HARVESTING REPORT
JUNE 2021

BAYVIEW FOREST

Landing 3, QC work on logs and truck being loaded.

Clearfell Harvesting Report – Bayview – June 2021

Summary

- Gross revenue for the month is **$1,080,947.52**
- Costs for the month are **$411,999.26**
- Net income for the month is **$668,948.26**
- Tonnes harvested for the month is **6,741.86**
- Net income per tonne for the month is **$99.22**
- Area cleared for the month is **10.3** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$22,207,153.51**
- Project costs to date are **$11,727,871.61**
- Project net income to date is **$10,479,281.89**
- Tonnes harvested to date is **166,991.79**
- Net income per tonne to date is **$62.75**
- Recoverable volume per hectare to date is **680.2** tonnes
- Net income per hectare to date is **$42,685.47**
- Total forest area is **286.5** hectares, approximate hectares cleared to date is **245.5** 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 **$1,080,947.52** with an average sale price over all grades of **$160.33** per tonne**.**

June 2021 - Log Markets, Hawkes Bay

The June export prices have lifted $10.57/Jas m^3 on average. The increase has benefited all log grades.

Radiata log inventories on the main Chinese ports we monitor have started to increase to 3.9Mm^3, with daily offtake down under the 60Km^3 per day range as July is likely to be the lowest demand month of the year for softwoods as the hot season impacts on construction.

Major commodities including copper, iron ore, coal and logs increased to record levels during May as demand outstripped supply as the global recovery gathers pace. In June however, while log prices have continued to increase, prices of other major commodities appear to have peaked. Prices remain at historically high levels as the market fundamentals are still strong.

As July beckons, the question on most minds' is now – have we also reached peak log price?

New Zealand export volumes continue to be constrained by the usual issues of infrastructure and winter weather. Congestion at some New Zealand load ports, especially Gisborne - remains very significant. China disport congestion is also reducing supply capacity as log vessels wait behind a wide range of commodity cargoes.

Freight continues to be a battle. Spot rates are high and congestion / demurrage costs are also high. The spot market impacts on all export regions and New Zealand rates in the high US$50's are not disproportionately high. The Baltic Index has been moving up and oil has hit over US$70/barrel which are both negative drivers for our market.   Oil has now come off the recent peak with the strengthening of the US$.

The US Federal Reserve revised their projections on when US interest rates may rise. This announcement led to a 3% drop in the NZ$ / US$ exchange rate, pushing it under its recent 71-73 cent range.

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 June is as follows:

