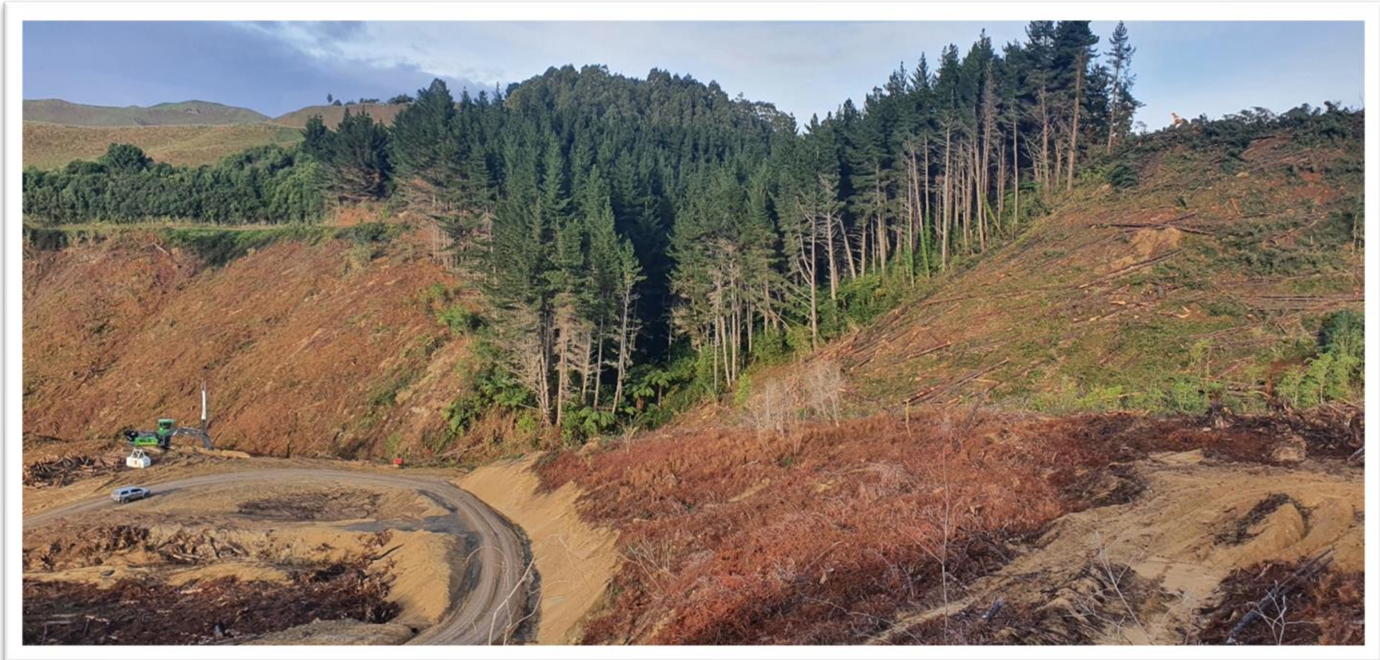
HARVESTING REPORT
May 2021

QUAIL RIDGE FOREST



Harvesting at Landing 88, extracting from the lifestyle block boundary with Putere Road in the background.

Clearfell Harvesting Report – Quail Ridge – May 2021

Summary

- Gross revenue for the month is **$1,177,479.27**
- Costs for the month are **$673,434.24**
- Net income for the month is **$504,045.03**
- Tonnes harvested for the month is **7,387.93**
- Net income per tonne for the month is **$68.23**
- Area cleared for the month is **9.6** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$8,644,063.61**
- Project costs to date are **$6,242,496.11**
- Project net income to date is **$2,401,567.50**
- Tonnes harvested to date is **58,358.58**
- Net income per tonne to date is **$41.15**
- Recoverable volume per hectare to date is **753** tonnes
- Net income per hectare to date is **$30,987.97**
- Total forest area is **225.4** hectares, approximate hectares cleared to date is **77.5** 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 **$1,177,479.27** with an average sale price over all grades of **$159.38** 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:

