

Ginkgo Bascom

Quarterly Investment Report

For the Period Ended September 30, 2021

Reports for:
Ginkgo Timber Fund, LLC
& Subsidiaries

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Executive Summary

The Ginkgo Bascom portfolio is forecast to generate net cash flows of \$16.8 million for the year, below the budgeted target of \$21.6 million by \$4.8 million, primarily as a result of not realizing any land sale proceeds for the year. Despite not meeting the land sales target of \$10.0 million, strong net log and timber sales and favorable alternative revenue partially offsets the land sale shortfall for the year. During the third quarter, the portfolio generated net cash flow of \$3.9 million, 57% favorable to budget due to strong log pricing and the timing of operating activities. In addition, Campbell Global (CG) successfully monetized the remaining verified carbon offsets on the Pondosa property during the quarter. For the year, approximately 110,000 verified carbon units were sold, generating \$930,000 in net proceeds. CG, on behalf of the Ginkgo Bascom portfolio, made a \$3.2 million distribution to the Treasurer of North Carolina during the quarter.

In the Pacific Northwest, robust demand from the second quarter continued with price increases for all species compared to the budget, leading to positive price improvements for Douglas-fir and whitewood logs compared to budget. Log prices on Bascom Pacific averaged \$627 per thousand board feet (“mbf”), \$49 per mbf (9%) above budget. Production on Bascom Pacific was 7.3 million board feet (“mmbf”) in the third quarter, 1.5 mmbf above budget. Total net log and timber sales revenue for Bascom Pacific was \$3.0 million for the quarter, \$845,000 (39%) above budget. For the year, we are forecast to harvest 39.8 mmbf on Bascom Pacific, in line with budget expectations, generating \$16.1 million in total net log and timber sales revenue, \$3.3 million (26%) above the budget.

In the U.S. South, wet weather and contractor shortages led to production shortfalls throughout the region, resulting in increased demand and steady pricing for logs. This, coupled with higher end-use demand, resulted in favorable price increases for pine products compared to the prior quarter with net log prices averaging \$25.40 per ton for the quarter, \$10.17 per ton (67%) above budget. CG, on behalf of Bascom Southern, produced 92,000 tons of fiber during the third quarter, 50% below the budgeted target due to delayed harvesting stemming from increased rainfall and associated operating constraints. As a result, total net log and timber sales revenue was \$2.3 million during the quarter, \$462,000 (17%) below budget. For the year, we are forecasting an average net log price of \$17.76 per ton, 28% above budget expectations due to favorable pine pricing. CG is forecast to harvest approximately 571,000 tons on Bascom Southern for the year, 67,000 tons below budget due to wet weather conditions, generating \$10.1 million in total net log and timber sales revenue, \$1.3 million (15%) above the budget, primarily due to strong pricing despite less forecasted volume.

As part of Ginkgo Bascom’s 2021 Strategic Objectives of reducing the portfolio’s aggregate value by \$80 million, the Elk and Black River tracts were brought to market during the third quarter through a third-party auction process. The process was very active with multiple parties submitting bids. After working through the results with the Treasurer of North Carolina, the process has yet to result in a sale with the broker continuing to engage with potential buyers.

Ginkgo Bascom realized a total return of 0.68% for the quarter, all from income. Since inception (Q1 2017), Ginkgo Bascom has realized a total return of 3.50%, with income and capital appreciation contributing 2.81% and 0.67%, respectively. As of September 30, 2021, Ginkgo Bascom was internally valued at \$709.0 million, reflecting the third-party appraisal completed at year-end 2020, and adjusted for capital expenditures through the third quarter.

Historical Rates of Return - For Period Ended September 30, 2021

	Q3	1 Year	3 Year	Inception*
Ginkgo Portfolio - Unlevered, Gross of Advisory Fees				
Income	0.68%	3.32%	2.47%	2.81%
Capital Appreciation	0.00%	0.59%	0.00%	0.67%
Total Return	0.68%	3.93%	2.47%	3.50%
NCREIF Timberland Index (Total) - Unlevered, Gross of Advisory Fees				
Income	0.91%	3.39%	2.86%	2.91%
Capital Appreciation	0.98%	1.59%	-0.43%	-0.10%
Total Return	1.89%	5.01%	2.42%	2.80%

* Annualized return based on 4.75 years of data

This reporting package includes a quarterly and annual operational summary and the related operating highlights, the unaudited GAAP financials at market value, a capital account summary, and property-level operating expenses.



ESG Spotlight

As a leader in sustainable timberland management, CG is committed to maintaining third-party forest certification for all managed properties. Forest certification programs establish a rigorous, voluntary set of standards to encourage responsible management practices that are environmentally, socially, and economically sustainable. This includes assessing criteria for forest health and biodiversity, environmental quality and conservation, aesthetics, regulatory compliance, and social benefits. CG's policies guide forest management decisions and actions to ensure and monitor conformance with forest certification standards. Furthermore, forest certification assures downstream customers that wood material in their custody is sustainably sourced.

We are pleased to report that CG has successfully completed the annual external audit cycle for the Sustainable Forestry Initiative (SFI) program for U.S. managed assets. Regional results are as follows:

2021 SFI Audit Results

Notable Practices

Northwest:

Commitment to protecting water quality was observed through preventative measures taken to reduce sedimentation in fish-bearing streams and working with state agencies to ensure minimal operational impact along sensitive water courses.

Southern:

CG, in cooperation with its contractor, developed an innovative method to ensure soil protection and minimize rutting during harvest thinning operations by storing and delaying the transport of harvested wood products during periods of wet weather.

Opportunities for Improvement

Northwest:

Confirm that third-party audit reports are posted and publicly available on the SFI website.

Southern:

Zero opportunities for improvement identified.

Non-Conformances

Northwest & Southern:

Zero reported non-conformances.

The results indicate CG operations are consistent with SFI forest management standards and internal policies. As such, the auditing firm is recommending our certificate is renewed. As forest certification standards evolve and adapt over time, CG is currently modifying its operating policies and principles to align with additional SFI program enhancements set to debut in 2022. These include new objectives and performance measures around climate change, biodiversity, and fire resilience and awareness.

Q3 Actual Comparison

Portfolio Highlights

- Third quarter harvest volume of 92,000 tons on Bascom Southern was 50% below budget due to weather-related delays. Production on Bascom Pacific was 1.5 mmbf (26%) favorable to budget.
- Generated \$5.4 million in net log and timber sales, \$383,000 above budget due to strong pricing across the portfolio despite less harvested volume in the South.
- Other Income totaled \$1.3 million, 85% favorable to budget due to increased carbon credit revenue from the Pondosa property.
- Total operating expenses of \$1.8 million were in line with budget expectations. Capital Expenditures of \$323,000 were favorable to budget due to weather-related delays and the timing of stand establishment activities.
- Net cash flow for the quarter totaled \$3.9 million, 57% favorable to budget primarily due to strong log pricing, carbon credit revenue, and the timing of operating activities.

*The table to the right is the Operational Summary for Ginkgo Timber Fund, LLC and subsidiaries for the third quarter of 2021 and includes three months of actual data compared to the budget for the same period.

