – example of unstocked cold drainage depression

Russell (figure 8) is exhibiting poorer condition with below average growth, lower stocking, less height growth and poorer form trees.

Remapping has verified that some areas in Walkers, Russell and Mclennan plantations are poorly or unstocked where they have been affected with poor drainage and the effects of cold air drainage and frost. Low stocked areas have much poorer tree form, which can be expected to affect future sawlog yields and value.

No other significant issues are evident in these plantations.

Figure 8: Russell 2008AC - July 2015 – lower stocking and variable tree form

E&P1

The condition of this plantation is variable due to previously reported, unstocked and poorly stocked areas, partially successful restocking and damage from pest animals (figure 9). Damage from wild horses has reduced to insignificant levels as the trees have grown. Remapping of unstocked areas within E&P1 have been captured in the review of its net stocked area.

The overall condition of the plantation's health and the growth of trees over the reporting period (in higher stocked areas) has been good.

Figure 9: E&P1 2008AC – July 2015 – typical low stocked area, trees generally healthy.

Hansen

The plantation has continued to perform well with normal growth since the last report (figure 10).

Tree growth in some localised areas has been slow and very heavy blackberry competition has resulted in some small unstocked areas. These areas are mostly located adjacent to drainage lines and gullies. It is expected that where trees emerge from heavy blackberry competition their rate of growth will improve as they dominate the site.

No other significant issues have been observed.

Figure 10: Hansen 2008AC - healthy trees on upper slopes – August 2015

Forest Health Surveys

The timing of this year's forest health survey was rescheduled to ensure that reports from NSW DPI Forest Health unit could be received in advance of AgriWealth's annual reporting deadline (forest health reports have traditionally been one year in arrears as they are received after the annual report submission date).

Aerial forest health surveillance (figure 10) and follow up ground surveys were undertaken in June-July 2015. No new issues were identified.

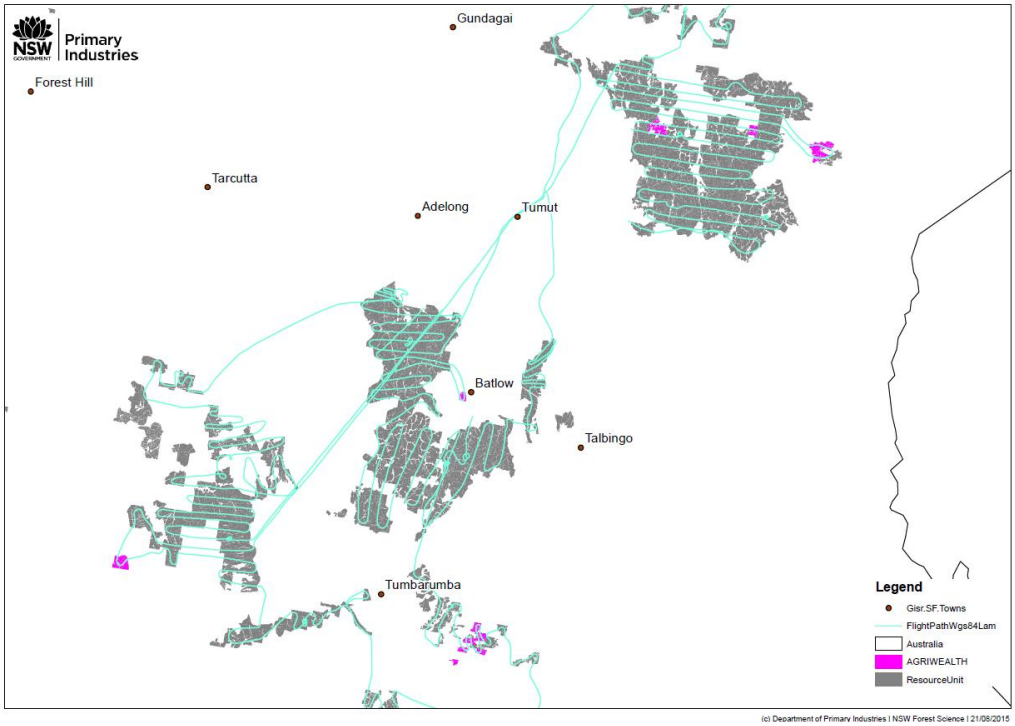

Figure 10: Aerial forest health surveillance flight path over Tumut management unit – winter 2015.

Pest animal damage to plantation trees has reduced to insignificant levels on most of the project properties as the trees have grown. The exception is E&P1, where ongoing damage to isolated trees is being caused by wild deer. It is noted that AgriWealth has authorised deer hunters to cull wild deer on all properties in the locality.

On most properties, no significant issues with disease have been observed. On the Hansen property low to moderate levels of Dothistroma infection remain present immediately adjacent to drainage lines on the lowest lying areas.

Biosecurity
In October 2014 Giant Pine Scale (*Marchalina hellenica*) was detected in suburban Melbourne and Adelaide. Giant Pine Scale is a scale insect that lives by sucking the sap of pine, fir and spruce trees. Trees impacted by large populations of giant pine scale suffer severe dehydration and dieback of branches, and can eventually die. Representatives from the Commonwealth, State and industry have agreed to a national eradication program which is currently underway in Melbourne and Adelaide. Each state jurisdiction has also agreed to undertake monitoring in amenity and production pine plantings. During this year's forest health surveys no Giant Pine Scale was detected in AgriWealth plantations nor in the region.

Fire Incidents
No fire incidents have occurred within or close to any of the 30 June 2007 Radiata Pine Project plantations.

Summary of Activities Planned for 2015/2016
- Aerial forest health surveillance and monitoring
- Maintenance of roads and tracks
- Continue grazing at Tinonee to reduce excessive grass growth and associated fire hazard.
- Identification and signage of Plantation Fire roads for NSW plantations – compliance with Plantations and Reafforestation Code amendments.

Other Management Issues
Nil

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Annexure A

Monthly Rainfall Statistics