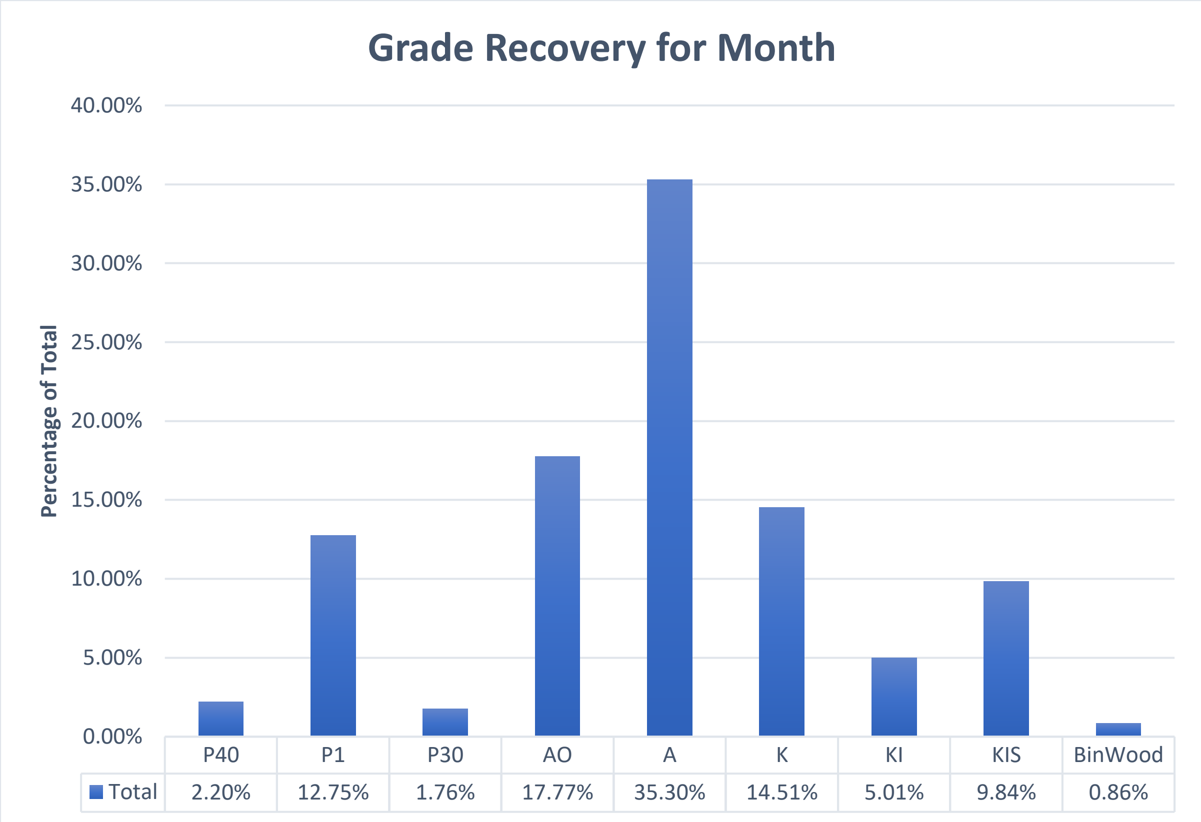


Chart 1: Grade Recovery for Month

Pruned recovery comprised 17% of total production in May, 13% of which was sold as domestic pruned (P1) grade.

High quality export (AO, A and K grades) accounted for 68% of total volume with lower quality export logs (KI and KIS grades) totalling 15%.

Less than 1% was sold as binwood.

Expenditure

Harvesting

The total logging cost for the month was **$300,804.71**, an average of **$40.72** per tonne.