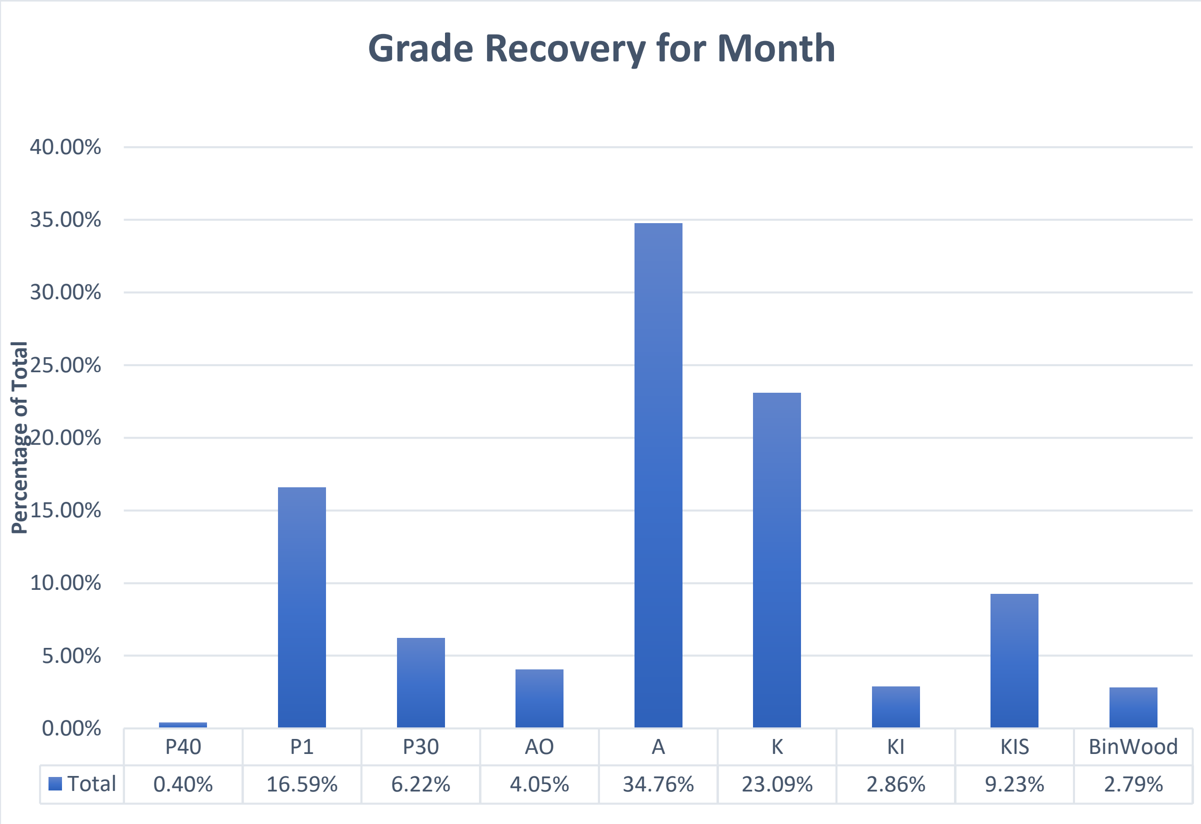


Chart 1: Grade Recovery for Month

Pruned recovery for June comprised 23% of overall sales volume, 17% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 62% of the total production volume, with lower quality export (KI and KIS grades) comprising 12% of volume.

The remaining 3% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **$252,803.80**, an average of **$37.50** per tonne.

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

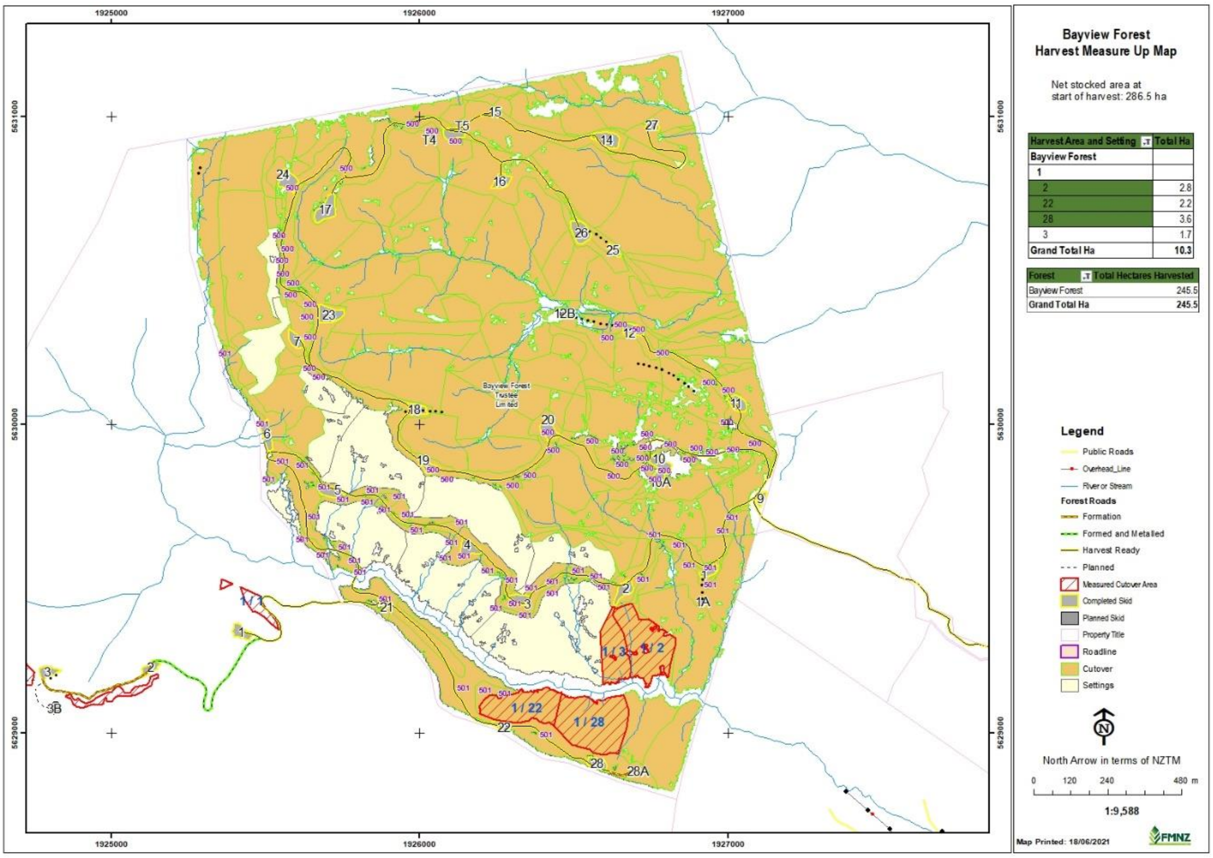
LOGGING COSTS	TONNES	TOTAL
June		$252,803.80
	6,741.86	**$252,803.80**

