HARVESTING REPORT
JUNE 2021

QUAIL RIDGE FOREST

It has been a wet month in Quail Ridge, Landing 104 Elliot Road.

Clearfell Harvesting Report – Quail Ridge – June 2021

Summary

- Gross revenue for the month is **$1,037,927.54**
- Costs for the month are **$569,007.95**
- Net income for the month is **$468,919.59**
- Tonnes harvested for the month is **6,103.97**
- Net income per tonne for the month is **$76.82**
- Area cleared for the month is **11.8** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$9,681,991.15**
- Project costs to date are **$6,811,504.06**
- Project net income to date is **$2,870,487.09**
- Tonnes harvested to date is **64,462.55**
- Net income per tonne to date is **$44.53**
- Recoverable volume per hectare to date is **721.9** tonnes
- Net income per hectare to date is **$32,144.31**
- Total forest area is **225.4** hectares, approximate hectares cleared to date is **89.3** 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 **$1,037,927.54** with an average sale price over all grades of **$170.04** 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.

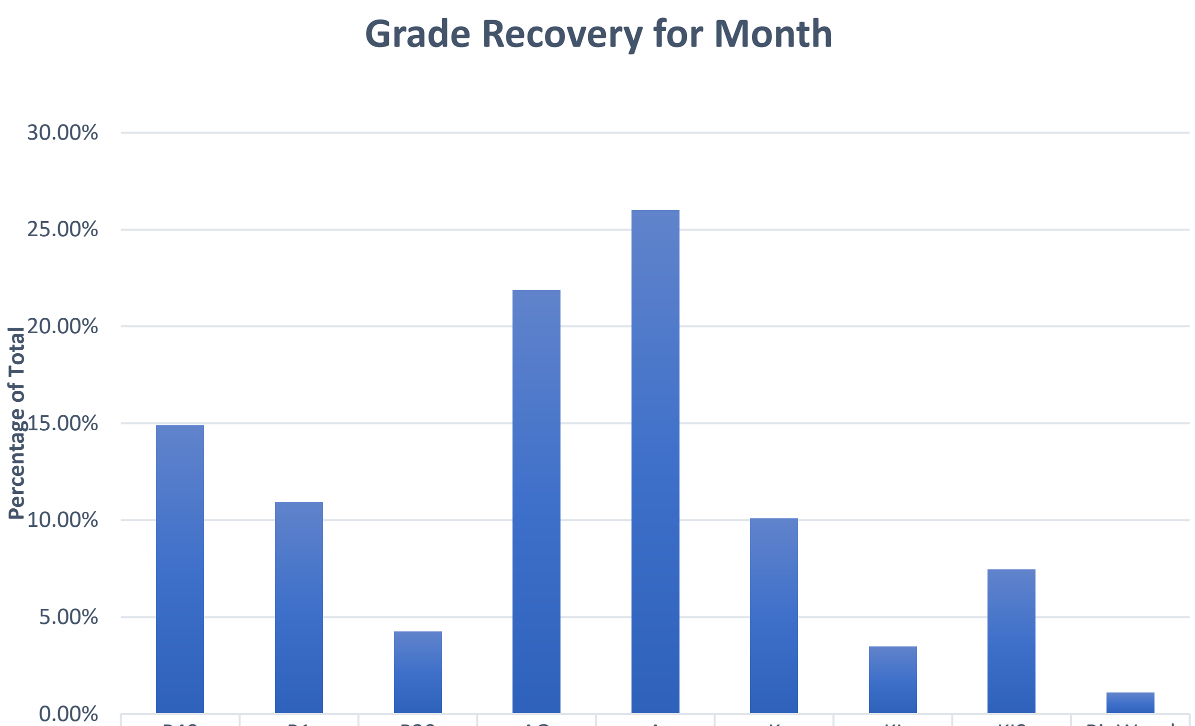
Freight continues to be a battle. Spot rates are high and congestion / demurrage costs are also high. The spot market impacts on all export regions and New Zealand rates in the high US$50's are not disproportionately high. The Baltic Index has been moving up and oil has hit over US$70/barrel which are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

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:



	P40	P1	P30	AO	A	K	KI	KIS	BinWood
Total	14.89%	10.95%	4.25%	21.86%	25.99%	10.08%	3.47%	7.44%	1.09%

Chart 1: Grade Recovery for Month

Pruned recovery for June comprised of 30% overall sales volume, 11% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 58% of the total production volume, with lower quality export (KI and KIS grades) comprising 11% of volume.

The remaining 1% of production was made up of domestic pulp and binwood.