Log Sales Summary - Bascom Southern

Product	Q3 Actual			Q3 Budget		
	Volume (tons)	Net Sales Dollars	Average \$/ton	Volume (tons)	Net Sales Dollars	Average \$/ton
Pine Sawtimber	17,812	19% \$ 806,529	35% \$ 45.28	28,663	16% \$ 731,166	26% \$ 25.51
Pine Chip & Saw	30,212	33% 1,075,338	46% 35.59	57,908	32% 1,348,871	48% 23.29
Pine Pulp	42,840	47% 443,207	19% 10.35	84,580	46% 555,902	20% 6.57
Hardwood Sawtimber	188	0% 6,583	0% 35.02	2,550	1% 95,899	4% 37.61
Hardwood Pulp	949	1% 5,091	0% 5.36	10,105	5% 67,305	2% 6.66
Totals	92,001	\$ 2,336,748	\$ 25.40	183,806	\$ 2,799,143	\$ 15.23

Log Sales Summary - Bascom Pacific

Species	Q3 Actual			Q3 Budget		
	Volume (mbf)	Gross Sales Dollars	Average \$/mbf	Volume (mbf)	Gross Sales Dollars	Average \$/mbf
Hemlock, White & True Fir	3,286	45% \$ 1,743,779	38% \$ 531	2,164	38% \$ 1,003,169	30% \$ 464
Douglas-Fir	2,936	41% 2,263,070	50% 771	2,939	51% 1,964,371	59% 668
Pine	669	9% 249,857	5% 373	329	6% 131,191	4% 399
Hardwoods	225	3% 122,792	3% 546	172	3% 66,232	2% 385
Cedar	134	2% 163,898	4% 1,223	140	2% 151,747	5% 1,084
Spruce	2	0% 417	0% 209	-	0% -	0% -
Totals	7,252	\$ 4,543,813	\$ 627	5,744	\$ 3,316,710	\$ 577

For Period Ended September 30, 2021	Third Quarter		
	Actual	Budget	Variance
Southern Volume (Tons)	92,001	183,806	(91,805)
Pacific Volume (Mbf)	7,252	5,744	1,508
Total Net Log and Timber Sales	\$ 5,354,436	\$ 4,971,886	\$ 382,550
Other Income	1,281,072	692,752	588,320
Total Operating Expenses	1,803,341	1,859,209	55,868
Net Operating Income (Loss)	\$ 4,832,168	\$ 3,805,429	\$ 1,026,739
Total Capital Expenditures	322,521	714,170	391,649
Net Proceeds From Land Sale	-	-	-
Net Proceeds From Other Sale	-	-	-
Net Cash Flow After Capital Transactions	\$ 4,509,648	\$ 3,091,259	\$ 1,418,389
Advisory Fees	591,068	591,066	(2)
Other Portfolio Expenses	27,750	26,500	(1,250)
Net Cash Flow	\$ 3,890,830	\$ 2,473,693	\$ 1,417,137

Annual Forecast Comparison

Portfolio Highlights

- Annual harvest volume from Bascom Southern is forecast to be 11% below budget due to operability issues stemming from wet weather. Bascom Pacific is in line with budget for the year.
- We are forecasting \$26.3 million in net log and timber sales revenue, \$4.6 million above budget due to strong log pricing across the portfolio for the year.
- Other Income of \$3.3 million is forecast to be 21% favorable to budget due to increased carbon credit sales.
- Operating expenses and capital expenditures of \$10.3 million are forecast to be in line with budget expectations.
- No land sale proceeds are forecast for the year. On behalf of the Client, CG facilitated two market offerings that each concluded in a no sale.
- Estimated annual net cash flow of \$16.8 million is unfavorable to budget expectations by \$4.8 million as a result of no land sales in the forecast. Despite not realizing the land sales target of \$10.0 million, net cash flow is forecast to be unfavorable by \$4.8 million due to strong net log and timber sales for the year.

*The table to the right is the Operational Summary for Ginkgo Timber Fund, LLC and subsidiaries for the annual period that includes nine months of actual data and three months of forecast information.

Log Sales Summary - Bascom Southern

Product	Annual Forecast						Annual Budget					
	Volume (tons)			Net Sales Dollars		Average \$/ton	Volume (tons)			Net Sales Dollars		Average \$/ton
Pine Sawtimber	102,032	18%	\$	3,143,348	31%	\$ 30.81	80,213	13%	\$	1,967,481	22%	\$ 24.53
Pine Chip & Saw	144,597	25%		3,894,691	38%	26.93	175,284	27%		3,939,873	44%	22.48
Pine Pulp	300,962	53%		2,728,109	27%	9.06	359,092	56%		2,639,258	30%	7.35
Hardwood Sawtimber	5,184	1%		253,627	3%	48.92	4,508	1%		163,839	2%	36.34
Hardwood Pulp	18,376	3%		125,536	1%	6.83	19,203	3%		139,908	2%	7.29
Totals	571,151		\$	10,145,311		\$ 17.76	638,300		\$	8,850,359		\$ 13.87

Log Sales Summary - Bascom Pacific

Species	Annual Forecast						Annual Budget					
	Volume (mbf)			Gross Sales Dollars		Average \$/mbf	Volume (mbf)			Gross Sales Dollars		Average \$/mbf
Hemlock, White & True Fir	13,543	34%	\$	7,402,781	30%	\$ 547	12,465	32%	\$	6,076,326	28%	\$ 487
Douglas-Fir	19,394	49%		14,221,176	57%	733	19,356	49%		12,720,519	58%	657
Pine	4,904	12%		1,748,247	7%	356	5,135	13%		1,777,345	8%	346
Hardwoods	659	2%		352,714	1%	535	790	2%		645,314	3%	817
Cedar	868	2%		936,693	4%	1,079	826	2%		326,240	2%	395
Spruce	444	1%		198,246	1%	447	716	2%		295,737	1%	413
Totals	39,812		\$	24,859,857		\$ 624	39,288		\$	21,841,481		\$ 556

For Period Ended September 30, 2021	Annual		
	Forecast	Budget	Variance
Southern Volume (Tons)	571,151	638,300	(67,149)
Pacific Volume (Mbf)	39,812	39,288	524
Total Net Log and Timber Sales	\$ 26,250,609	\$ 21,635,136	\$ 4,615,473
Other Income	3,322,634	2,738,036	584,598
Total Operating Expenses	7,633,030	7,682,172	49,143
Net Operating Income (Loss)	\$ 21,940,213	\$ 16,690,999	\$ 5,249,214
Total Capital Expenditures	2,662,219	2,635,391	(26,828)
Net Proceeds From Land Sale	-	10,000,000	(10,000,000)
Net Proceeds From Other Sale	6,500	-	6,500
Net Cash Flow After Capital Transactions	\$ 19,284,494	\$ 24,055,608	\$ (4,771,115)
Advisory Fees	2,364,272	2,364,264	(8)
Other Portfolio Expenses	112,000	112,000	-
Net Cash Flow	\$ 16,808,222	\$ 21,579,344	\$ (4,771,123)

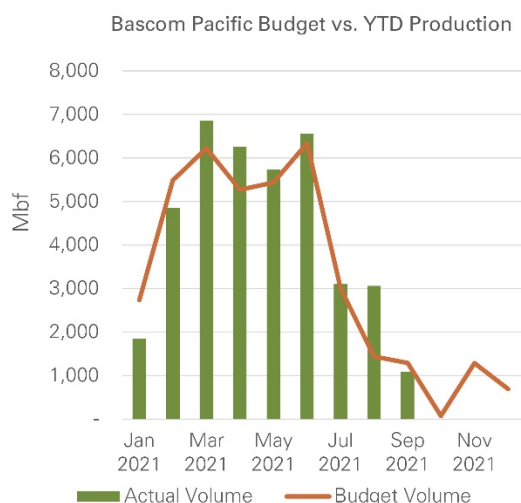
Q3 2021 Bascom Pacific HARVEST AND MARKET REPORT