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
June	Establishment	$375.00
		$375.00

Table 2: Additional Logging Costs

Additional harvest costs were for moving ATS Logging's container from Landing 28 and establishing it at Landing 2.



Pic 1: Progress Map

ATS Logging crew, Log 9 completed Setting 28 and 22 in early June and then moved to Holden Road and worked their way towards Landing 5 taking all the trees below the road. Setting 2 was also completed and the crew made a start in Setting 3.

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 **$86,913.81** which is an average unit rate of **$12.89** per tonne.

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

CARTAGE COSTS		TOTAL
June	Cartage - Truck	$86,913.81
	Weighbridge	$2,093.28
	Trailer Lifting	$30.00
		$89,037.09

Table 3: Cartage Costs

The average cart rate for June inclusive of weighbridge and trailer lifting fees is **$13.21** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
June	Establishment - Engineering		$500.00	$500.00
	Borrow Pit		$2,175.00	$2,175.00
	Landings	$1,350.00		$1,350.00
	Loadout Bay Construction	$840.00		$840.00
	R&M - Metal		$3,124.75	$3,124.75
	R&M - Road Maintenance		$15,440.00	$15,440.00
		$2,190.00	**$21,239.75**	**$23,429.75**

Table 4: Engineering Costs

Earthworks in June centred around extraction of Settings 2 and 28. Metal was spread from the quarry onto the Landing 28 loadout bay. Slash from Landing 2 was placed onto the slash bench.

The R&M (repairs and maintenance) expenditure for the month was for repairs and maintenance work carried out on Arnot and Holden Roads. The work was required to enable the cartage of logs from harvest operations to continue as these roads have been affected by ongoing wet winter conditions.

Planned Activities for July 2021

The planned activities for July are to complete Setting 3 and work around towards Setting 4 along Holden Road. The top side could slow production as it is a difficult logging area.

It is planned to complete the harvest of Bayview Forest by the end of the year.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
June	**$668,948.26**	**$10,479,281.89**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$99.22** per tonne, or **$64,946.43** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
June	Management	$43,237.90
	FGC levy	$2,150.60
		$45,388.50

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
June	Consumables	$153.12
	Other	$95.00
	Traffic Management	$174.00
		$422.12

Table 7: Miscellaneous Expenses

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

Traffic Management costs were for control signs purchased to direct traffic leading up to a rise with poor visibility.

Health and Safety

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

Environmental

ENVIRONMENTAL		TOTAL
June	Environmental monitoring	$543.00
		$543.00

Table 8: Environmental Expenses

The Hawke's Bay Regional Council visited the forest on the 21st of April and assessed both consented and permitted harvesting and earthworks activities as being *fully compliant* and noted that "*there is good compaction and there has been good revegetation*".

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.

