HARVESTING REPORT
May 2021

BAYVIEW FOREST

Setting 28 at the end of Arnot Road, extraction with Madill swing yarder.

Clearfell Harvesting Report – Bayview – May 2021

Summary

- Gross revenue for the month is **$468,791.27**
- Costs for the month are **$177,552.93**
- Net income for the month is **$291,238.34**
- Tonnes harvested for the month is **2,827.99**
- Net income per tonne for the month is **$102.98**
- Area cleared for the month is **5.2** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$21,126,205.99**
- Project costs to date are **$11,315,872.35**
- Project net income to date is **$9,810,333.63**
- Tonnes harvested to date is **160,249.93**
- Net income per tonne to date is **$61.22**
- Recoverable volume per hectare to date is **681.3** tonnes
- Net income per hectare to date is **$41,710.60**
- Total forest area is **286.5** hectares, approximate hectares cleared to date is **235.2** hectares.

  The total forest area reflects all net stocked areas regardless of age class or previous roadline volumes.

NB: Measured harvest areas are estimated monthly and reconciled with satellite imagery prior to valuations, they are subject to change and should be used as a guide only.

Revenue

Log Sales

Gross income for the month was **$468,791.27** with an average sale price over all grades of **$165.77** per tonne**.**

Log Markets

May 2021 - Log Markets, Hawkes Bay

The May export prices have lifted $4.57/Jas m^3 on average. The increase has mainly benefited the sawlog log grades.

Radiata log inventories on the main Chinese ports we monitor have fallen further to 3.68Mm^3, with daily offtake recovering towards the 80Km^3 per day range following the May Day holidays. The inventory supply and demand equation continues to support US$ CFR pricing at current record levels.

Chinese demand is forecast to remain positive. Construction activity generally slows down in China as they enter the hot season months, June to August. This will be partially offset by reduced harvest volumes during the New Zealand winter. This is not expected to result in any significant inventory build over this period. Customers for New Zealand logs are pushing for more cargo as New Zealand is seen as the most reliable major softwood supply region.

While the heat may be taken out of the log market there is unlikely to be a crash in log prices as supply is still constrained and this will keep upward pressure on CFR pricing. There is unlikely to be an increase in log supply from Europe until more containers become available. North America is in a building boom and has its own shortage of logs and sawn timber. In the short to medium term, there is little chance of supply relief from Australia following their recent withdrawal from the Belt and Road deal with China.

The State Council (China's cabinet) announced in May that it would monitor changes in overseas and domestic markets and will step up coordination between monetary and other policies to maintain stable economic operations. This has been due to concerns of excessive speculation in commodity markets, mainly iron ore.

Ocean freight rates to China have climbed to over US$50 from most ports. The Chinese government's announcement that it will take as yet unspecified measures to reduce the heat in the commodities market may reduce shipping demand, however, there is still strong demand for bulk shipping of non-commodity items that were previously shipped in containers.

The NZD has bounced around in the 0.712 – 0.73 range during May and continues to hinder gains to New Zealand forest owner from increased CFR log prices in China.

Domestic pruned log prices have lifted $12 this quarter due to strong AWG export pricing and factoring in the winter effects on Jas conversion.

Grade Recovery

Grade out turn for May is as follows:

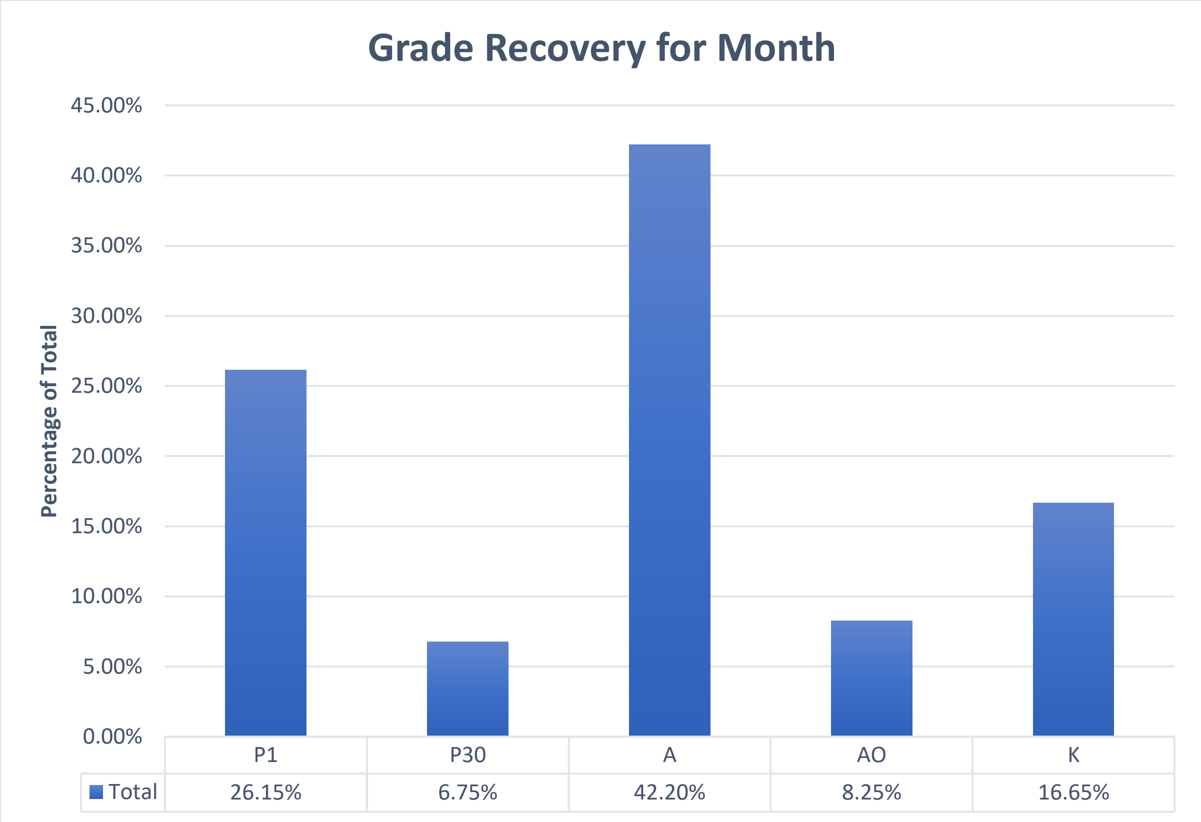


Chart 1: Grade Recovery for Month

Pruned recovery for May comprised 33% of overall sales volume, 7% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 67% of the total production volume.

There had been no binwood uplifted but this will occur in June as the crew finishes this setting.

Expenditure

Harvesting

The total logging cost for the month was **$107,463.62**, an average of **$38.00** per tonne.