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

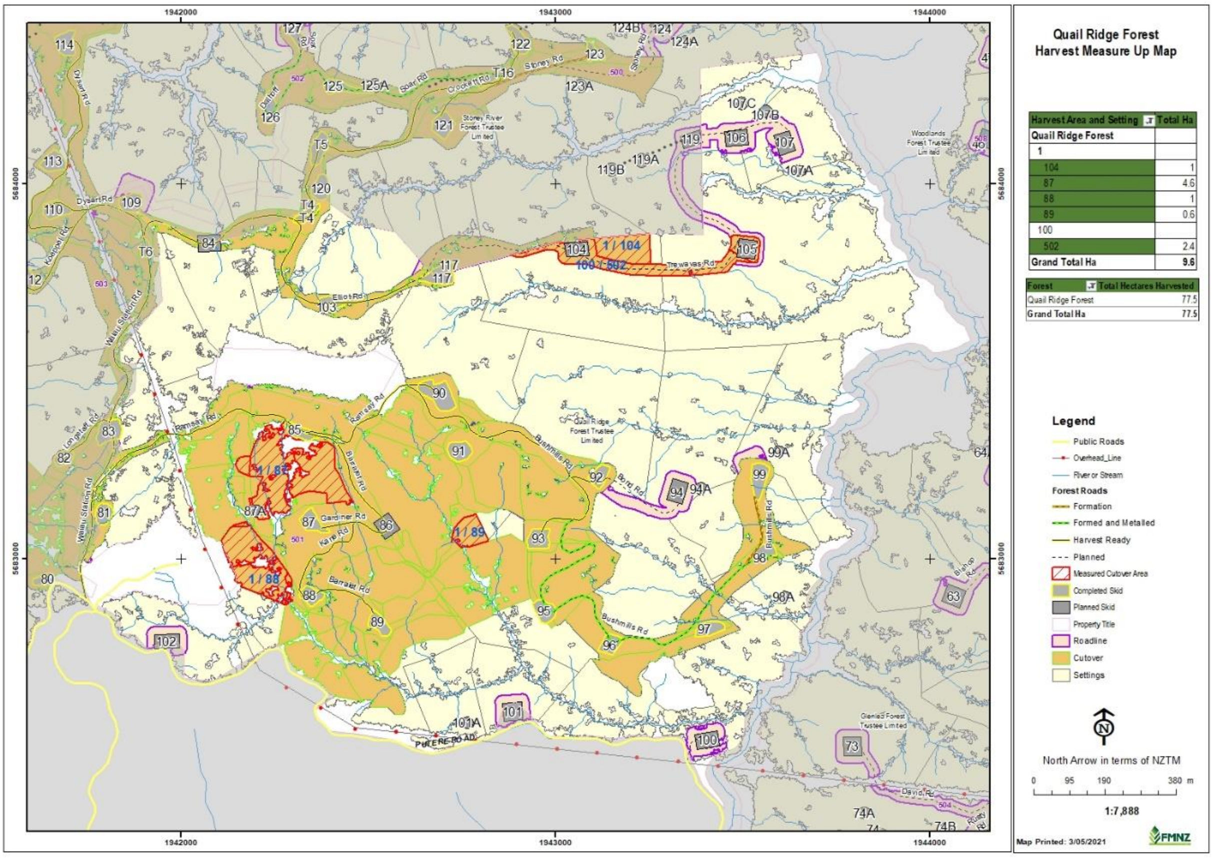
LOGGING COSTS	TONNES	TOTAL
May		$300,804.71
	7,387.93	**$300,804.71**

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
May	Tracking	$1,575.00
		$1,575.00

Table 2: Additional Logging Costs

Tracking was an additional logging cost to gain access for the backline machine along the lifestyle block boundary.



Pic 1: Progress Map

Harvesting during May was at the bottom of Barralet Road at Landing 87 and on Kane Road at Landing 88. At the end of May the crew moved to Landing 90 on Bushmills Road

Roadline salvage occurred at the end of Elliot Road.

Planned Activities for June 2021

Continue to clearfell harvest at Landing 90.

While the winter conditions allow we plan to continue the roadline salvage on Elliot Road but may have to change to wintering felling at the end of Bushmills Road. This change is weather dependent.

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 **$222,144.31** which is an average unit rate of **$30.07** per tonne.

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

CARTAGE COSTS		TOTAL
May	Cartage - Truck	$222,144.31
	Weighbridge	$2,484.34
	Trailer Lifting	$24.00
		$224,652.65

Table 3: Cartage Costs

The average cart rate for May inclusive of weighbridge fees and trailer lifting is **$30.41** per tonne.

