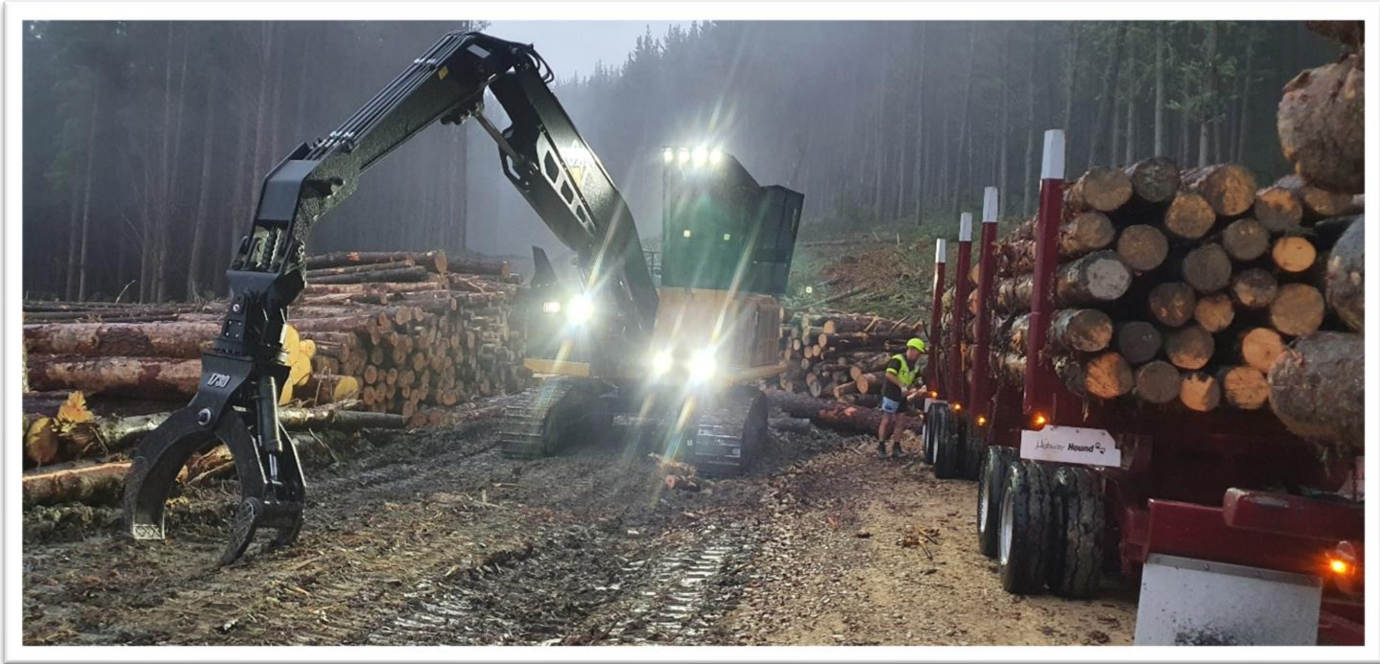
HARVESTING REPORT
May 2021

SADDLEBACK FOREST



Early loadout on a wet morning at Retrospect Road.

FMNZ
"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Saddleback – May 2021

Summary

- Gross revenue for the month is **$1,234,553.85**
- Costs for the month are **$572,566.18**
- Net income for the month is **$661,987.66**
- Tonnes harvested for the month is **7,896.02**
- Net income per tonne for the month is **$83.84**
- Area cleared for the month is **14.3** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$9,374,835.29**
- Project costs to date are **$5,461,055.93**
- Project net income to date is **$3,913,779.36**
- Tonnes harvested to date is **66,496.95**
- Net income per tonne to date is **$58.86**
- Recoverable volume per hectare to date is **693.4** tonnes
- Net income per hectare to date is **$40,811.05**
- Total forest area is **271.38** hectares, approximate hectares cleared to date is **95.9** 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 **$1,234,553.84** with an average sale price over all grades of **$156.35** 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.