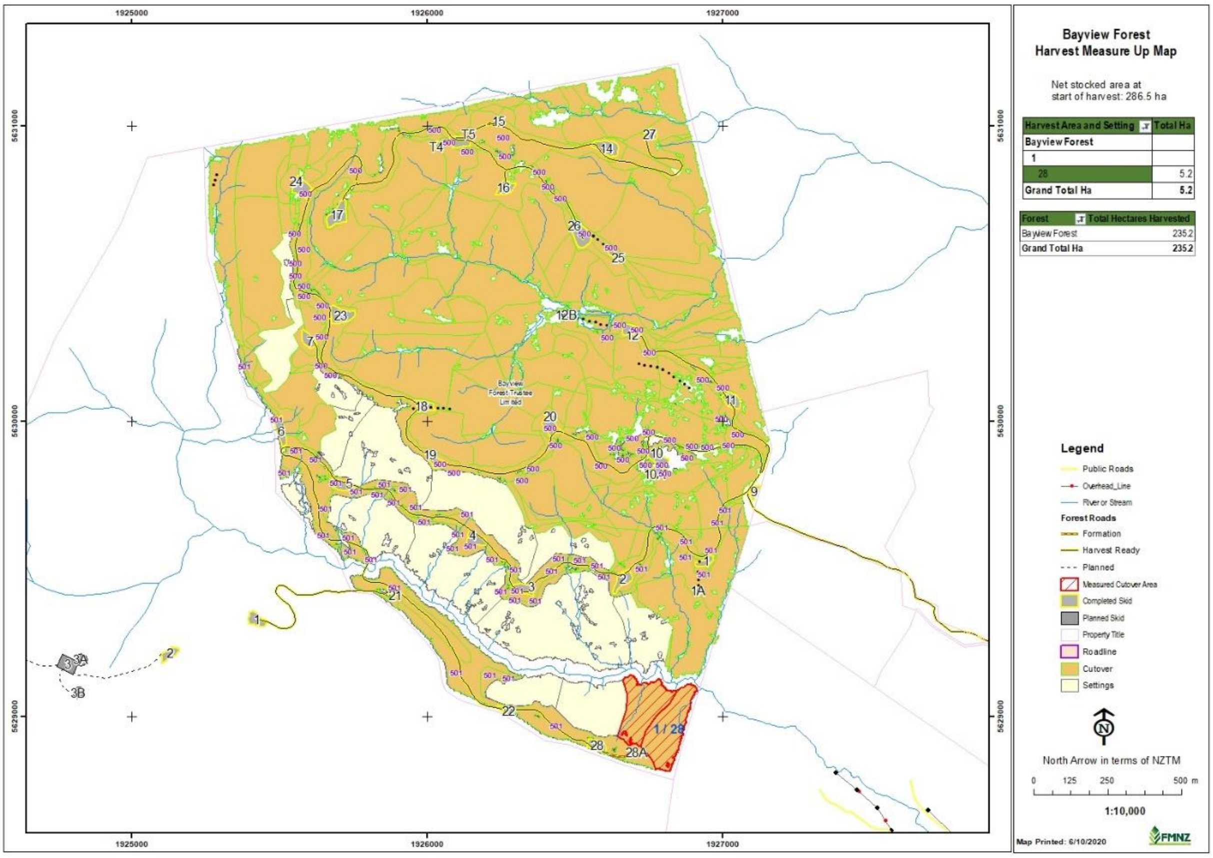
Harvest expenditure for the month is summarised below in Table 1:

LOGGING COSTS	TONNES	TOTAL
May		$107,463.62
	2,827.99	**$107,463.62**

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
May	Establishment	$5,647.00
		$5,647.00

Table 2: Additional Logging Costs



Pic 1: Progress Map

Harvesting during May commenced at the end of Arnot Road at Setting 28.

Planned Activities for June 2021

Harvesting will complete the settings on Arnot Road, Settings 28 and 22. The crew will then move to Setting 2 on Holden Road and work their way towards the end of Holden Road so that the operation clears the settings, working inwards to allow the best opportunity to maintain a dry road through the winter months.

Cartage

Cartage is managed by Harvest Logistics Ltd, who organise the despatch and supply of log trucks into the forest.

The total cartage expense for the month was **$36,248.65** which is an average unit rate of **$12.82** per tonne.

Cartage expenditure for the month is summarised below in Table 3:

CARTAGE COSTS		TOTAL
May	Cartage - Truck	$36,248.65
	Weighbridge	$784.26
	Trailer Lifting	$6.00
		$37,038.91

Table 3: Cartage Costs

The average cart rate for May inclusive of weighbridge and trailer lifting fees are **$13.10** per tonne.

Trailer lifting is the costs for using the public gantry as there was loads delivered outside of the standard trailer lifting provided by the port.

Engineering

ENGINEERING		RL	CF	TOTAL
May	Stockpile Works		$165.00	$165.00
	Establishment - Engineering		$807.50	$807.50
	Grass Seeding		$367.50	$367.50
	Loadout Bay Construction	$1,132.50		$1,132.50
	Other		$412.50	$412.50
	R&M - Road Maintenance		$1,500.00	$1,500.00
	Rehab		$1,785.00	$1,785.00
	Rehab - Skids/Pads		$1,485.00	$1,485.00
		$1,132.50	**$6,522.50**	**$7,655.00**

Table 4: Engineering Costs

Engineering work completed in May was associated with preparation of loadout bays for harvest on Landings 22 and 28. Some maintenance work was also required on Arnot Road to facilitate harvest of these settings.

Net Revenue

Net revenue for the project to date excluding GST is shown in Table 5 below:

MONTH	NET MONTH	NET PROJECT
May	**$291,238.34**	**$9,810,333.63**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$102.98** per tonne, or **$56,007.37** per hectare.