Trailer lifting costs are for the times when reloading of trailers was required out of hours of the port supplied facilities.

Engineering

ENGINEERING		RL	CF	TOTAL
May	Grass Seeding	$380.00		$380.00
	Culvert Installation	$175.00		$175.00
	Establishment - Engineering	$720.00		$720.00
	Loadout Bay Construction	$25.20		$25.20
	Culverts - Freight	$105.00		$105.00
	Fluming	$253.42		$253.42
	Landings	$17,381.70		$17,381.70
	Metal Rock	$17,768.20		$17,768.20
	Pavement	$2,069.73		$2,069.73
	R&M	$1,608.00		$1,608.00
	R&M - Culverts Maintenance	$100.00		$100.00
	R&M - Road Maintenance	$1,487.16	$48.00	$1,535.16
	Rehab	$2,186.00	$40.87	$2,226.87
	Road Formation	$20,611.50		$20,611.50
	Spread from stockpile	$3,539.40		$3,539.40
	Stockpile Works	$3,564.15		$3,564.15
	Trucks - Cart & Dump	$24,480.00		$24,480.00
		$96,454.46	**$88.87**	**$96,543.33**

Table 4: Engineering Costs

The bulk of earthworks completed in May was construction on Trewavas Road which is a shared road. Some maintenance work was also completed on Bushmills Road. There is further rehabilitation work required on Bushmills Road to enable clearfell of the next settings. This work is expected to take place in June.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
May	**$504,045.03**	**$2,401,567.49**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$68.23** per tonne, or **$52,504.69** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
May	Management	$47,099.17
	FGC levy	$2,457.88
		$49,557.05

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
May	Consumables	$206.51
	Other	$95.00
		$301.51

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.

Other costs are for the proportional costs of operating the forest digital radio network.

Health and Safety

There were no health and safety incidents reported in the forest during May.

A harvest crew (not involved with Quail Ridge Forest) travelling home on Putere Road in a light vehicle collided with another light vehicle travelling the other way. This was partly due to poor visibility, a blind corner close to the Waiau Station Road entrance and a very narrow section of the road. Neither driver assumed responsibility for the incident with both claiming the other crossed the centre line. A post incident drug test confirmed the driver was negative for illegal substances.

A meeting was held on 8th June with the Putere community, Wairoa District Council, NZ Police, harvest crews and cartage operators to discuss road use incidences, many of which are affecting the community. Solutions were discussed and a working group for ongoing improvements established.

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.