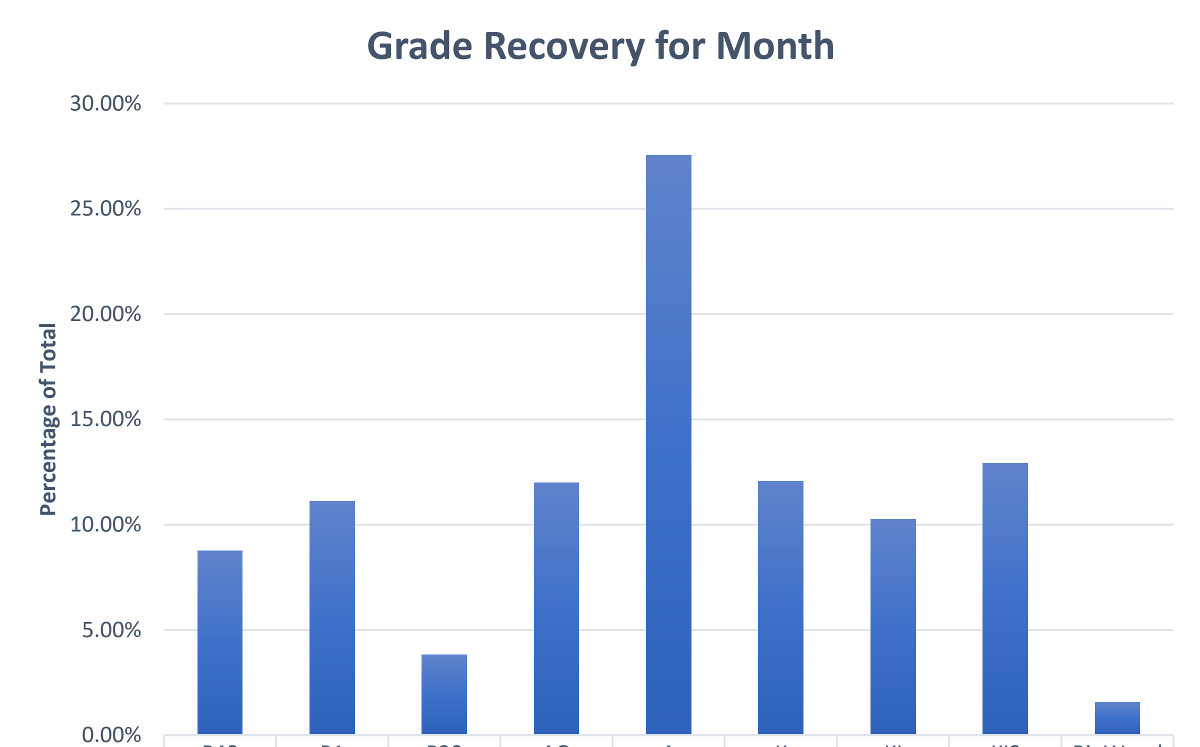
Ocean freight rates to China have climbed to over US$50 from most ports. The Chinese government's announcement that it will take as yet unspecified measures to reduce the heat in the commodities market may reduce shipping demand, however, there is still strong demand for bulk shipping of non-commodity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



	P40	P1	P30	AO	A	K	KI	KIS	BinWood
Total	8.75%	11.11%	3.83%	11.99%	27.53%	12.06%	10.26%	12.92%	1.55%

Chart 1: Grade Recovery for Month

Pruned recovery for May comprised 24% of total volume, 11% of which was sold as domestic pruned grade.

High quality export logs (AO, A and K grades) accounted for 52% of log sales with lower quality export logs (KI and KIS grades) totalling 23%.

The remaining 1% of production was sold as domestic binwood.

Expenditure

Harvesting

The total logging cost for the month was **$306,780.63**, an average of **$38.85** per tonne.