Expenditure

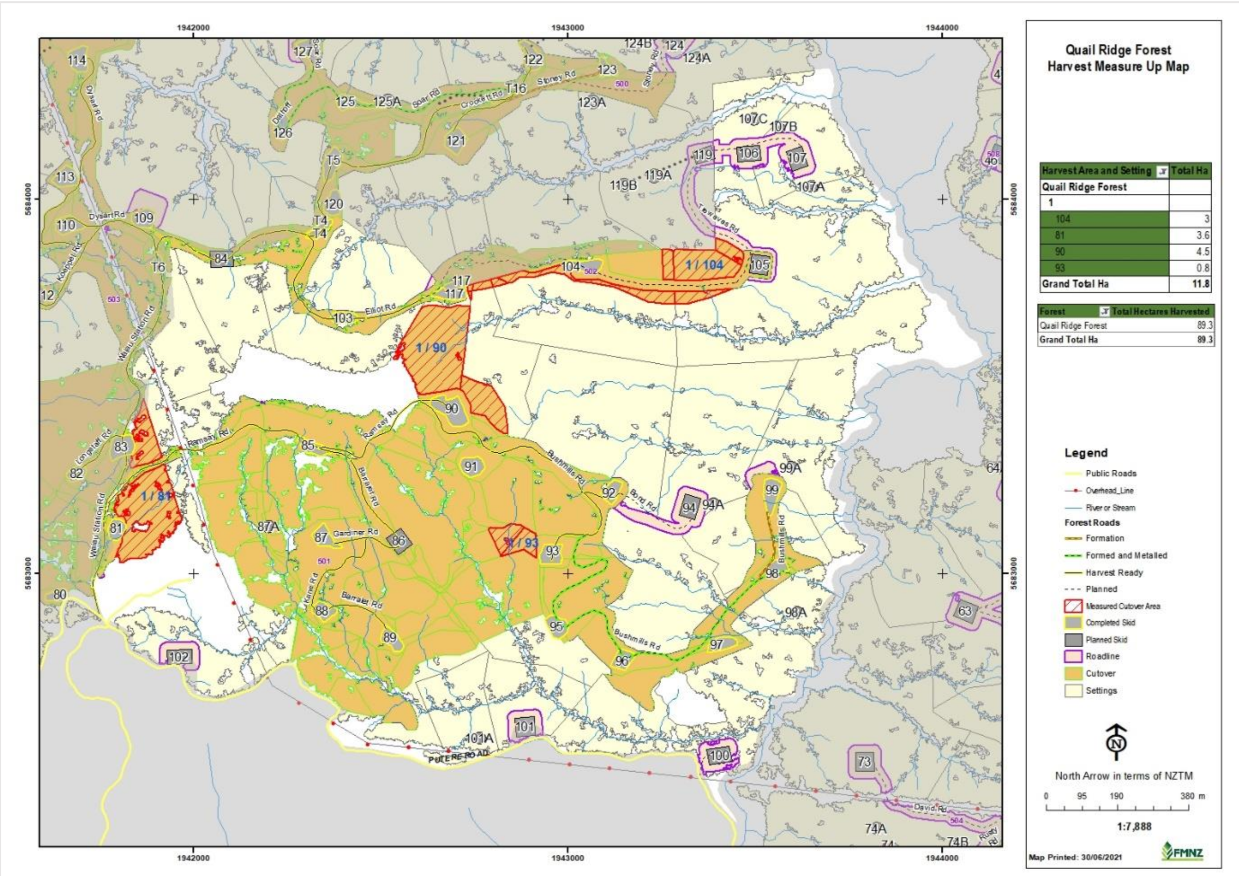
Harvesting

The total logging cost for the month was **$261,096.94,** an average of **$42.77** per tonne.

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

LOGGING COSTS	TONNES	TOTAL
June		$261,096.94
	6,103.97	**$261,096.94**

Table 1: Logging Costs



Pic 1: Progress Map

During the month of June, clearfell harvesting was carried out by Freedom Logging crew, Log 5 in Settings 90 and 93. A couple of pads were made to the east of Landing 90 to achieve deflection over the undulating terrain.

HT King Logging crew, Log 58 harvested the roadline corridor to Setting 104.

Stirling Logging crew, Log 26 carried out clearfell harvesting around the powerlines in Setting 81.

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 **$185,601.86** which is an average unit rate of **$30.41** per tonne.

Cartage expenditure for the month is summarised below in Table 2:

CARTAGE COSTS		TOTAL
June	Cartage - Truck	$185,601.86
	Weighbridge	$2,034.35
	Trailer Lifting	$30.00
		$187,666.21

Table 2: Cartage Costs

The average cart rate for June inclusive of weighbridge and trailer lifting fees is **$30.74** per tonne.