Fees and Levies

Management fees and FGC levies are summarised in Table 6 below:

FEES & LEVIES		TOTAL
May	Management	$18,751.65
	FGC levy	$915.31
		$19,666.96

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
May	Consumables	$81.44
		$81.44

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during May and for the purchase of Envirosan used to treat the ends of pruned export logs.

Health and Safety

One property damage incident was reported in the forest during May.

It was noticed there was damage to the driver's side, rear guard of a Ford Ranger work vehicle, while parked in the work area. The incident was not witnessed. It was concluded that the damage was most likely caused by a logging truck's tail swinging round and hitting the ute.

Environmental

There was no site-specific environmental planning or monitoring undertaken during May.

Financial Performance

The graph below shows the actual project results compared with the forecast budget.

The orange cumulative line measures actual performance against the forecast budget.

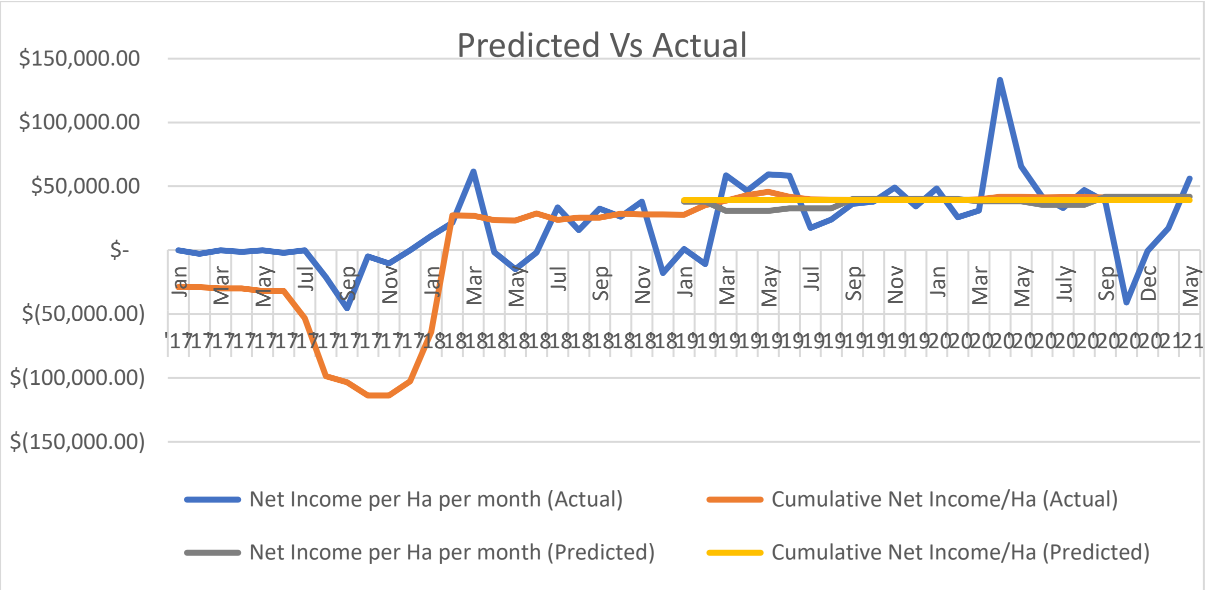


Chart 2: Actual vs Predicted

Net return per tonne to date is **$61.22**, forecast was $60.76.

Gross return per tonne to date is **$131.82**, forecast was $123.57.

Net return per hectare to date is **$41,710.6**, forecast was $39,198.21.

Kind Regards

Paul Rouppe van der Voort
Harvest Manager

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

FMNZ

Bayview Forest Partnership 01/05/2021 to 31/05/2021

Paid to bank account # 02-0792-0001377-000 GST # 59-186-078

SALES					
Type	**Grade**	**Tonnes**	**Jas (m3)**	**Sales Price**	**Gross Revenue ($)**
Domestic					
Pruned Dom		31.16		$204.50	$6,372.22
Pruned Dom	P1 4.9	708.38		$202.00	$143,092.76
TOTAL DOMESTIC SALES		**739.54**			**$149,464.98**