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

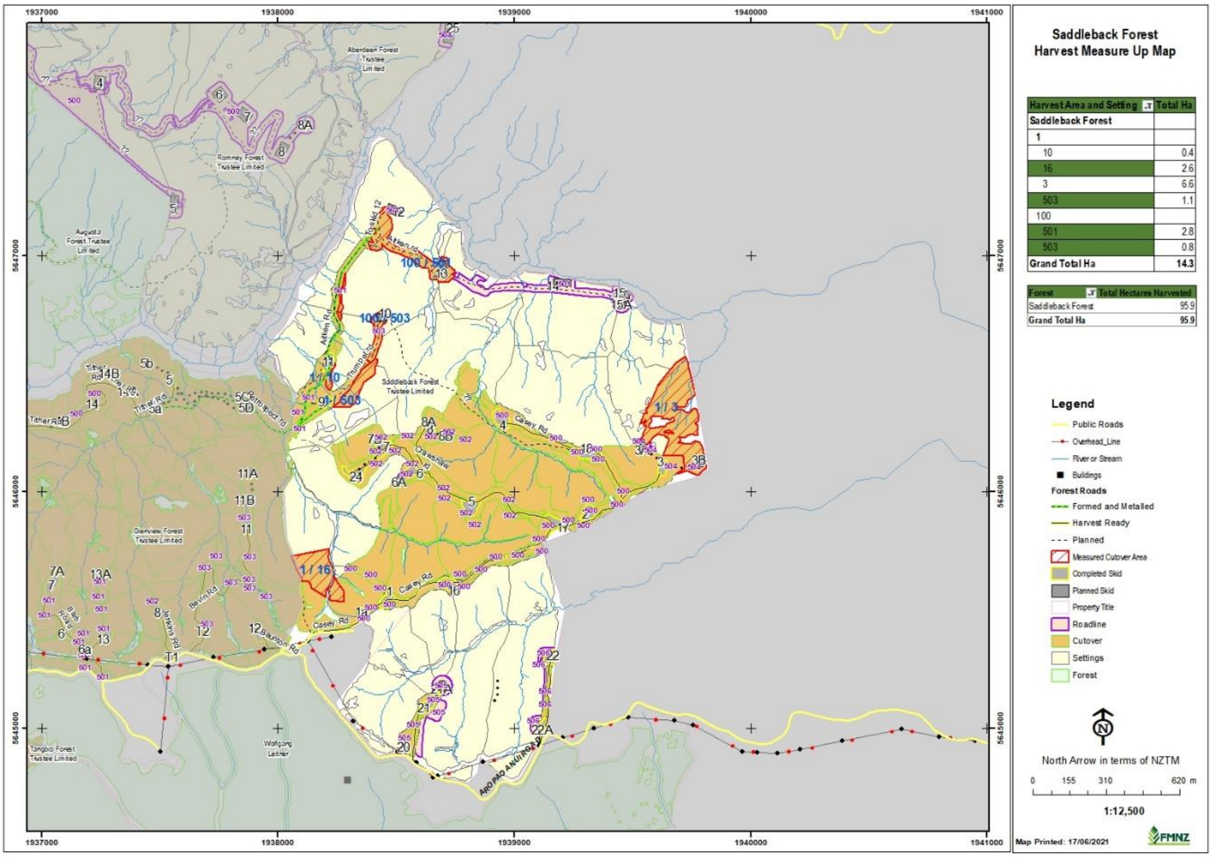
LOGGING COSTS	TONNES	TOTAL
May		$306,780.63
	7,896.02	**$306,780.63**

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
May	Establishment	**$3,010.00**
		$3,010.00

Table 2: Additional Logging Costs

Establishment is the cost of shifting the hauler from Napier to the forest and the internal relocation of a work container and fuel cell.



Pic 1: Progress Map

Harvesting during May had Logged on Logging crew, Log 2 commencing in Setting 3 at the end of Jackson Road. The tower has been working off two pads extended off the processing site.

Logged on Logging crew, Log 1 has had a machine breakdown and continued the roadline activity on Aitken Road.

Planned Activities for June 2021

The roadline activity will cease on Aitken Road in June and once the swing yarder has been repaired (expected early in the month), harvesting of Setting 24. At the completion of this landing the swing yarder is planned to exit the forest.