Western Regional Overview

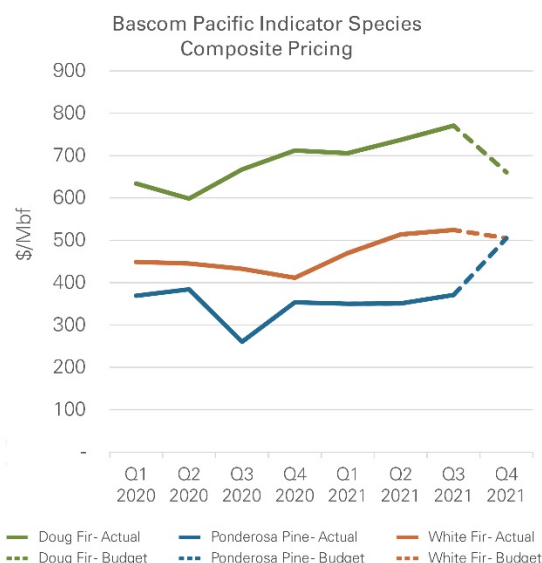
- Sawlog demand and pricing remained stable as lumber values receded from peak levels experienced earlier in the year.
- Seasonal operating restrictions associated with wildfire risk were lifted across all western states, providing a short-term increase in logging production.
- Mills started building winter inventories as fall rains signaled an end to active harvest operations on high elevation units.

Portfolio Highlights

- Demand for logs remained robust during the third quarter with favorable pricing realized compared to budget in both the domestic and export markets.
- Export logs primarily went to Japan, as China's demand for logs subsided during the quarter.
- Net log and timber sales are anticipated to exceed budget expectations due to high demand and favorable pricing for logs.



CUSTOMER DESTINATIONS – 5
LOADS DELIVERED – 803
GROSS SALES REVENUE – \$1.98M



Species	Current Qtr Actual	Current Qtr Budget	Qtr / Qtr	Year / Year
White Fir	\$525	\$452	2.1%	21.3%
Doug Fir	\$771	\$669	4.6%	15.5%
Ponderosa Pine	\$371	\$405	5.7%	42.5%

Western Regional Capacity Update

- Wilkins, Kaiser & Olsen, Inc. acquired SDS Lumber Company, including its sawmill and plywood mill in Bingen, WA. The mills will operate under the new name Mt. Adams Forest Products. Marginal benefits to the Bascom Pacific properties are anticipated.

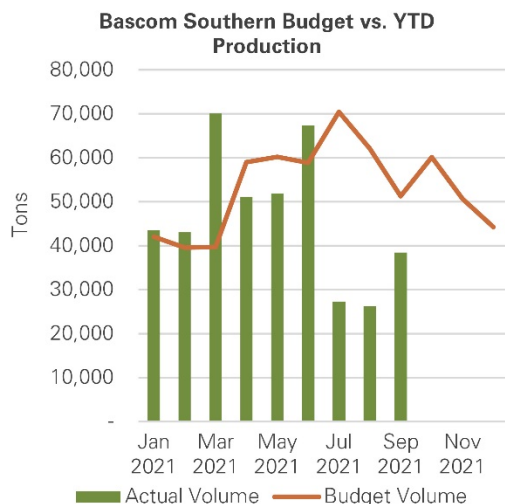
Q3 2021 Bascom Southern HARVEST AND MARKET REPORT

Southern Regional Overview

- The majority of the U.S. South experienced above average rainfall in the third quarter and set the stage for a competitive pricing environment across all wood consuming sectors.
- Pulp mills are driving market tension as the pandemic market dynamics have mostly subsided, with pulp mills operating at near capacity. This has created an environment where pulp mills are having issues sourcing raw material to meet their demand.
- Limited trucking capacity has forced pulp mills to focus on short hauls blending chip-n-saw (CNS) and sawtimber to maximize trucking efficiencies in order to maintain inventory and ensure raw material security through the wet winter months.

Property Highlights

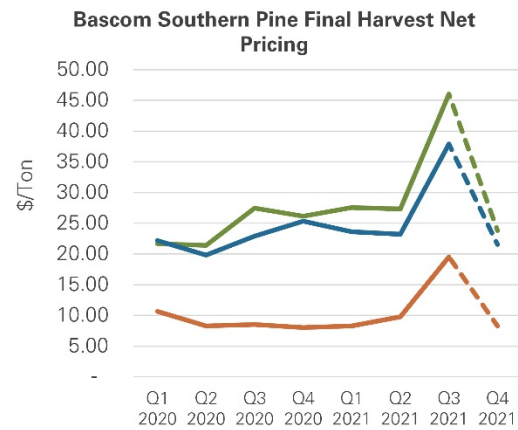
- An extremely wet quarter limited operations across much of the Bascom Southern portfolio.
- Trucking shortages kept mill inventories low and caused prices to remain high across all products. This dynamic was further exacerbated by increased rainfall during the quarter.
- The export market was robust as dealers offered premiums over domestic sawmills, providing positive tension across the U.S. South.



CUSTOMER DESTINATIONS – 79

LOADS DELIVERED – 7,605

GROSS SALES REVENUE – \$5.88M



* Excludes net pricing from thinning

— Sawtimber- Actual — CNS- Actual — Pulp- Actual
--- Sawtimber- Budget --- CNS- Budget --- Pulp- Budget

Product Actuals	Current Qtr Actual	Current Qtr Budget	Qtr / Qtr	Year / Year
Sawtimber	\$46.02	\$25.35	68.3%	67.7%
CNS	\$37.90	\$24.04	63.4%	65.4%
Pulp	\$19.52	\$9.00	100.0%	129.9%

Southern Regional Capacity Update

- Pactiv Evergreen announced plans to cease production of coated groundwood paper at their Pine Bluff, AR mill due to continued weakness in demand for the product. The mill will continue to produce liquid packaging board. Overall, this closure is expected to have minimal impacts to the Pine Bluff property given that it is not a major customer.
- Softwood log exports out of U.S. Southern ports continues to grow. Volume to China is up by almost 100% in 2021 through August compared with the same period last year.

Financial Statements

Attached are unaudited financial statements for Ginkgo Timber Fund, LLC, and Ginkgo Bascom, LLC and its subsidiaries (Bascom Southern, LLC; Bascom Pacific, LLC; and Pondosa Forest, LLC). These statements have been prepared in accordance with Generally Accepted Accounting Principles.

Net income consists of net earnings from operations, less advisory fees, income taxes, road amortization, timber depletion, and depreciation. Timber depletion is unique to the forest products industry. It is the allocation of the cost of the timber acquired that is expensed as the timber is harvested. The allocation is a non-cash expense that reduces the asset base (timber inventory) and is an offset to the revenue generated from harvesting the timber.

- Consolidated Statement of Assets and Liabilities.
- Consolidated Statement of Operations.
- Consolidated Statement of Changes in Net Assets.
- Consolidated Statement of Cash Flows.
- Capital Account Summary.