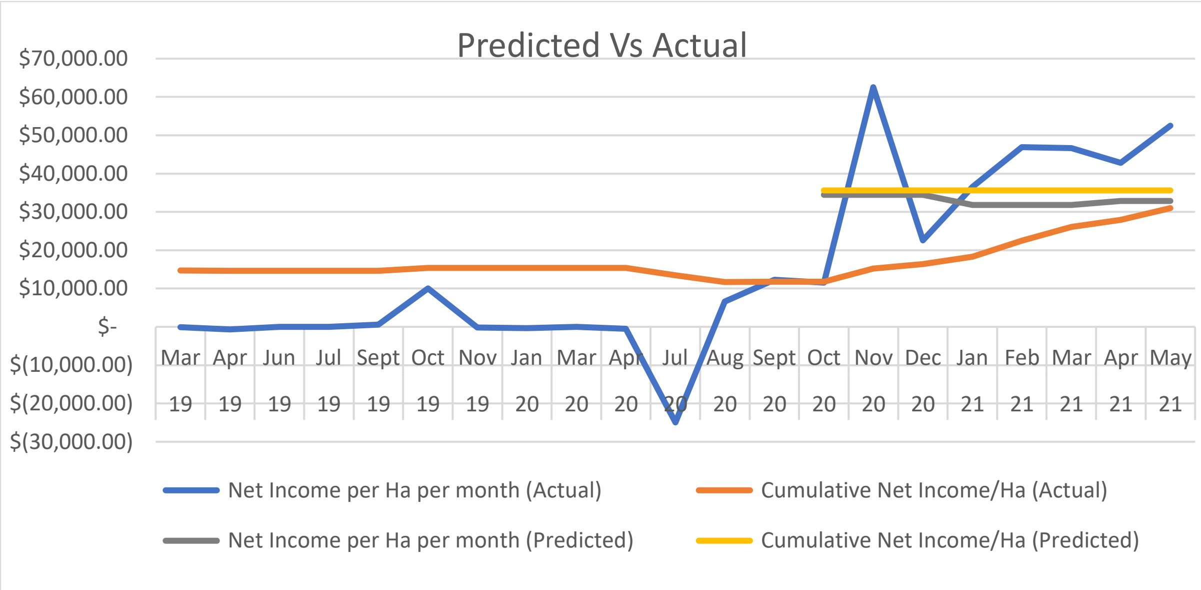


Chart 2: Actual vs Predicted

Net return per tonne to date is **$41.15**, forecast was $45.50.

Gross return per tonne to date is **148.12**, forecast was $134.92.

Net return per hectare to date is **$30,987.97**, forecast was $35,617.00.

Kind Regards

Paul Rouppe van der Voort
Harvest Manager

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

Quail Ridge Forest Partnership 01/05/2021 to 31/05/2021

Paid to bank account # 02-0792-0001510-000 GST # 61-378-677

Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
SALES					
Binwood					
Pulp		63.82		$45.50	$2,903.81
TOTAL BINWOOD SALES		**63.82**			**$2,903.81**
Domestic					
Pruned Dom		226.88		$204.50	$46,396.96
Pruned Dom	P1 4.9	105.29		$192.50	$20,268.32
Pruned Dom	P1 4.9	609.68		$202.00	$123,155.36
TOTAL DOMESTIC SALES		**941.85**			**$189,820.64**
Export					
Pruned Exp	P40 3.9	0.00	84.082	$195.00	$16,395.99
Pruned Exp	P40 5.9	0.00	80.564	$200.00	$16,112.80
Pruned Exp	P30 3.9	0.00	140.138	$170.00	$23,823.46
A40	AO 3.8	0.00	1,192.154	$158.00	$188,360.33
A40	AO 3.9	0.00	168.362	$161.00	$27,106.28
A30	A 3.8	0.00	429.852	$155.00	$66,627.06
A30	A 5.8	0.00	806.177	$157.00	$126,569.79
A30	A 5.8	0.00	1,412.780	$158.00	$223,219.24
K	K 3.8	0.00	187.269	$147.00	$27,528.54
K	K 3.8	0.00	135.701	$148.00	$20,083.75
K	K 5.8	0.00	423.151	$149.00	$63,049.50
K	K 5.8	0.00	304.576	$150.00	$45,686.40
KI	KI 3.8	0.00	321.932	$135.00	$43,460.82
KI	KI 3.8	0.00	52.717	$139.00	$7,327.66
TOTAL EXPORT SALES		**0.00**	**5,739.455**		**$895,351.62**
Export Pulp					
Export Pulp	KIS 2.9	0.00	316.794	$123.00	$38,965.66
Export Pulp	KIS 2.9	0.00	31.580	$124.00	$3,915.92
Export Pulp	KIS 3.8	0.00	286.574	$131.00	$37,541.19
Export Pulp	KIS 3.8	0.00	67.844	$132.00	$8,955.41
Export Pulp	KIS 5.8	0.00	0.188	$133.00	$25.00
TOTAL EXPORT PULP SALES		**0.00**	**702.980**		**$89,403.18**
TOTAL		**1,005.67**	**6,442.435**		**$1,177,479.25**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$47,099.17
TOTAL FEES	**$47,099.17**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,457.87
TOTAL LEVIES	**$2,457.87**
COSTS	
Harvesting	$300,804.71
Cartage	$222,144.31
Weighbridge	$2,484.34
Consumables	$206.51
Culvert Installation	$175.00
Culverts - Freight	$105.00
Establishment	$720.00
Fluming	$253.42
Grass Seeding	$380.00
Landings	$17,381.70
Loadout Bay: Construction	$25.20
Metal Rock m3	$17,768.20
Metalling: Cart to stockpile	$24,480.00
Metalling: Grading & Rolling	$2,069.73
Metalling: Spread from Stockpile	$3,539.40
Other	$95.00
Post Harvest Rehab	$2,226.87
R&M - Culvert Maintenance	$100.00
R&M - Road Maintenance	$1,535.16
Repairs & Maintenance	$1,608.00
Road Formation	$20,611.50
Stockpile Works	$3,564.15
Tracking	$1,575.00
Trailer Lifting	$24.00
TOTAL COSTS	**$623,877.20**
TOTAL FEES, LEVIES & COSTS	**$673,434.24**