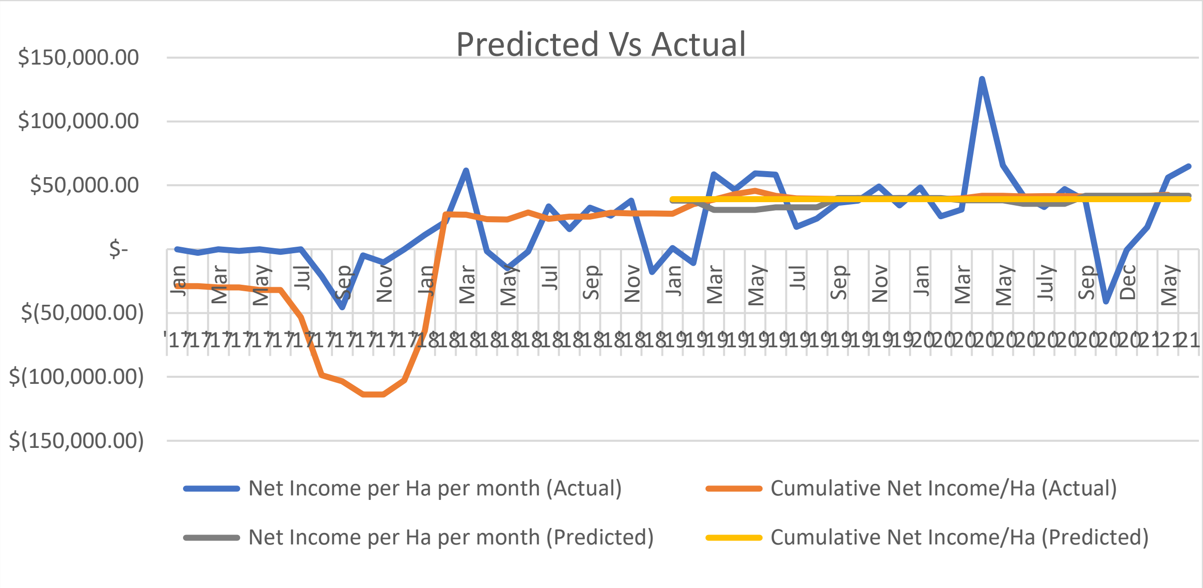


Chart 2: Actual vs Predicted

Net return per tonne to date is **$62.75**, forecast was $60.76.

Gross return per tonne to date is **$132.97**, forecast was $123.57.

Net return per hectare to date is **$42,685.47**, forecast was $39,198.21.

Kind Regards,

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

Bayview Forest Partnership — 01/06/2021 to 30/06/2021

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

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		188.16		$45.50	$8,561.28
TOTAL BINWOOD SALES		**188.16**			**$8,561.28**

Domestic					
Pruned Dom		222.40		$204.50	$45,480.80
Pruned Dom	P1 4.3	11.96		$202.00	$2,415.92
Pruned Dom	P1 4.9	884.22		$202.00	$178,612.44
TOTAL DOMESTIC SALES		**1,118.58**			**$226,509.16**

Export					
Pruned Exp	P40 3.9	0.00	27.727	$210.00	$5,822.67
Pruned Exp	P30 3.9	0.00	421.143	$185.00	$77,911.46
A40	AO 3.8	0.00	269.147	$167.00	$44,947.55
A40	AO 3.9	0.00	14.748	$170.00	$2,507.16
A30	A 3.8	0.00	160.618	$164.00	$26,341.35
A30	A 3.8	0.00	286.734	$165.00	$47,311.11
A30	A 5.8	0.00	251.183	$166.00	$41,696.38
A30	A 5.8	0.00	1,608.615	$167.00	$268,638.70
K	K 3.8	0.00	432.633	$157.00	$67,923.38
K	K 5.8	0.00	996.977	$159.00	$158,519.34
KI	KI 3.8	0.00	109.234	$148.00	$16,166.63
KI	KI 3.8	0.00	70.854	$149.00	$10,557.25
TOTAL EXPORT SALES		**0.00**	**4,649.613**		**$768,342.98**

Export Pulp					
Export Pulp	KIS 2.9	0.00	103.565	$130.00	$13,463.45
Export Pulp	KIS 2.9	0.00	47.339	$133.00	$6,296.09
Export Pulp	KIS 3.8	0.00	406.698	$141.00	$57,344.42
Export Pulp	KIS 5.8	0.00	3.008	$143.00	$430.14
TOTAL EXPORT PULP SALES		**0.00**	**560.610**		**$77,534.10**
TOTAL		**1,306.74**	**5,210.223**		**$1,080,947.52**