Ginkgo Bascom Portfolio
Quarterly Investment Report – September 2021

Ginkgo Timber Fund, LLC and Subsidiaries
Consolidated Statement of Assets and Liabilities
September 30, 2021

	Ginkgo Bascom & Subsidiaries	Ginkgo Timber Fund	Total	Eliminations	Consolidated
ASSETS					
Timber investment - at estimated fair value	\$ 708,981,056	\$ -	\$ 708,981,056	\$ -	\$ 708,981,056
Cash	3,925,951	8,886	3,934,837	-	3,934,837
Accounts receivable	4,415,814	-	4,415,814	(389,636)	4,026,178
Other assets	593,219	-	593,219	-	593,219
Investment in subsidiary	-	507,994,598	507,994,598	(507,994,598)	-
TOTAL ASSETS	<u>\$ 717,916,040</u>	<u>\$ 508,003,484</u>	<u>\$ 1,225,919,524</u>	<u>\$ (508,384,234)</u>	<u>\$ 717,535,290</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 4,818,472	\$ 705,549	\$ 5,524,021	\$ (389,636)	\$ 5,134,385
Deferred revenue	1,123,776	-	1,123,776	-	1,123,776
TOTAL LIABILITIES	<u>5,942,248</u>	<u>705,549</u>	<u>6,647,797</u>	<u>(389,636)</u>	<u>6,258,161</u>
NET ASSETS	<u>\$ 711,973,792</u>	<u>\$ 507,297,935</u>	<u>\$ 1,219,271,727</u>	<u>\$ (507,994,598)</u>	<u>\$ 711,277,129</u>

Unaudited - For Management Purposes Only

Ginkgo Bascom Portfolio
Quarterly Investment Report – September 2021

**Ginkgo Timber Fund, LLC and Subsidiaries
Consolidated Statement of Operations
For the Quarter Ended September 30, 2021**

	Ginkgo Bascom & Subsidiaries	Ginkgo Timber Fund	Total	Eliminations	Consolidated
INCOME					
Log and stumpage sales	\$ 7,834,159	\$ -	\$ 7,834,159	\$ -	\$ 7,834,159
Other operating income	1,281,072	-	1,281,072	-	1,281,072
TOTAL INCOME	9,115,231	-	9,115,231	-	9,115,231
EXPENSES					
Depreciation, depletion, and amortization expense	1,345,295	-	1,345,295	-	1,345,295
Harvesting expense	2,571,448	-	2,571,448	-	2,571,448
Administrative expense	1,221,065	618,818	1,839,883	-	1,839,883
Timberland management	490,550	-	490,550	-	490,550
TOTAL EXPENSES	5,628,358	618,818	6,247,176	-	6,247,176
NET INVESTMENT INCOME (LOSS)	3,486,873	(618,818)	2,868,055	-	2,868,055
NET REALIZED AND UNREALIZED GAIN/(LOSS)					
Unrealized gain (loss) on timber investments	1,295,679	-	1,295,679	-	1,295,679
	1,295,679	-	1,295,679	-	1,295,679
Net realized and unrealized gain (loss)	1,295,679	-	1,295,679	-	1,295,679
NET CHANGE IN NET ASSETS FROM OPERATIONS	4,782,552	(618,818)	4,163,734	-	4,163,734
Allocation of Ginkgo Bascom net change in net assets to Fund	(4,782,552)	4,782,552	-	-	-
NET CHANGE IN NET ASSETS ATTRIBUTABLE TO FUND	\$ -	\$ 4,163,734	\$ 4,163,734	\$ -	\$ 4,163,734

Unaudited - For Management Purposes Only

Ginkgo Bascom Portfolio
Quarterly Investment Report – September 2021

**Ginkgo Timber Fund, LLC and Subsidiaries
Consolidated Statement of Operations
For the Nine Months Ended September 30, 2021**

	Ginkgo Bascom & Subsidiaries	Ginkgo Timber Fund	Total	Eliminations	Consolidated
INCOME					
Log and stumpage sales	\$ 35,616,207	\$ -	\$ 35,616,207	\$ -	\$ 35,616,207
Other operating income	2,767,290	-	2,767,290	-	2,767,290
Interest income	162	-	162	-	162
TOTAL INCOME	38,383,659	-	38,383,659	-	38,383,659
EXPENSES					
Depreciation, depletion, and amortization expense	6,309,671	-	6,309,671	-	6,309,671
Harvesting expense	13,046,697	-	13,046,697	-	13,046,697
Administrative expense	2,858,255	1,856,948	4,715,203	-	4,715,203
Timberland management	1,637,526	-	1,637,526	-	1,637,526
TOTAL EXPENSES	23,852,149	1,856,948	25,709,097	-	25,709,097
NET INVESTMENT INCOME (LOSS)	14,531,510	(1,856,948)	12,674,562	-	12,674,562
NET REALIZED AND UNREALIZED GAIN/(LOSS)					
Gain (loss) on sale-Buildings & Equipment	6,500	-	6,500	-	6,500
	6,500	-	6,500	-	6,500
Unrealized gain (loss) on timber investments	5,930,429	-	5,930,429	-	5,930,429
	5,930,429	-	5,930,429	-	5,930,429
Net realized and unrealized gain (loss)	5,936,929	-	5,936,929	-	5,936,929
NET CHANGE IN NET ASSETS FROM OPERATIONS	20,468,439	(1,856,948)	18,611,491	-	18,611,491
Allocation of Ginkgo Bascom net change in net assets to Fund	(20,468,439)	20,468,439	-	-	-
NET CHANGE IN NET ASSETS ATTRIBUTABLE TO FUND	\$ -	\$ 18,611,491	\$ 18,611,491	\$ -	\$ 18,611,491

Unaudited - For Management Purposes Only

Ginkgo Bascom Portfolio
Quarterly Investment Report – September 2021

Ginkgo Timber Fund, LLC and Subsidiaries
Consolidated Statement of Changes in Net Assets
For the Quarter Ended September 30, 2021

	Consolidated
NET ASSETS - BEGINNING OF PERIOD	\$ 710,313,395
From operations:	
Net increase/(decrease) in net assets from operations	4,163,734
NET CHANGE IN NET ASSETS FROM OPERATIONS	<u>4,163,734</u>
From capital transactions:	
Distributions to member	(3,200,000)
NET CHANGE IN NET ASSETS FROM CAPITAL TRANSACTIONS	<u>(3,200,000)</u>
NET ASSETS - END OF PERIOD	<u>\$ 711,277,129</u>

Unaudited - For Management Purposes Only

Ginkgo Bascom Portfolio
Quarterly Investment Report – September 2021

Ginkgo Timber Fund, LLC and Subsidiaries
Consolidated Statement of Changes in Net Assets
For the Nine Months Ended September 30, 2021

	Consolidated
NET ASSETS - BEGINNING OF PERIOD	\$ 708,865,638
From operations:	
Net increase/(decrease) in net assets from operations	18,611,491
NET CHANGE IN NET ASSETS FROM OPERATIONS	<u>18,611,491</u>
From capital transactions:	
Distributions to member	(16,200,000)
NET CHANGE IN NET ASSETS FROM CAPITAL TRANSACTIONS	<u>(16,200,000)</u>
NET ASSETS - END OF PERIOD	<u>\$ 711,277,129</u>