Export					
Pruned Exp	P30 3.9	0.00	217.580	$170.00	$36,988.60
A40	AO 3.8	0.00	218.333	$158.00	$34,496.61
A30	A 3.8	0.00	133.280	$155.00	$20,658.40
A30	A 5.8	0.00	132.160	$157.00	$20,749.12
A30	A 5.8	0.00	899.850	$158.00	$142,176.30
K	K 3.8	0.00	113.405	$147.00	$16,670.53
K	K 3.8	0.00	17.555	$148.00	$2,598.14
K	K 5.8	0.00	301.769	$149.00	$44,963.58
TOTAL EXPORT SALES		**0.00**	**2,033.932**		**$319,301.28**

Export Pulp					
Export Pulp	KIS 5.8	0.00	0.188	$133.00	$25.00
TOTAL EXPORT PULP SALES		**0.00**	**0.188**		**$25.00**
TOTAL		**739.54**	**2,034.120**		**$468,791.26**

FEES	
FMNZ Management Fee @ %	$18,751.65
TOTAL FEES	**$18,751.65**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$915.30
TOTAL LEVIES	**$915.30**
COSTS	
Harvesting	$107,463.62
Cartage	$36,248.65
Weighbridge	$784.26
Consumables	$81.44
Establishment	$6,454.50

Appendix 1 Harvesting Financial Summary (Continued)

Grass Seeding	$367.50
Loadout Bay: Construction	$1,132.50
Other	$412.50
Post Harvest Rehab	$1,785.00
R&M - Road Maintenance	$1,500.00
Rehab - Skids/Pads	$1,485.00
Stockpile Works	$165.00
Trailer Lifting	$6.00
TOTAL COSTS	**$157,885.97**
TOTAL FEES, LEVIES & COSTS	**$177,552.92**

NET INCOME	**$291,238.34**
GST	**$43,685.75**
NET INCOME (INCLUDING GST)	**$334,924.09**

Photo 1: Pruned export ready for loadout.

Photo 2: Making a start on Setting 28.

Photo 3: Logging truck on the way to load up at Landing 28.

Photos 4 & 5: Swing yarder working in Setting 28.

Photo 6: Loading up truck on Landing 28.