Roadline salvage work will cease in June with final logs being loaded out as the weather settles.

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 **$106,557.37** which is an average unit rate of **$13.50** per tonne.

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

CARTAGE COSTS		TOTAL
May	Cartage - Truck	$106,557.37
	Weighbridge	$2,660.26
	Trailer Lifting	$588.00
		$109,805.63

Table 3: Cartage Costs

The average cart rate for May inclusive of weighbridge fees and trailer lifting is **$13.91** per tonne.

The loadout from Saddleback is a swing shift operation and so the cartage is normally out of hours for the normal reloading of trailers which the port supplies. The cost is for the use of the public gantry.

Engineering

ENGINEERING		RL	CF	TOTAL
May	R&M - Road Maintenance	$3,707.03	$6,036.97	$9,744.00
	Trucks - Cart & Dump	$1,062.25	$2,718.12	$3,780.37
	Trucks - Cart & Spread	$8,747.91	$1,171.62	$9,919.53
	Establishment - Engineering	$1,632.10	$350.00	$1,982.10
	Rehab		$718.56	$718.56
	Spread from stockpile	$2,874.31	$1,249.70	$4,124.01
	Stockpile Works	$5,686.20	$1,822.52	$7,508.72
	Culvert Installation	$729.00		$729.00
	Culverts	$3,240.00		$3,240.00
	Culverts - Freight	$1,895.40		$1,895.40
	Fluming	$380.14		$380.14
	Landings	$13,522.56		$13,522.56
	Loadout Bay Construction	$624.85		$624.85
	Pads	$1,676.64		$1,676.64
	Pavement	$3,393.82		$3,393.82
	Road Formation	$26,738.04		$26,738.04
		$75,910.24	**$14,067.49**	**$89,977.73**

Table 4: Engineering Costs

Earthworks in May was associated with the construction of Aitken and Trumpet Roads. Aitken Road will be capped and finished in June but no new work commenced as roadline operations will then conclude for winter.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
May	**$661,987.66**	**$3,913,779.36**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$83.84** per tonne, or **$46,292.84** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
May	Management	$49,382.15
	FGC levy	$2,577.11
		$51,959.27

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
May	Consumables	$254.68
	Other	$280.00
	Royalty payments	$9,881.25
	Traffic Management	$75.00
		$10,490.93

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during May.

Other costs are for the proportional costs of operating the forest digital radio network and for a log value audit undertaken on the crew.

Royalty payments have been made for the cartage of logs over roads in Glenview Forest.

Traffic Management is the purchase of a new road name banner.

Health and Safety

One health and safety incident was reported in the forest during May.

A skid worker was walking along the last stem after finishing log making when he got thrown off and landed on his backside. He then stood up and noticed the head end was in the grapple. The loader operator caused a serious safety breach and should not have been anywhere near the deck and skid workers. The follow up investigation identified the loader operator was at fault and did know the rules. He understands he must stick to the skid flow and away from workers.

Environmental

ENVIRONMENTAL		TOTAL
May	Environmental Monitoring	$542.01
		$542.01

Table 8: Environmental Expenses

The environmental monitoring costs are for an assessment of a length of riparian native vegetation alongside the Aropaoanui River and the formulation of a bat management plan for Setting 24.

The bat monitoring program detected a cluster of bat activity around some willow trees in the gully below Landing 24.

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.