Unaudited - For Management Purposes Only

Ginkgo Bascom Portfolio
Quarterly Investment Report – September 2021

**Ginkgo Timber Fund, LLC and Subsidiaries
Consolidated Statement of Cash Flows
For the Quarter Ended September 30, 2021**

	Ginkgo Bascom & Subsidiaries	Ginkgo Timber Fund	Total	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net increase (decrease) in net assets from operations	\$ 4,782,552	\$ (618,818)	\$ 4,163,734	\$ -	\$ 4,163,734
Adjustment to reconcile net increase (decrease) in net assets to net cash provided by operating activities:					
Net realized and unrealized (gain)/loss	(1,295,679)	-	(1,295,679)	-	(1,295,679)
Depreciation, depletion, and amortization expense	1,345,295	-	1,345,295	-	1,345,295
Changes in operating assets and liabilities	1,225,471	27,750	1,253,221	-	1,253,221
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>6,057,639</u>	<u>(591,068)</u>	<u>5,466,571</u>	<u>-</u>	<u>5,466,571</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Used for:					
Timber, timberland, and other asset additions	(358,711)	-	(358,711)	-	(358,711)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(358,711)</u>	<u>-</u>	<u>(358,711)</u>	<u>-</u>	<u>(358,711)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from:					
Distributions from subsidiary	-	3,791,068	3,791,068	(3,791,068)	-
Used for:					
Distributions to member	(3,791,068)	(3,200,000)	(6,991,068)	3,791,068	(3,200,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>(3,791,068)</u>	<u>591,068</u>	<u>(3,200,000)</u>	<u>-</u>	<u>(3,200,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,907,860	-	1,907,860	-	1,907,860
CASH AND CASH EQUIVALENTS - Beginning of period	<u>2,018,091</u>	<u>8,886</u>	<u>2,026,977</u>	<u>-</u>	<u>2,026,977</u>
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 3,925,951</u>	<u>\$ 8,886</u>	<u>\$ 3,934,837</u>	<u>\$ -</u>	<u>\$ 3,934,837</u>

Unaudited - For Management Purposes Only

Ginkgo Bascom Portfolio
Quarterly Investment Report – September 2021

Ginkgo Timber Fund, LLC and Subsidiaries
Consolidated Statement of Cash Flows
For the Nine Months Ended September 30, 2021

	Ginkgo Bascom & Subsidiaries	Ginkgo Timber Fund	Total	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net increase (decrease) in net assets from operations	\$ 20,468,439	\$ (1,856,948)	\$ 18,611,491	\$ -	\$ 18,611,491
Adjustment to reconcile net increase (decrease) in net assets to net cash provided by operating activities:					
Net realized and unrealized (gain)/loss	(5,936,929)	-	(5,936,929)	-	(5,936,929)
Depreciation, depletion, and amortization expense	6,309,671	-	6,309,671	-	6,309,671
Changes in operating assets and liabilities	13,460	83,744	97,204	-	97,204
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>20,854,641</u>	<u>(1,773,204)</u>	<u>19,081,437</u>	<u>-</u>	<u>19,081,437</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from:					
Sale of timber, timberland, and other assets	6,500	-	6,500	-	6,500
Used for:					
Timber, timberlands, and other fixed asset additions	(1,806,511)	-	(1,806,511)	-	(1,806,511)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(1,800,011)</u>	<u>-</u>	<u>(1,800,011)</u>	<u>-</u>	<u>(1,800,011)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from:					
Distributions from subsidiary	-	17,973,204	17,973,204	(17,973,204)	-
Used for:					
Distributions to member	(17,973,204)	(16,200,000)	(34,173,204)	17,973,204	(16,200,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>(17,973,204)</u>	<u>1,773,204</u>	<u>(16,200,000)</u>	<u>-</u>	<u>(16,200,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,081,426</u>	<u>-</u>	<u>1,081,426</u>	<u>-</u>	<u>1,081,426</u>
CASH AND CASH EQUIVALENTS - Beginning of period	<u>2,844,525</u>	<u>8,886</u>	<u>2,853,411</u>	<u>-</u>	<u>2,853,411</u>
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 3,925,951</u>	<u>\$ 8,886</u>	<u>\$ 3,934,837</u>	<u>\$ -</u>	<u>\$ 3,934,837</u>

Unaudited - For Management Purposes Only

Ginkgo Bascom Portfolio
Quarterly Investment Report – September 2021

Ginkgo Timber Fund, LLC
Member's Capital Account
For the Quarter Ended September 30, 2021

Member	Total Capital Contributions to Date	Beginning Capital Balance	Pro-rata Share	Contributions	Distributions	Net Change in Net Assets	Fund Income/(Loss)	Ginkgo Bascom Realized Gain/(Loss)	Ginkgo Bascom Unrealized Gain/(Loss)	Ending Capital Balance
Treasurer of the State of North Carolina	\$ 796,878,283	\$ 710,313,395	100.00%	\$ -	\$ (3,200,000)	\$ 4,163,734	\$ (618,818)	\$ 3,486,873	\$ 1,295,679	\$ 711,277,129
Total	\$ 796,878,283	\$ 710,313,395	100.00%	\$ -	\$ (3,200,000)	\$ 4,163,734	\$ (618,818)	\$ 3,486,873	\$ 1,295,679	\$ 711,277,129

Unaudited - For Management Purposes Only

Ginkgo Timber Fund, LLC
Member's Capital Account
For the Nine Months Ended September 30, 2021

Member	Total Capital Contributions to Date	Beginning Capital Balance	Pro-rata Share	Contributions	Distributions	Net Change in Net Assets	Fund Income/(Loss)	Ginkgo Bascom Realized Gain/(Loss)	Ginkgo Bascom Unrealized Gain/(Loss)	Ending Capital Balance
Treasurer of the State of North Carolina	\$ 796,878,283	\$ 708,865,638	100.00%	\$ -	\$ (16,200,000)	\$ 18,611,491	\$ (1,856,948)	\$ 14,538,010	\$ 5,930,429	\$ 711,277,129
Total	\$ 796,878,283	\$ 708,865,638	100.00%	\$ -	\$ (16,200,000)	\$ 18,611,491	\$ (1,856,948)	\$ 14,538,010	\$ 5,930,429	\$ 711,277,129

Unaudited - For Management Purposes Only

Investor Reports

The following schedules summarize additional financial and operational information as requested by the client:

- Property Level Market and Book Value Summary.
- Supplemental Expense Disclosure.
- Detailed Operating Expense Variance Reports.