Trailer lifting costs are for the use of the public gantry as delivery was outside the hours of the facility provided by the Port of Napier.

Engineering

ENGINEERING		RL	CF	TOTAL
June	Fluming	$1,586.00		$1,586.00
	Landings	$1,701.00		$1,701.00
	Metal Rock	$9,573.90		$9,573.90
	Road Formation	$23,517.90		$23,517.90
	Stockpile Works	$2,109.45		$2,109.45
	Trucks - Cart & Dump	$11,280.00		$11,280.00
	Culverts	$2,846.34		$2,846.34
	Culverts - Freight	$448.00		$448.00
	Rehab	$176.54	$1,085.00	$1,261.54
	Culvert Installation	$588.00		$588.00
	Establishment - Engineering	$350.00		$350.00
	Loadout Bay Construction	$7,190.00		$7,190.00
	Pads	$4,935.00		$4,935.00
	Pavement	$336.00		$336.00
	R&M	$471.51	$5,293.00	$5,764.51
	R&M - Road Maintenance	$210.60	$520.60	$731.20
	Spread from stockpile	$2,194.50		$2,194.50
		$69,514.74	**$6,898.60**	**$76,413.34**

Table 3: Engineering Costs

Earthworks in June was around the construction of Elliot and Trewavas Roads (Landing 117 down to 105). These roads are shared with Stoney River Forest.

Planned Activities for July 2021

Planned activities for July is to continue clearfelling Setting 90, moving towards Setting 92.

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.

Earthworks will continue in July down to Landing 119 on Trewavas Road, weather permitting.

Net Revenue

Net revenue for the project to date excluding GST is shown in Table 4 below:

MONTH	NET MONTH	NET PROJECT
June	**$468,919.59**	**$2,870,487.09**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$76.82** per tonne, or **$39,738.95** per hectare.

Fees and Levies

Management fees and FGC levies are summarised in Table 5 below:

FEES & LEVIES		TOTAL
June	Management	$41,517.10
	FGC levy	$1,980.91
		$43,498.01

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
June	Consumables	$149.25
	Other	$95.00
	Security	$89.20
		$333.45

Table 6: 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.

Security costs were for battens and posts for fencing repairs on the boundary with the house property at the entranceway.

Health and Safety

There were two property damage incidents reported in June.

The first incident happened when the main rope gave way while extracting big wood. The rope was previously damaged and the grapple remained attached to the log. The operator was protected in his cab and no one else was in the area at the time of the incident. The direct cause was marginal lift and the indirect cause was the damaged rope (Equipment Failure).

The second incident occurred while loading logs. The loader operator was surprised by the close proximity of the Tigercat processor and slewed (rotated) the grapple loader away from the other machine causing the grapple to swing wildly and strike the loader window. The damage was caused by machines working in close proximity of each other and this was a valuable reminder to maintain safe working distances.

Environmental

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

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.