FEES	
FMNZ Management Fee @ %	$43,237.90
TOTAL FEES	$43,237.90

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,150.59
TOTAL LEVIES	**$2,150.59**
COSTS	
Harvesting	$252,803.80
Cartage	$86,913.81
Weighbridge	$2,093.28
Borrow Pit Works	$2,175.00
Consumables	$153.12
Environmental Monitoring	$543.00
Establishment	$875.00
Landings	$1,350.00
Loadout Bay: Construction	$840.00
Other	$95.00
R&M - Metal	$3,124.75
R&M - Road Maintenance	$15,440.00
Traffic Management	$174.00
Trailer Lifting	$30.00
TOTAL COSTS	**$366,610.76**
TOTAL FEES, LEVIES & COSTS	**$411,999.25**

NET INCOME	**$668,948.27**
GST	**$100,342.24**
NET INCOME (INCLUDING GST)	**$769,290.51**

Photo 1: Harvester set up for tethering.

Photo 2: Felling in Setting 3.

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	June 21	Net Income
Income	Log Sales		$59,390.87	$2,925,114.64	$12,262,989.57	$5,391,059.49		$468,791.27	$1,080,947.52	$22,188,293.36
	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**	**$1,080,947.52**	**$22,207,153.51**
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	-$500.00	-$22,043.50
	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			-$1,350.00	-$401,695.16
	Loader Hire				-$960.00	-$4,275.00				-$5,235.00
	Loadout Bay Construction				-$1,600.00			-$1,132.50	-$840.00	-$3,572.50
	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			-$3,124.75	-$8,171.10
	R&M - Road Maintenance					-$1,500.00		-$1,500.00	-$15,440.00	-$18,440.00
	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
	Borrow Pit								-$2,175.00	-$2,175.00
Engineering Total		**-$26,051.84**	**-$80,641.07**	**-$762,404.11**	**-$892,451.63**	**-$428,465.39**		**-$7,655.00**	**-$23,429.75**	**-$2,221,098.79**
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	-$86,913.81	-$2,073,411.35
	Establishment - harvesting		-$1,067.50	-$7,200.00	-$13,512.50	-$3,782.50		-$5,647.00	-$375.00	-$31,584.50
	Logging		-$15,615.60	-$811,545.86	-$3,615,043.04	-$1,549,011.72		-$107,463.62	-$252,803.80	-$6,351,483.64
	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	-$2,093.28	-$51,798.34
	Trailer Lifting							-$6.00	-$30.00	-$36.00
Harvesting Total			**-$21,266.04**	**-$1,074,708.45**	**-$4,857,567.68**	**-$2,100,853.98**		**-$150,149.53**	**-$342,215.89**	**-$8,546,761.58**
Fees	FGC levy		-$105.56	-$5,433.69	-$25,300.81	-$11,043.17		-$915.31	-$2,150.60	-$44,949.13
	Management		-$2,375.63	-$117,004.55	-$490,519.58	-$215,642.38		-$18,751.65	-$43,237.90	-$887,531.70
Fees Total			**-$2,481.20**	**-$122,438.24**	**-$515,820.39**	**-$226,685.54**		**-$19,666.96**	**-$45,388.50**	**-$932,480.83**
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	-$153.12	-$4,529.92
	Environmental Monitoring					-$350.00	-$1,352.13		-$543.00	-$2,245.13
	Other			-$4,413.48	-$1,071.55	-$99.09			-$95.00	-$5,679.12
	Security			-$166.95	-$6,297.21					-$6,464.16
	Traffic Management				-$842.91	-$40.00	-$160.00		-$174.00	-$1,216.91
Miscellaneous Total		**-$2,737.00**	**-$3,179.97**	**-$5,197.88**	**-$11,712.72**	**-$2,144.15**	**-$1,512.13**	**-$81.44**	**-$965.12**	**-$27,530.41**
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**	**$668,948.26**	**$10,479,281.89**