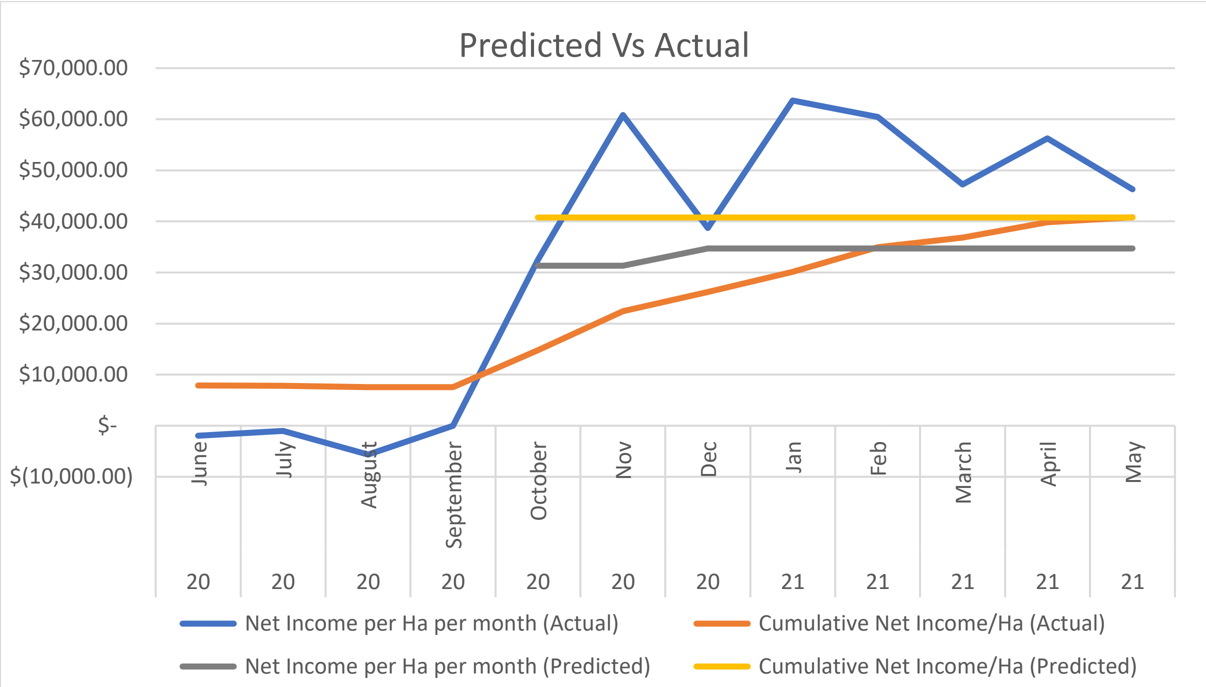


Chart 2: Actual vs Predicted

Net return per tonne to date is **$58.86**, forecast was $60.27.

Gross return per tonne to date is **$140.98**, forecast was $132.69.

Net return per hectare to date is **$40,811.05**, forecast was $40,770.58.