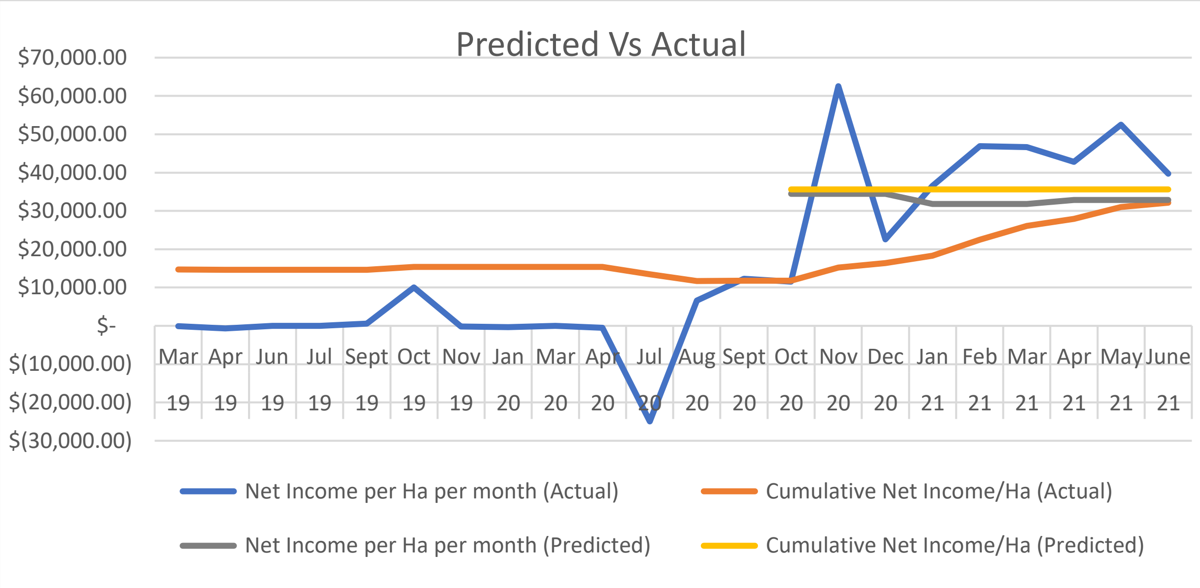


Chart 2: Actual vs Predicted

Net return per tonne to date is **$44.53**, forecast was $45.50.

Gross return per tonne to date is **$150.20**, forecast was $134.92.

Net return per hectare to date is **$32,144.31**, forecast was $35,617.00.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ MAXIMISING YOUR FOREST VALUE

Historic Harvesting Financial Summary

Quail Ridge Forest Partnership — 01/06/2021 to 30/06/2021

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

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		66.38		$45.50	$3,020.29
TOTAL BINWOOD SALES		**66.38**			**$3,020.29**
Domestic					
Pruned Dom	P1 4.9	128.91		$192.50	$24,815.17
Pruned Dom	P1 4.9	539.36		$202.00	$108,950.72
TOTAL DOMESTIC SALES		**668.27**			**$133,765.89**
Export					
Pruned Exp	P40 3.9	0.00	437.645	$210.00	$91,905.45
Pruned Exp	P40 5.9	0.00	468.251	$210.00	$98,332.71
Pruned Exp	P30 3.9	0.00	197.854	$185.00	$36,602.99
Pruned Exp	P30 5.1	0.00	66.550	$185.00	$12,311.75
A40	AO 3.8	0.00	1,298.750	$167.00	$216,891.25
A40	AO 3.9	0.00	69.783	$170.00	$11,863.11
A30	A 3.8	0.00	86.894	$164.00	$14,250.62
A30	A 3.8	0.00	236.901	$165.00	$39,088.67
A30	A 5.1	0.00	0.345	$167.00	$57.61
A30	A 5.8	0.00	490.878	$166.00	$81,485.75
A30	A 5.8	0.00	736.714	$167.00	$123,031.24
K	K 3.8	0.00	188.369	$157.00	$29,573.93
K	K 5.8	0.00	375.374	$159.00	$59,684.47
KI	KI 3.8	0.00	200.983	$149.00	$29,946.47
TOTAL EXPORT SALES		**0.00**	**4,855.291**		**$845,026.02**
Export Pulp					
Export Pulp	KIS 2.9	0.00	164.391	$130.00	$21,370.83
Export Pulp	KIS 2.9	0.00	35.555	$133.00	$4,728.81
Export Pulp	KIS 3.8	0.00	211.924	$141.00	$29,881.28
Export Pulp	KIS 5.8	0.00	0.940	$143.00	$134.42
TOTAL EXPORT PULP SALES		**0.00**	**412.810**		**$56,115.34**
TOTAL		**734.65**	**5,268.101**		**$1,037,927.54**

FEES	
FMNZ Management Fee @ %	$41,517.10
TOTAL FEES	**$41,517.10**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,980.89
TOTAL LEVIES	**$1,980.89**
COSTS	
Harvesting	$261,096.94
Cartage	$185,601.86
Weighbridge	$2,034.35
Consumables	$149.25
Culvert Installation	$588.00
Culvert Pipes	$2,846.34
Culverts - Freight	$448.00
Establishment	$350.00
Fluming	$1,586.00
Landings	$1,701.00
Loadout Bay: Construction	$7,190.00
Metal Rock m3	$9,573.90
Metalling: Cart to stockpile	$11,280.00
Metalling: Grading & Rolling	$336.00
Metalling: Spread from Stockpile	$2,194.50
Other	$95.00
Pads	$4,935.00
Post Harvest Rehab	$1,261.54
R&M - Road Maintenance	$731.20
Repairs & Maintenance	$5,764.51
Road Formation	$23,517.90
Security	$89.20
Stockpile Works	$2,109.45
Trailer Lifting	$30.00
TOTAL COSTS	**$525,509.94**
TOTAL FEES, LEVIES & COSTS	**$569,007.93**

NET INCOME	**$468,919.61**
GST	**$70,337.94**
NET INCOME (INCLUDING GST)	**$539,257.55**

Photo 1: Harvestline hauling stems to Landing 87.

Photo 2: Trailer load of export logs being chained up.

Photo 3: Trees felled in Setting 81.