BAYVIEW

	Descriptions	Nov 16 - Feb 17	Mar 17 - Feb 18	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 -Feb 21	Apr 21	May 21	Net Income
Income	Log Sales		$59,390.87	$2,925,114.64	$12,262,989.57	$5,391,059.49		$468,791.27	$21,107,345.84
	Other Income						$16,965.00		$16,965.00
	Royalty						$1,895.15		$1,895.15
Income Total			**$59,390.87**	**$2,925,114.64**	**$12,262,989.57**	**$5,391,059.49**	**$18,860.15**	**$468,791.27**	**$21,126,205.99**
Engineering	Corduroy			-$1,815.00					-$1,815.00
	Culvert Installation			-$24,265.00	-$22,662.50	-$2,930.00			-$49,857.50
	Culverts		-$3,637.64	-$22,392.18	-$35,745.38	-$12,971.36			-$74,746.56
	Culverts - Freight				-$623.00				-$623.00
	Entranceway - Seal			-$299.26					-$299.26
	Establishment - Engineering		-$1,561.00	-$3,137.50	-$10,687.50	-$5,350.00		-$807.50	-$21,543.50
	Fluming			-$5,214.07	-$13,461.31	-$3,339.93			-$22,015.31
	Grass Seeding				-$4,619.53	-$2,032.62		-$367.50	-$7,019.65
	Landings		-$2,750.16	-$208,740.00	-$134,057.50	-$54,797.50			-$400,345.16
	Loader Hire				-$960.00	-$4,275.00			-$5,235.00
	Loadout Bay Construction				-$1,600.00			-$1,132.50	-$2,732.50
	Loadout Bay Metal				-$660.00	-$1,470.00			-$2,130.00
	Metal - Winning			-$5,572.50		-$19,545.00			-$25,117.50
	Metal Lime		-$18,815.50		-$41,368.04				-$60,183.54
	Metal Rock		-$119.70	-$32,394.06	-$49,118.13	-$49,549.61			-$131,181.50
	Other			-$1,797.50		-$1,475.00		-$412.50	-$3,685.00
	Pads				-$3,830.00	-$8,520.00			-$12,350.00
	Pavement			-$47,108.75	-$19,470.00	-$23,660.00			-$90,238.75
	Polycom			-$89.49					-$89.49
	R&M			-$31,177.50	-$28,650.00	-$23,862.50			-$83,690.00
	R&M - Culverts Maintenance					-$232.50			-$232.50
	R&M - Event Cleanup					-$1,320.00			-$1,320.00
	R&M - Metal					-$5,046.35			-$5,046.35
	R&M - Road Maintenance					-$1,500.00		-$1,500.00	-$3,000.00
	Rehab			-$2,970.00	-$60,462.50	-$44,340.00		-$1,785.00	-$109,557.50
	Rehab - Drainage			-$877.50	-$195.00				-$1,072.50
	Rehab - Environmental			-$80.19					-$80.19
	Rehab - Skids/Pads					-$1,515.00		-$1,485.00	-$3,000.00
	Road Formation		-$41,237.07	-$272,141.11	-$375,725.00	-$74,607.50			-$763,710.68
	Sediment Control				-$2,030.24	-$189.52			-$2,219.76
	Spread from stockpile			-$63,977.50	-$51,640.00	-$44,850.00			-$160,467.50
	Temp Landings			-$16,075.00					-$16,075.00
	Trucks - Cart & Dump			-$6,115.00	-$27,176.00	-$22,996.00			-$56,287.00
	Trucks - Cart & Spread		-$12,055.00	-$16,165.00	-$7,710.00	-$8,220.00			-$44,150.00
	Upgrade Roads	-$26,051.84	-$465.00						-$26,516.84
	Stockpile Works					-$9,870.00		-$165.00	-$10,035.00
Engineering Total		**-$26,051.84**	**-$80,641.07**	**-$762,404.11**	**-$892,451.63**	**-$428,465.39**		**-$7,655.00**	**-$2,197,669.04**
Harvesting	Cartage - Trans Shipping				-$638.00	-$1,412.50			-$2,050.50
	Cartage - Truck		-$4,446.52	-$248,962.78	-$1,185,146.82	-$511,692.76		-$36,248.66	-$1,986,497.54
	Establishment - harvesting		-$1,067.50	-$7,200.00	-$13,512.50	-$3,782.50		-$5,647.00	-$31,209.50
	Logging		-$15,615.60	-$811,545.86	-$3,615,043.04	-$1,549,011.72		-$107,463.62	-$6,098,679.84
	Logging - Hourly					-$1,109.75			-$1,109.75
	Tracking				-$14,052.50	-$21,235.00			-$35,287.50
	Weighbridge		-$136.43	-$6,999.81	-$29,174.82	-$12,609.75		-$784.26	-$49,705.06
	Trailer Lifting							-$6.00	-$6.00
Harvesting Total			**-$21,266.04**	**-$1,074,708.45**	**-$4,857,567.68**	**-$2,100,853.98**		**-$150,149.53**	**-$8,204,545.69**
Fees	FGC levy		-$105.56	-$5,433.69	-$25,300.81	-$11,043.17		-$915.31	-$42,798.53
	Management		-$2,375.63	-$117,004.55	-$490,519.58	-$215,642.38		-$18,751.65	-$844,293.80
Fees Total			**-$2,481.20**	**-$122,438.24**	**-$515,820.39**	**-$226,685.54**		**-$19,666.96**	**-$887,092.33**
Miscellaneous	Consultancy Fees	-$2,737.00	-$3,165.46		-$1,492.71				-$7,395.17
	Consumables		-$14.51	-$617.45	-$2,008.34	-$1,655.06		-$81.44	-$4,376.80
	Environmental Monitoring					-$350.00	-$1,352.13		-$1,702.13
	Other			-$4,413.48	-$1,071.55	-$99.09			-$5,584.12
	Security			-$166.95	-$6,297.21				-$6,464.16
	Traffic Management				-$842.91	-$40.00	-$160.00		-$1,042.91
Miscellaneous Total		**-$2,737.00**	**-$3,179.97**	**-$5,197.88**	**-$11,712.72**	**-$2,144.15**	**-$1,512.13**	**-$81.44**	**-$26,565.29**
Net Income		**-$28,788.84**	**-$48,177.41**	**$960,365.96**	**$5,985,437.15**	**$2,632,910.42**	**$17,348.02**	**$291,238.34**	**$9,810,333.63**