Kind Regards

Paul Rouppe van der Voort
Harvest Manager

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

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

Paid to bank account # 02-0792-0001422-000 GST # 60-562-296

SALES					
Type	**Grade**	**Tonnes**	**Jas (m3)**	**Sales Price**	**Gross Revenue ($)**
Binwood					
Pulp		122.64		$45.50	$5,580.12
TOTAL BINWOOD SALES		**122.64**			**$5,580.12**
Domestic					
Pruned Dom		293.50		$204.50	$60,020.75
Pruned Dom	P1 4.9	583.50		$202.00	$117,867.00
TOTAL DOMESTIC SALES		**877.00**			**$177,887.75**
Export					
Pruned Exp	P40 3.9	0.00	212.140	$195.00	$41,367.30
Pruned Exp	P40 5.1	0.00	43.633	$198.00	$8,639.33
Pruned Exp	P40 5.9	0.00	447.613	$200.00	$89,522.60
Pruned Exp	P30 3.9	0.00	263.469	$170.00	$44,789.73
Pruned Exp	P30 5.1	0.00	56.641	$170.00	$9,628.97
Pruned Exp	P30 5.9	0.00	2.212	$170.00	$376.04
A40	AO 3.8	0.00	982.616	$158.00	$155,253.33
A30	A 3.8	0.00	738.787	$155.00	$114,511.99
A30	A 5.8	0.00	12.816	$157.00	$2,012.11
A30	A 5.8	0.00	1,428.324	$158.00	$225,675.19
K	K 3.8	0.00	421.428	$147.00	$61,949.92
K	K 3.8	0.00	12.685	$148.00	$1,877.38
K	K 5.8	0.00	451.983	$149.00	$67,345.47
K	K 5.8	0.00	23.085	$150.00	$3,462.75
KI	KI 3.8	0.00	770.066	$135.00	$103,958.91
KI	KI 3.8	0.00	18.895	$139.00	$2,626.40
TOTAL EXPORT SALES		**0.00**	**5,886.393**		**$932,997.42**
Export Pulp					
Export Pulp	KIS 2.9	0.00	308.214	$123.00	$37,910.32
Export Pulp	KIS 2.9	0.00	60.917	$124.00	$7,553.71
Export Pulp	KIS 3.8	0.00	540.878	$131.00	$70,855.02
Export Pulp	KIS 3.8	0.00	11.362	$132.00	$1,499.78
Export Pulp	KIS 5.8	0.00	2.028	$133.00	$269.72
TOTAL EXPORT PULP SALES		**0.00**	**923.399**		**$118,088.55**
TOTAL		**999.64**	**6,809.792**		**$1,234,553.84**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$49,382.15
TOTAL FEES	**$49,382.15**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,577.12
TOTAL LEVIES	**$2,577.12**
COSTS	
Harvesting	$306,780.63
Cartage	$106,557.37
Weighbridge	$2,660.26
Consumables	$254.68
Culvert Installation	$729.00
Culvert Pipes	$3,240.00
Culverts - Freight	$1,895.39
Environmental Monitoring	$542.01
Establishment	$4,992.10
Fluming	$380.14
Landings	$13,522.56
Loadout Bay: Construction	$624.85
Metalling: Cart to road	$9,919.52
Metalling: Cart to stockpile	$3,780.36
Metalling: Grading & Rolling	$3,393.82
Metalling: Spread from Stockpile	$4,124.01
Other	$280.00
Pads	$1,676.64
Post Harvest Rehab	$718.56
R&M - Road Maintenance	$9,744.00
Road Formation	$26,738.04
Royalty Payments	$9,881.25
Stockpile Works	$7,508.72
Traffic Management	$75.00
Trailer Lifting	$588.00
TOTAL COSTS	**$520,606.92**
TOTAL FEES, LEVIES & COSTS	**$572,566.19**

NET INCOME	**$661,987.65**
GST	**$99,298.15**
NET INCOME (INCLUDING GST)	**$761,285.80**

Photo 1: Roadlining of Aitken Road. Log truck driver throwing chains over his load.

Photo 2: Loaded logging truck ready to leave Landing 11.

Photo 3: Roadline on Trumpet Road from Landing 9 to 10.

Photo 4: Log 1 extracting stems with swing yarder to Pad 1A.

Photo 5: QC measuring logs at Landing 1.