Photo 4: Loading a truck on Landing 87.

Photo 5: Roadlining Setting 502, Trewavas Road.

Photos 6 & 7: Roadline crew working on Landing 104.

Photo 8: Skidder extracting stems from Setting 81.

Photo 9: Loader laying out logs for QC to stencil and check, Landing 83.

QuailRidge 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	June 21	Grand Total
Engineering	Culvert Installation		-$1,522.30		-$9,805.00	-$4,494.00	-$70.00	-$175.00	-$588.00	-$16,654.30
	Culverts	-$12,162.89	-$13,029.32	$600.28	-$22,383.84	-$4,256.34			-$2,846.34	-$54,078.45
	Culverts - Freight				-$2,815.00	-$495.00	-$70.00	-$105.00	-$448.00	-$3,933.00
	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	-$350.00	-$23,709.38
	Fluming		-$2,883.97		-$7,050.57	-$1,586.00		-$253.42	-$1,586.00	-$13,359.96
	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	-$1,701.00	-$287,598.50
	Loadout Bay Construction				-$4,051.50		-$577.50	-$25.20	-$7,190.00	-$11,844.20
	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	-$9,573.90	-$226,282.50
	Other				-$1,963.55	-$800.00				-$2,763.55
	Pads				-$2,232.50				-$4,935.00	-$7,167.50
	Pavement		-$11,772.00		-$26,659.12	-$2,088.00	-$660.00	-$2,069.73	-$336.00	-$43,584.85
	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	-$5,764.51	-$14,614.66
	R&M - Road Maintenance		-$165.00		-$2,482.50	-$4,649.10	-$5,548.50	-$1,535.16	-$731.20	-$15,111.46
	Rehab				-$3,525.00	-$140.00	-$1,050.00	-$2,226.87	-$1,261.54	-$8,203.41
	Road Formation	-$80,997.95	-$47,637.40		-$294,148.39	-$52,715.00	-$27,172.20	-$20,611.50	-$23,517.90	-$546,800.34
	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	-$2,194.50	-$57,661.25
	Stockpile Works				-$33,528.14	-$4,600.35	-$3,956.55	-$3,564.15	-$2,109.45	-$47,758.64
	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	-$11,280.00	-$341,298.49
	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**	**-$76,413.34**	**-$1,816,704.03**
Fees	FGC levy	-$1,682.03	-$888.28		-$8,568.45	-$2,485.82	-$1,800.79	-$2,457.87	-$1,980.91	-$19,864.14
	Management	-$38,073.70	-$18,838.66		-$161,844.10	-$45,895.46	-$34,011.45	-$47,099.17	-$41,517.10	-$387,279.65
Fees Total		**-$39,755.73**	**-$19,726.93**		**-$170,412.55**	**-$48,381.28**	**-$35,812.24**	**-$49,557.05**	**-$43,498.01**	**-$407,143.79**
Harvesting	Cartage - Truck	-$174,544.39	-$95,024.83		-$821,208.93	-$219,884.34	-$160,018.21	-$222,144.31	-$185,601.86	-$1,878,426.87
	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	-$261,096.94	-$2,618,611.98
	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	-$2,034.35	-$21,164.94
	Trailer Lifting					-$6.00		-$24.00	-$30.00	-$60.00
Harvesting Total		**-$438,529.24**	**-$227,368.82**		**-$2,010,881.97**	**-$520,489.37**	**-$380,871.38**	**-$527,032.36**	**-$448,763.15**	**-$4,553,936.29**
Income	Log Sales	$951,842.42	$470,966.43		$4,046,102.58	$1,147,386.60	$850,286.32	$1,177,479.27	$1,037,927.54	$9,681,991.15
Income Total		**$951,842.42**	**$470,966.43**		**$4,046,102.58**	**$1,147,386.60**	**$850,286.32**	**$1,177,479.27**	**$1,037,927.54**	**$9,681,991.15**
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	-$149.25	-$3,108.96
	Fencing	-$644.51								-$644.51
	Other	-$151.39	-$4,998.95	-$1,343.45	-$1,738.87	-$95.00	-$95.00	-$95.00	-$95.00	-$8,612.66
	Power Lines				-$4,420.40					-$4,420.40
	Royalty payments		-$500.00							-$500.00
	Security			-$15.50	-$3,428.25				-$89.20	-$3,532.95
	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**	**-$333.45**	**-$33,719.95**
Grand Total		**$158,197.25**	**$38,599.78**	**$9,283.66**	**$950,467.01**	**$419,772.37**	**$321,202.40**	**$504,045.03**	**$468,919.59**	**$2,870,487.09**