Property Level Market and Book Value Summary

Ginkgo Timber Fund, LLC Property Level Market Valuation & Net Book Value As of September 30, 2021			
Property Valuations - As of 9/30/2021			
Bascom Southern	Market Value		Net Book Value
Tombigbee	\$	24,588,407	\$ 34,799,122
Pine Bluff		20,817,180	\$ 16,969,185
Counce		46,904,911	\$ 35,739,421
Natchez		78,629,303	\$ 53,918,990
Cross City		183,665,398	\$ 134,647,827
Bascom Southern Total	\$	354,605,199	\$ 276,074,545
Bascom Pacific			
Granite Falls	\$	57,350,865	\$ 26,356,284
Johns River		103,484,574	\$ 57,292,786
Mist		136,014,873	\$ 74,656,831
Pondosa		31,703,979	\$ 29,381,665
Pondosa Forest		25,821,566	23,930,139
Bascom Pacific Total	\$	354,375,857	\$ 211,617,705
Bascom Grand Total	\$	708,981,056	\$ 487,692,250

Member's Capital	
North Carolina	\$ 711,277,129

Supplemental Expense Disclosure

We are providing additional detail of certain administrative expenses charged to Ginkgo Bascom during the third quarter of 2021 on the following pages. As set forth in the Ginkgo Timber Fund, LLC Amended and Restated Timberland Investment Management Agreement, these administrative expenses include reimbursable direct expenses, and other costs and expenses associated with CG's management of Ginkgo Timber Fund and its timberlands ("Property Level Operating Expenses"). The Property Level Operating Expenses set forth below, (other than "CG Ops Support" and "Compensation Expense"), may be paid directly by Ginkgo Timber Fund, or paid by CG on behalf of Ginkgo Timber Fund. To the extent paid by CG on behalf of Ginkgo Timber Fund, CG is reimbursed for such Property Level Operating Expenses at the actual cost.

"CG Ops Support" and "Compensation Expense" include all wages, salaries, bonuses, benefits, 401(k) contributions, moving/living costs, insurance, and payroll taxes of field personnel and other CG employees directly associated with the management and operation of the properties (including but not limited to regional managers, GIS, inventory, client accounting, log accounting, budgeting, forecast, operations support, human resources, information technology, and legal). If any field personnel or other CG employee does not dedicate 100% of their time to Ginkgo Timber Fund properties, then only an allocable share of the above costs relating to such employee is charged to Ginkgo Timber Fund.

The process of identifying and allocating field personnel and other CG employees to the Ginkgo Timber Fund portfolio involves a detailed review and analysis by CG's Managing Director of Operations, CFO, Regional Managers, and Portfolio Manager several times per year to ensure proper staffing and resources. CG typically takes a mathematical approach to develop baseline FTE allocations, which is driven largely by (1) total property acres, and (2) acres planned for harvest. Relevant factors taken into account in this approach include specific personnel requirements, (including field personnel and other CG employees), and planned property management activities, including but not limited to inventory, land use, GIS, harvesting activities, site prep, reforestation, road management, and land sales. Additional details with respect to the FTE allocation process and related calculations are available upon request. For additional information related to costs and expenses charged by CG or reimbursable costs and expenses, please see CG's Form ADV Part 2A Brochure.

Operating Expense Variance Report – Bascom Pacific Properties

For Period Ended September 30, 2021

	Annual			
	Forecast	Budget	Variance	
Volume				
91104 Volume - delivered log	39,812	39,288	524	1%
Total Volume (Mbf)	39,812	39,288	524	1% (1)
REVENUE				
Log & Stumpage Sales				
41101 Delivered log sales	24,859,857	21,841,481	3,018,376	14%
Total Log & Stumpage Sales	24,859,857	21,841,481	3,018,376	14% (1)
Other Income				
41201 Misc forest products income	55,162	32,000	23,162	72%
41205 Biomass revenue	15,868	10,000	5,868	59%
41208 Biosolids revenue	-	-	-	0%
41211 Rock/oil/gas income	705,606	861,030	(155,424)	(18%)
41214 Tower lease income	-	35,003	(35,003)	(100%)
41215 Road use income	2,342	1,003	1,339	133%
41251 Other oper income	934,674	262,500	672,174	256%
41252 Rental income	26,190	-	26,190	100%
41301 Inter income	94	-	94	100%
Total Other Income	1,739,936	1,201,536	538,400	45% (1)
TOTAL REVENUE	26,599,792	23,043,017	3,556,775	15%
EXPENSES & CAPITAL EXPENDITURES				
Logging & Hauling Cost				
51101 Harvesting expense - LMS	5,697,125	5,887,813	190,688	3%
51103 Hauling expense	3,057,433	3,168,892	111,459	4%
Total Logging & Hauling Cost	8,754,558	9,056,705	302,147	3% (1)
Cost of Sales				
51102 Harvesting expense - non LMS	36,750	36,750	-	0%
51107 Scale sort & handle	8,568	19,637	11,069	56%
51108 Survey expense	55,825	52,750	(3,075)	(6%)
51201 Pre-harvest cruising	62,136	65,074	2,938	5%
51204 Other harvesting expense	47,137	47,845	708	1%
51206 THP consulting	50,875	37,026	(13,849)	(37%)
51301 Severance tax	365,104	402,453	37,349	9%
51302 B&O tax expense	56,899	73,112	16,213	22%
Total Cost of Sales	683,295	734,647	51,353	7% (1)
Engineering & Equipment Expense				
61102 Environmental enhancement	7,998	7,998	-	0%
61103 Environmental survey	41,282	44,506	3,224	7%
61104 Environmental consulting	14,650	14,650	-	0%
61105 Fencing & gates maintenance	30,133	32,133	2,000	6%
61106 Fire equip repair & maintenance	1,836	1,836	-	0%
61107 Rental repairs & maintenance	449	449	-	0%
61108 Misc. repair & maintenance	3,849	3,599	(250)	(7%)
61109 Vehicle maintenance	15,790	16,940	1,150	7%
61110 Vehicle-fuel	28,649	27,780	(869)	(3%)
61111 Vehicle-leasing	46,237	47,268	1,031	2%
61114 Road maintenance	403,783	398,756	(5,027)	(1%)
61115 Road use expense	22,982	46,265	23,283	50%
61116 Roadside vegetation control	84,215	84,499	284	0%
Total Engineering & Equipment Expense	701,853	726,679	24,826	3% (1)
Forest Management Expense				
61202 Fire prevention	15,944	5,696	(10,248)	(180%)
61204 Inventory cruising expense	108,101	108,440	339	0%
61206 GIS costs	7,946	34,756	26,810	77%
61207 Planting audits	14,748	14,960	212	1%
61208 Stocking surveys	13,630	13,630	-	0%
61209 Other operating expense	36,509	37,905	1,396	4%
61212 Aerial Imagery	10,985	10,985	-	0%
61215 Rental expense	1,368	-	(1,368)	(100%)
61240 SFI	9,811	9,811	-	0%
61242 Carbon credit registration	18,430	5,000	(13,430)	(269%)
Total Forest Management Expense	237,472	241,183	3,711	2% (1)
Stand Treatment Expense				
61301 Insect/pest/disease control	23,101	23,101	-	0%
61302 Precommercial thinning	201,125	202,250	1,125	1%
61303 Release => 2 years	92,309	92,565	256	0%
61309 Research and development	1,000	1,000	-	0%
Total Stand Treatment Expense	317,535	318,916	1,381	0% (1)