NET INCOME	**$504,045.01**
GST	**$75,606.75**
NET INCOME (INCLUDING GST)	**$579,651.76**

Photo 1: Bulldozer forming the road to Landing 104.

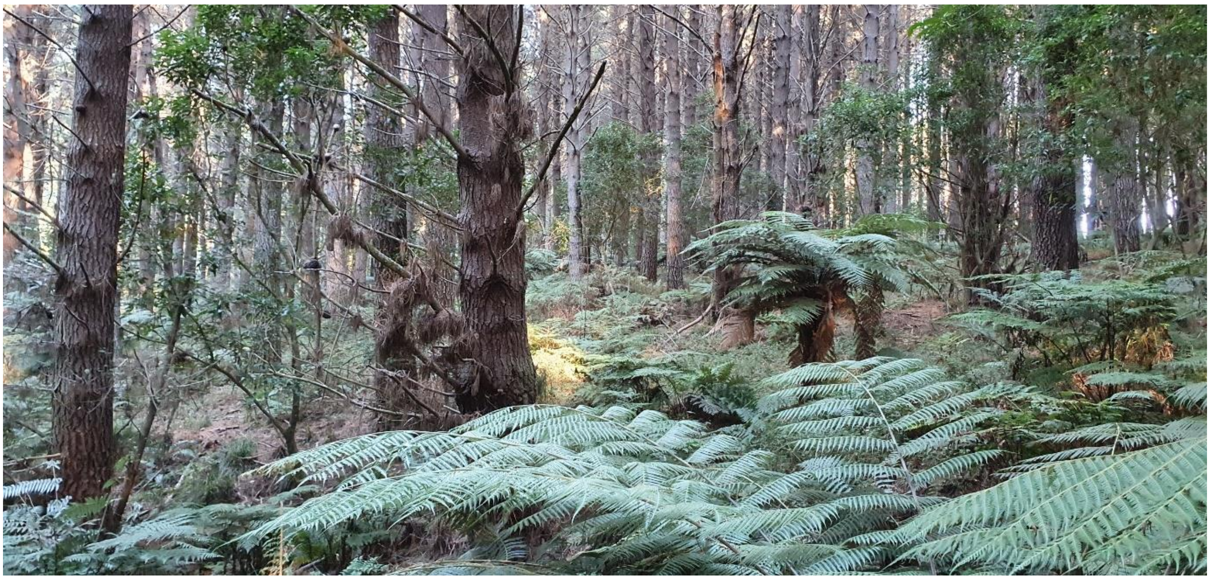


Photo 2: Unpruned stems within the stand.

Photo 3: Processing stems on Landing 104.

Photo 4: Extracting stems to Landing 89.