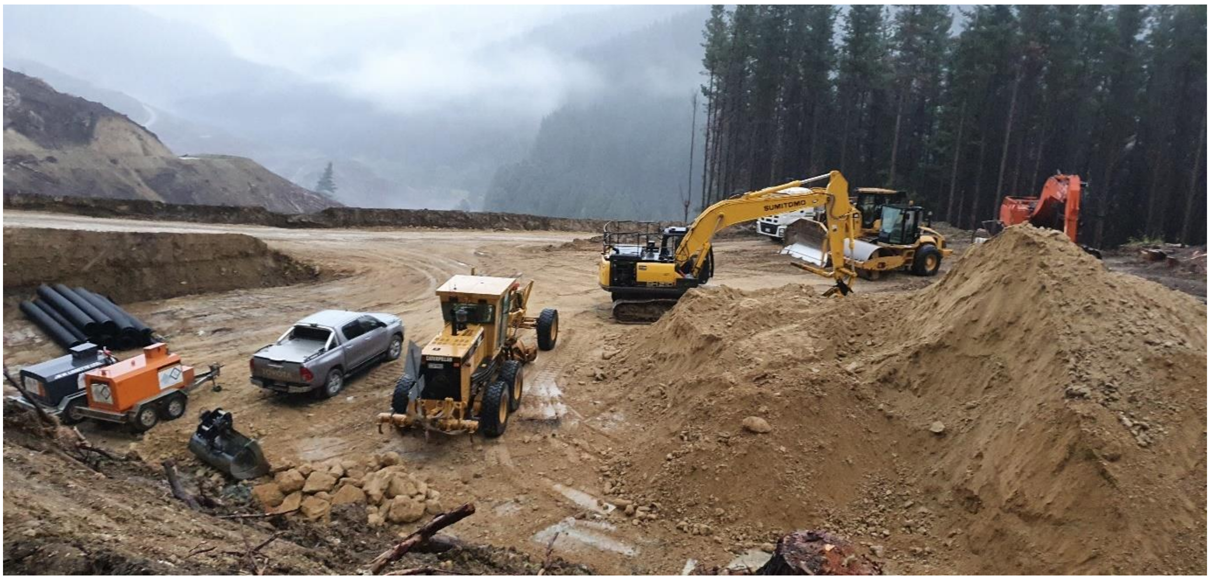


Photo 6: Earthworks machinery at the stockpile on Aitken Road.

Photo 7: Log truck loaded at Landing 9.

Photo 8: Workers on landing carrying out QC and trimming logs.

Photo 9: Skidder pulling stems to Landing 12.