Operating Expense Variance Report – Bascom Pacific Properties

For Period Ended September 30, 2021

	Annual			
	Forecast	Budget	Variance	
Administrative Expense				
71101 Appraisals	49,000	49,000	-	0% (1)
71107 Misc. bank charges	21,490	20,640	(850)	(4%) (2)
71109 Bonds & insurance	25,837	24,543	(1,294)	(5%) (2)
71111 Legal services	15,240	8,311	(6,929)	(83%) (2)
71116 Accounting services - Tax EL Base Fee	-	1,100	1,100	100% (1)
71117 Accounting services - Tax EL Hourly	1,874	-	(1,874)	(100%) (2)
71118 Accounting services - Tax Other	4,822	4,822	-	0% (1)
71123 CG ops support	59,105	60,493	1,388	2% (1)
71124 Land sales expenses	50,000	-	(50,000)	(100%) (4)
71126 Travel expenses	7,104	7,400	296	4% (1)
71127 Meals & entertainment	5,463	5,720	257	4% (1)
71128 Training/employee development	3,500	3,500	-	0% (1)
71131 Real estate tax	229,610	253,428	23,818	9% (1)
71132 Taxes licenses and fees	3,066	4,160	1,094	26% (1)
71136 Office rent	27,784	28,928	1,144	4% (1)
71137 Office supplies	14,210	11,400	(2,810)	(25%) (2)
71138 Computer supplies	78,197	60,558	(17,639)	(29%) (2)
71139 Other admin expenses	7,214	1,045	(6,169)	(590%) (2)
71140 Telephone/data	29,225	32,424	3,199	10% (1)
71141 Utilities	3,242	3,860	618	16% (1)
71201 Compensation expense	777,807	800,304	22,497	3% (1)
71202 Payroll - taxes, benefits, & insurance	71,920	77,706	5,786	7% (1)
Total Administrative Expense	1,485,709	1,459,342	(26,367)	(2%)
Other Expense				
72101 Advisor fee	1,156,818	1,156,800	(18)	(0%) (2)
82101 Income tax expense - cash payments	15,375	12,590	(2,785)	(22%) (2)
99998 Other portfolio expenses	54,799	54,799	-	0% (1)
Total Other Expense	1,226,992	1,224,189	(2,803)	(0%)
Engineering & Equipment Capital				
11351 Prepaid road costs	377,170	374,015	(3,155)	(1%) (2)
12105 Survey	76,488	76,000	(488)	(1%) (2)
12143 Roads	98,823	98,462	(361)	(0%) (2)
12303 Equipment	2,716	2,716	-	0% (1)
Total Engineering & Equipment Capital	555,196	551,193	(4,003)	(1%)
Forest Management Capital				
Total Forest Management Capital	-	-	-	0%
Stand Treatment Capital				
12137 Release < 2 years	55,668	74,069	18,401	25% (1)
Total Stand Treatment Capital	55,668	74,069	18,401	25%
Stand Establishment Capital				
12133 Site preparation-burning	49,200	49,200	-	0% (1)
12134 Site preparation-chemical	143,850	140,653	(3,197)	(2%) (2)
12135 Site preparation-mechanical	89,795	61,700	(28,095)	(46%) (5)
12136 Reforestation/regeneration	539,768	533,385	(6,383)	(1%) (2)
Total Stand Establishment Capital	822,613	784,938	(37,675)	(5%)
TOTAL EXPENSES & CAPITAL EXPENDITURES	14,840,892	15,171,861	330,970	2%
Proceeds From Land				
Total Proceeds From Land	-	-	-	0%
Proceeds From Other Sale				
42301 Proceeds - sale of equipment & other	6,500	-	6,500	100% (1)
Total Proceeds From Other Sale	6,500	-	6,500	100%
Net Proceeds From Involuntary Conversion				
Total Net Proceeds From Involuntary Conversion	-	-	-	0%
NET CASH FLOW	11,765,401	7,871,156	3,894,245	49%

Operating Expense Variance Report – Bascom Pacific Properties

Comments:

1. No variance or favorable variance.
2. Unfavorable variance within limits of the greater of \$25,000 or 10%.
3. Unfavorable variances of \$155,000 in Rock/Oil/Gas income and of \$35,000 in Tower lease income, which has been recorded to Rental income, are offset by a favorable variance of \$672,000 in Other operating income from the sale of carbon offset credits for the year. CG monetized the remainder of the verified carbon offsets at strong prices. Approximately 110,000 verified carbon units were sold in 2021 generating \$930,000 in net proceeds.
4. Unfavorable variance of \$50,000 in Land Sales expenses is primarily due to broker fees for the Black and Elk River auction, which was active in Q3 and still currently in process.
5. Unfavorable variance of \$28,000 in Site preparation-mechanical is due to treating additional carryover acres on the Pondosa property.

Operating Expense Variance Report – Bascom Southern Properties

For Period Ended September 30, 2021

	Forecast	Annual Budget	Variance		
Volume					
91102 Volume - 3rd party/PAC	239,674	282,740	(43,066)	(15%)	(8)
91104 Volume - delivered log	331,478	355,560	(24,082)	(7%)	(8)
Total Volume (Tons)	571,151	638,300	(67,149)	(11%)	(8)
REVENUE					
Log & Stumpage Sales					
41101 Delivered log sales	13,640,532	12,088,289	1,552,243	13%	(8)
41102 Purchased log sales	0	-	0	100%	(1)
41152 Timber sales - third party	1,983,809	2,565,657	(581,847)	(23%)	(8)
Total Log & Stumpage Sales	15,624,341	14,653,945	970,396	7%	
Other Income					
41201 Misc forest products income	30,000	30,000	-	0%	(1)
41213 Hunting lease income	1,475,383	1,446,000	29,383	2%	(1)
41214 Tower lease income	10,160	10,000	160	2%	(1)
41218 Surface damage revenue	-	500	(500)	(100%)	(2)
41251 Other oper income	14,525	-	14,525	100%	(1)
41252 Rental income	52,563	50,000	2,563	5%	(1)
41301 Inter income	68	-	68	100%	(1)
Total Other Income	1,582,698	1,536,500	46,198	3%	
TOTAL REVENUE	17,207,039	16,190,445	1,016,594	6%	
EXPENSES & CAPITAL EXPENDITURES					
Logging & Hauling Cost					
51101 Harvesting expense - LMS	3,286,615	3,518,049	231,434	7%	(1)
51103 Hauling expense	2,192,416	2,285,537	93,121	4%	(1)
Total Logging & Hauling Cost	5,479,031	5,803,586	324,555	6%	
Cost of Sales					
51108 Survey expense	7,500	12,000	4,500	38%	(1)
51201 Pre-harvest cruising	3,464	3,464	-	0%	(1)
51204 Other harvesting expense	13,437	11,047	(2,390)	(22%)	(2)
51503 Timber lease site prep - chem	0	-	(0)	(100%)	(2)
51520 Timber lease expense	140,466	140,466	-	0%	(1)
Total Cost of Sales	164,867	166,977	2,110	1%	
Engineering & Equipment Expense					
61102 Environmental enhancement	8,331	9,831	1,500	15%	(1)
61104 Environmental consulting	466	-	(466)	(100%)	(2)
61105 Fencing & gates maintenance	4,657	4,657	-	0%	(1)
61108 Misc. repair & maintenance	10,136	10,133	(3)	(0%)	(2)
61109 Vehicle maintenance	11,590	15,340	3,750	24%	(1)
61110 Vehicle-fuel	27,465	28,140	675	2%	(1)
61111 Vehicle-leasing	52,401	62,964	10,563	17%	(1)
61112 Auto allowance	157	-	(157)	(100%)	(2)
61114 Road maintenance	325,897	335,830	9,933	3%	(1)
61115 Road use expense	2,000	2,000	-	0%	(1)
61116 Roadside vegetation control	-	16,500	16,500	100%	(1)
Total Engineering & Equipment Expense	443,091	485,395	42,304	9%	
Forest Management Expense					
61202 Fire prevention	-	7,000	7,000	100%	(1)
61204 Inventory cruising expense	93,262	91,909	(1,353)	(1%)	(2)
61206 GIS costs	39,940	93,512	53,572	57%	(1)
61208 Stocking surveys	11,470	11,470	-	0%	(1)
61209 Other operating expense	7,323	7,323	-	0%	(1)
61210 Inventory auditing	9,235	9,235	-	0%	(1)
61212 Aerial Imagery	16,805	16,805	-	0%	(1)
61240 SFI	13,735	13,735	-	0%	(1)
Total Forest Management Expense	191,771	250,989	59,218	24%	
Stand Treatment Expense					
61301 Insect/pest/disease control	5,500	5,500	-	0%	(1)
61302 Precommercial thinning	89,612	60,420	(29,192)	(48%)	(3)
61303 Release => 2 years	151,000	151,300	300	0%	(1)
61304 Invasive species control	11,692	11,440	(252)	(2%)	(2)
61306 Fertilization-juvenile	158,921	171,570	12,649	7%	(1)
61307 Fertilization-mid-rotation	443,837	457,100	13,263	3%	(1)
Total Stand Treatment Expense	860,562	857,330	(3,232)	(0%)	