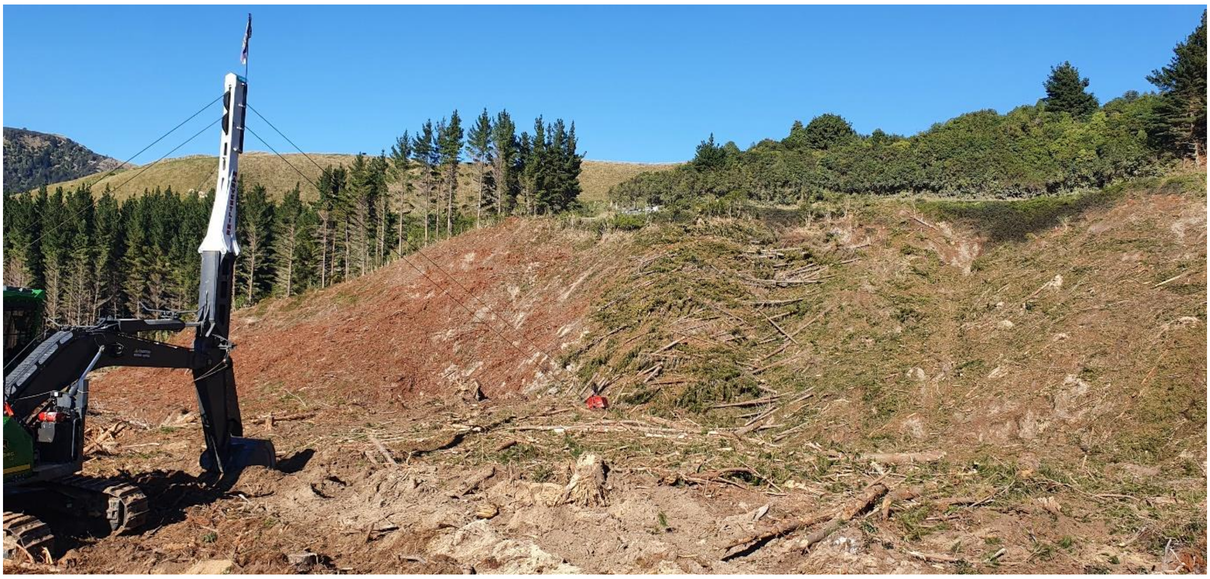


Photo 5: Harvestline pulling stems to Landing 89.

Photo 6: Falling machine falling and shovelling stems on roadline from Landing 104 to 105.

Photo 7: Harvestline pulling old crop stems to Landing 88.

Photo 8: logging truck on Landing 104.

Photo 9: Loading a logging truck on Landing 104.

Photo 10: Old crop trees in Setting 88.

Photo 11: Felling machine stacking stems on Landing 105.