SADDLEBACK CUMUALTIVES

Categories	Descriptions	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	Grand Total
Engineering	Culvert Installation	-$600.00	-$8,818.87	-$2,855.00	-$6,698.07	-$656.10	-$729.00	-$20,357.04
	Culverts	-$3,070.50	-$12,077.32	-$2,846.34	-$34,316.84	-$2,846.34	-$3,240.00	-$58,397.34
	Culverts - Freight	-$325.00	-$600.00	-$300.00	-$2,430.00	-$1,249.71	-$1,895.40	-$6,800.11
	Entranceway - Seal		-$129.47	-$1,190.00				-$1,319.47
	Establishment - Engineering	-$1,420.00	-$7,695.00	-$7,241.90	-$4,742.50	-$350.00	-$1,982.10	-$23,431.50
	Fluming		-$8,347.42	-$1,640.93	-$1,815.50	-$4,758.00	-$380.14	-$16,941.99
	Geotextiles		-$420.00					-$420.00
	Grass Seeding		-$2,330.08	-$1,638.55		-$1,449.75		-$5,418.38
	Landings	-$46,640.00	-$219,420.00	-$38,720.00	-$26,316.42	-$10,247.40	-$13,522.56	-$354,866.38
	Loader Hire		-$5,040.00	-$1,080.00				-$6,120.00
	Loadout Bay Construction			-$1,770.54			-$624.85	-$2,395.39
	Loadout Bay Metal			-$3,733.98	-$583.20			-$4,317.18
	Metal - Winning	-$3,180.30		-$1,895.40				-$5,075.70
	Metal Lime	-$9,241.90	-$11,449.25	-$2,218.75				-$22,909.90
	Metal Rock	-$16,603.77	-$53,360.44	-$414.60	-$497.25	-$3,766.60		-$74,642.66
	Other		-$2,710.00					-$2,710.00
	Pads			-$21,352.70	-$3,592.80	-$1,197.60	-$1,676.64	-$27,819.74
	Pavement	-$12,680.00	-$24,645.00	-$5,695.00	-$3,494.00	-$5,103.00	-$3,393.82	-$55,010.82
	R&M	-$4,100.00	-$4,765.00					-$8,865.00
	R&M - Event Cleanup			-$6,490.00				-$6,490.00
	R&M - Metal			-$180.00				-$180.00
	Rehab			-$1,615.00			-$718.56	-$2,333.56
	Rehab - Environmental		-$432.16					-$432.16
	Road Formation	-$88,910.00	-$169,316.50	-$31,222.06	-$47,834.18	-$39,568.20	-$26,738.04	-$403,588.98
	Sediment Control		-$100.00					-$100.00
	Spread from stockpile	-$23,230.00	-$50,877.50	-$15,777.24	-$10,107.05	-$15,058.89	-$4,124.01	-$119,174.68
	Stockpile Works			-$11,966.64	-$8,120.55	-$7,680.62	-$7,508.72	-$35,276.53
	Trucks - Cart & Dump	-$37,277.71	-$90,217.50	-$8,558.50	-$11,179.43	-$19,158.62	-$3,780.37	-$170,172.12
	Trucks - Cart & Spread	-$19,332.30	-$7,857.75	-$2,847.34	-$13,689.28	-$7,873.11	-$9,919.53	-$61,519.29
	Crossings					-$2,950.00		-$2,950.00
	Temp Landings					-$1,916.16		-$1,916.16
	R&M - Road Maintenance						-$9,744.00	-$9,744.00
Engineering Total		**-$266,611.48**	**-$680,609.26**	**-$173,250.46**	**-$175,417.05**	**-$125,830.09**	**-$89,977.73**	**-$1,511,696.05**
Fees	FGC levy	-$799.06	-$3,103.57	-$7,799.76	-$2,554.38	-$2,948.15	-$2,577.11	-$19,782.03
	Management	-$16,716.66	-$63,881.72	-$144,404.48	-$45,623.26	-$54,985.13	-$49,382.15	-$374,993.41
Fees Total		**-$17,515.72**	**-$66,985.29**	**-$152,204.24**	**-$48,177.65**	**-$57,933.28**	**-$51,959.27**	**-$394,775.44**
Harvesting	Cartage - Truck	-$43,101.27	-$164,624.78	-$348,619.47	-$104,579.58	-$119,780.80	-$106,557.37	-$887,263.27
	Establishment - harvesting	-$7,222.00		-$16,172.50	-$2,295.00		-$3,010.00	-$28,699.50
	Logging	-$121,076.22	-$469,139.60	-$1,021,771.72	-$301,029.48	-$348,537.24	-$306,780.63	-$2,568,334.88
	Tracking			-$5,389.32	-$3,280.44			-$8,669.76
	Trailer Lifting			-$486.00	-$1,332.00	-$414.00	-$588.00	-$2,820.00
	Weighbridge	-$1,124.55	-$3,685.21	-$8,991.44	-$2,529.15	-$3,010.75	-$2,660.26	-$22,001.36
	Cartage - Trans Shipping				-$675.00			-$675.00
Harvesting Total		**-$172,524.03**	**-$637,449.59**	**-$1,401,430.44**	**-$415,720.66**	**-$471,742.79**	**-$419,596.25**	**-$3,518,463.77**
Income	Log Sales	$417,916.59	$1,597,043.01	$3,610,111.97	$1,140,581.62	$1,374,628.26	$1,234,553.85	$9,374,835.29
Income Total		**$417,916.59**	**$1,597,043.01**	**$3,610,111.97**	**$1,140,581.62**	**$1,374,628.26**	**$1,234,553.85**	**$9,374,835.29**
Miscellaneous	Consents	$5,010.00						$5,010.00
	Consultancy Fees	-$68.87		-$639.00				-$707.87
	Consumables	-$118.50	-$295.56	-$833.47	-$265.51	-$224.38	-$254.68	-$1,992.10
	Environmental Monitoring			-$386.00			-$542.01	-$928.01
	Other	-$190.51	-$875.47	-$792.75	-$95.00	-$432.04	-$280.00	-$2,665.77
	Power Lines	-$3,627.24						-$3,627.24
	Security	-$68.87	-$33.71					-$102.58
	Traffic Management	-$178.42	-$8,004.07	-$3,608.50			-$75.00	-$11,865.99
	Royalty payments					-$9,359.85	-$9,881.25	-$19,241.10
Miscellaneous Total		**$757.59**	**-$9,208.81**	**-$6,259.72**	**-$360.51**	**-$10,016.27**	**-$11,032.94**	**-$36,120.66**
Grand Total		**-$37,977.05**	**$202,790.06**	**$1,876,967.11**	**$500,905.76**	**$709,105.83**	**$661,987.66**	**$3,913,779.36**