Operating Expense Variance Report – Bascom Southern Properties

For Period Ended September 30, 2021

	Annual			
	Forecast	Budget	Variance	
Administrative Expense				
71101 Appraisals	50,500	50,500	-	0% (1)
71107 Misc. bank charges	152	-	(152)	(100%) (2)
71109 Bonds & insurance	111,637	70,002	(41,635)	(59%) (4)
71111 Legal services	21,597	12,672	(8,925)	(70%) (2)
71116 Accounting services - Tax EL Base Fee	-	1,101	1,101	100% (1)
71117 Accounting services - Tax EL Hourly	1,077	-	(1,077)	(100%) (2)
71118 Accounting services - Tax Other	1,521	1,521	-	0% (1)
71123 CG ops support	124,706	124,706	-	0% (1)
71124 Land sales expenses	81,200	-	(81,200)	(100%) (5)
71126 Travel expenses	15,600	15,600	-	0% (1)
71127 Meals & entertainment	5,696	7,000	1,304	19% (1)
71128 Training/employee development	1,575	1,575	-	0% (1)
71131 Real estate tax	732,439	725,592	(6,847)	(1%) (2)
71132 Taxes licenses and fees	2,861	2,500	(361)	(14%) (2)
71136 Office rent	25,977	22,824	(3,153)	(14%) (2)
71137 Office supplies	7,992	13,500	5,509	41% (1)
71138 Computer supplies	134,249	128,856	(5,393)	(4%) (2)
71139 Other admin expenses	2,035	2,035	-	0% (1)
71140 Telephone/data	56,840	35,568	(21,272)	(60%) (2)
71141 Utilities	7,679	7,800	121	2% (1)
71201 Compensation expense	916,548	978,148	61,600	6% (1)
71202 Payroll - taxes, benefits, & insurance	200,622	221,624	21,002	9% (1)
Total Administrative Expense	2,502,500	2,423,124	(79,376)	(3%)
Other Expense				
72101 Advisor fee	1,207,454	1,207,464	10	0% (1)
82101 Income tax expense - cash payments	29,000	5,000	(24,000)	(480%) (2)
99998 Other portfolio expenses	57,201	57,201	0	0% (1)
Total Other Expense	1,293,655	1,269,665	(23,990)	(2%)
Engineering & Equipment Capital				
12105 Survey	25,113	28,025	2,912	10% (1)
12143 Roads	8,000	8,000	-	0% (1)
Total Engineering & Equipment Capital	33,113	36,025	2,912	8%
Forest Management Capital				
Total Forest Management Capital	-	-	-	0%
Stand Treatment Capital				
12137 Release < 2 years	3,350	2,400	(950)	(40%) (2)
Total Stand Treatment Capital	3,350	2,400	(950)	(40%)
Stand Establishment Capital				
12133 Site preparation-burning	-	9,000	9,000	100% (1)
12134 Site preparation-chemical	299,554	310,022	10,468	3% (1)
12135 Site preparation-mechanical	448,950	401,000	(47,950)	(12%) (6)
12136 Reforestation/regeneration	443,775	466,744	22,969	5% (1)
Total Stand Establishment Capital	1,192,279	1,186,766	(5,513)	(0%)
TOTAL EXPENSES & CAPITAL EXPENDITURES	12,164,219	12,482,257	318,038	3%
Proceeds From Land				
42101 Proceeds - sale of timber/timberland	-	10,000,000	(10,000,000)	(100%) (7)
Total Proceeds From Land	-	10,000,000	(10,000,000)	(100%)
Proceeds From Other Sale				
Total Proceeds From Other Sale	-	-	-	0%
Net Proceeds From Involuntary Conversion				
Total Net Proceeds From Involuntary Conversion	-	-	-	0%
NET CASH FLOW	5,042,821	13,708,188	(8,665,367)	(63%)

Operating Expense Variance Report – Bascom Southern Properties

Comments:

1. No variance or favorable variance.
2. Unfavorable variance within limits of the greater of \$25,000 or 10%.
3. Unfavorable variance of \$29,000 in Precommercial thinning is due to treating additional acres. This variance is offset with Fertilization-juvenile and Fertilization-mid-rotation cost savings.
4. Unfavorable variance of \$42,000 in Bond & Insurance is due to the increased insurance premiums.
5. Unfavorable variance of \$81,000 in Land Sales expenses is primarily due to broker fees for the Natchez Timberlands offering, which was listed and ended in a no sale in early Q3.
6. Unfavorable variance of \$48,000 in Site preparation-mechanical is due to treating additional acres that were carried over from last year. This variance is partially offset by favorable Stand Establishment Capital expenditures in other categories (reforestation, site preparation-chemical).
7. Unfavorable variance of \$10.0 million in proceeds from land sales is due to not closing on any land sales for the year. The Natchez Timberlands offering was brought to market during the second quarter in an open, single-round bid process through LandVest. The process was very active with eight parties ultimately submitting bids. After presenting the results to the Treasurer of North Carolina, the process concluded in a no sale.
8. Unfavorable variance in Volume of 67,000 tons is due to extremely wet weather impeding our access to harvest units. Despite not being able to access a portion of planned harvest units for the year, Log and Stumpage sales are forecast to be \$970,000 favorable for the year.

Legal Notices and Disclaimers

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The ability to profitably harvest timber is affected by the volatile nature of timber prices. The demand for, and supply of, standing timber have been, and are expected to be, subject to cyclical adjustments and other fluctuations, which often result in significant variations in timber prices. The demand for certain timber is primarily affected by the level of new residential construction activity and, to a lesser extent, home repair, remodeling activity, and other industrial uses of wood fiber, which are subject to fluctuations due to changes in economic conditions, interest rates, population growth, weather conditions, and other factors. Reductions in residential construction activity and other events impact the demand for standing timber. Timber prices are also affected by changes in timber availability at the local and national levels, increases in timber supply, and any increase in the use of alternative building materials, such as steel and plastics, by industries that historically use wood for construction projects. Historically, increases in timber prices have often resulted in substantial increases in harvesting on private timberlands, including lands not previously made available for commercial timber operations, causing a short-term increase in supply that has tended to moderate price increases. In addition, any substantial increase in sales of timber from publicly owned lands could significantly reduce timber prices, which could have a material adverse effect on a timber investor.