QualiRidge Cumulatives

Categories	Descriptions	Mar 17 - Feb 18	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	Grand Total
Engineering	Culvert Installation		-$1,522.30		-$9,805.00	-$4,494.00	-$70.00	-$175.00	-$16,066.30
	Culverts	-$12,162.89	-$13,029.32	$600.28	-$22,383.84	-$4,256.34			-$51,232.11
	Culverts - Freight				-$2,815.00	-$495.00	-$70.00	-$105.00	-$3,485.00
	Entranceway - Seal	-$6,069.64	-$181.52		-$1,280.00				-$7,531.16
	Establishment - Engineering	-$4,177.50	-$1,362.30		-$14,790.58	-$1,364.00	-$945.00	-$720.00	-$23,359.38
	Fluming		-$2,883.97		-$7,050.57	-$1,586.00		-$253.42	-$11,773.96
	Geotextiles	-$1,443.20	-$1,210.00						-$2,653.20
	Grass Seeding				-$951.90	-$190.00	-$875.00	-$380.00	-$2,396.90
	Labour		-$210.00						-$210.00
	Landings	-$26,214.30	-$9,203.20		-$177,782.50	-$31,605.00	-$23,710.80	-$17,381.70	-$285,897.50
	Loadout Bay Construction				-$4,051.50		-$577.50	-$25.20	-$4,654.20
	Loadout Bay Metal				-$3,310.00				-$3,310.00
	Metal Rock	-$50,975.71	-$7,040.66	$4,200.00	-$104,642.34	-$19,695.46	-$20,786.23	-$17,768.20	-$216,708.60
	Other				-$1,963.55	-$800.00			-$2,763.55
	Pads				-$2,232.50				-$2,232.50
	Pavement		-$11,772.00		-$26,659.12	-$2,088.00	-$660.00	-$2,069.73	-$43,248.85
	Polycom	-$4,937.00			-$5,135.00				-$10,072.00
	Public Roads	-$2,166.66							-$2,166.66
	R&M		-$3,319.65		-$3,497.00	-$425.50		-$1,608.00	-$8,850.15
	R&M - Road Maintenance		-$165.00		-$2,482.50	-$4,649.10	-$5,548.50	-$1,535.16	-$14,380.26
	Rehab				-$3,525.00	-$140.00	-$1,050.00	-$2,226.87	-$6,941.87
	Road Formation	-$80,997.95	-$47,637.40		-$294,148.39	-$52,715.00	-$27,172.20	-$20,611.50	-$523,282.44
	Sediment Control				-$1,001.00				-$1,001.00
	Spread from stockpile		-$4,568.25		-$41,265.10	-$5,940.00	-$154.00	-$3,539.40	-$55,466.75
	Stockpile Works				-$33,528.14	-$4,600.35	-$3,956.55	-$3,564.15	-$45,649.19
	Temp Landings				-$9,275.00				-$9,275.00
	Trucks - Cart & Dump	-$66,552.32	-$71,563.66	$5,880.00	-$125,222.51	-$23,440.00	-$24,640.00	-$24,480.00	-$330,018.49
	Trucks - Cart & Spread	-$51,758.65	-$2,395.52		-$1,409.50				-$55,563.67
	R&M - Culverts Maintenance							-$100.00	-$100.00
Engineering Total		**-$307,455.82**	**-$178,064.75**	**$10,680.28**	**-$900,207.54**	**-$158,483.75**	**-$110,215.78**	**-$96,543.33**	**-$1,740,290.68**
Fees	FGC levy	-$1,682.03	-$888.28		-$8,568.45	-$2,485.82	-$1,800.79	-$2,457.87	-$17,883.23
	Management	-$38,073.70	-$18,838.66		-$161,844.10	-$45,895.46	-$34,011.45	-$47,099.17	-$345,762.54
Fees Total		**-$39,755.73**	**-$19,726.93**		**-$170,412.55**	**-$48,381.28**	**-$35,812.24**	**-$49,557.05**	**-$363,645.78**
Harvesting	Cartage - Truck	-$174,544.39	-$95,024.83		-$821,208.93	-$219,884.34	-$160,018.21	-$222,144.31	-$1,692,825.01
	Establishment - harvesting	-$13,637.50			-$11,760.00				-$25,397.50
	Logging	-$248,392.56	-$131,320.39		-$1,159,402.08	-$298,381.82	-$219,213.48	-$300,804.71	-$2,357,515.04
	Logging - Hourly				-$500.00				-$500.00
	Tracking				-$8,200.00			-$1,575.00	-$9,775.00
	Weighbridge	-$1,954.80	-$1,023.60		-$9,810.95	-$2,217.22	-$1,639.68	-$2,484.34	-$19,130.59
	Trailer Lifting					-$6.00		-$24.00	-$30.00
Harvesting Total		**-$438,529.24**	**-$227,368.82**		**-$2,010,881.97**	**-$520,489.37**	**-$380,871.38**	**-$527,032.36**	**-$4,105,173.15**
Income	Log Sales	$951,842.42	$470,966.43		$4,046,102.58	$1,147,386.60	$850,286.32	$1,177,479.27	$8,644,063.61
Income Total		**$951,842.42**	**$470,966.43**		**$4,046,102.58**	**$1,147,386.60**	**$850,286.32**	**$1,177,479.27**	**$8,644,063.61**
Miscellaneous	Consents	-$156.52							-$156.52
	Consultancy Fees		-$165.83		-$480.00				-$645.83
	Consumables	-$450.13	-$12.60		-$2,016.13	-$164.82	-$109.53	-$206.51	-$2,959.71
	Fencing	-$644.51							-$644.51
	Other	-$151.39	-$4,998.95	-$1,343.45	-$1,738.87	-$95.00	-$95.00	-$95.00	-$8,517.66
	Power Lines				-$4,420.40				-$4,420.40
	Royalty payments		-$500.00						-$500.00
	Security			-$15.50	-$3,428.25				-$3,443.75
	Traffic Management	-$6,501.83	-$1,528.76	-$37.67	-$2,049.86		-$1,980.00		-$12,098.12
Miscellaneous Total		**-$7,904.38**	**-$7,206.14**	**-$1,396.62**	**-$14,133.51**	**-$259.82**	**-$2,184.53**	**-$301.51**	**-$33,386.50**
Grand Total		**$158,197.25**	**$38599.78**	**$9,283.66**	**$950,467.01**	**$419,772.37**	**$321,202.40**	**$504,045.03**	**$2,401,567.50**