HARVESTING REPORT
JUNE 2021

SADDLEBACK FOREST

View from Aropaoanui Road showing roadline corridors for Trumpet and Aitken Roads.

FMNZ
"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Saddleback – June 2021

Summary

- Gross revenue for the month is **$1,153,376.57**
- Costs for the month are **$472,991.74**
- Net income for the month is **$680,384.82**
- Tonnes harvested for the month is **7,103.92**
- Net income per tonne for the month is **$95.78**
- Area cleared for the month is **7.2** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$10,528,211.86**
- Project costs to date are **$5,934,047.68**
- Project net income to date is **$4,594,164.18**
- Tonnes harvested to date is **73,600.87**
- Net income per tonne to date is **$62.42**
- Recoverable volume per hectare to date is **714.6** tonnes
- Net income per hectare to date is **$44,603.54**
- Total forest area is **271.38** hectares, approximate hectares cleared to date is **103.1** 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 **$1,153,376.57** with an average sale price over all grades of **$162.36** 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:

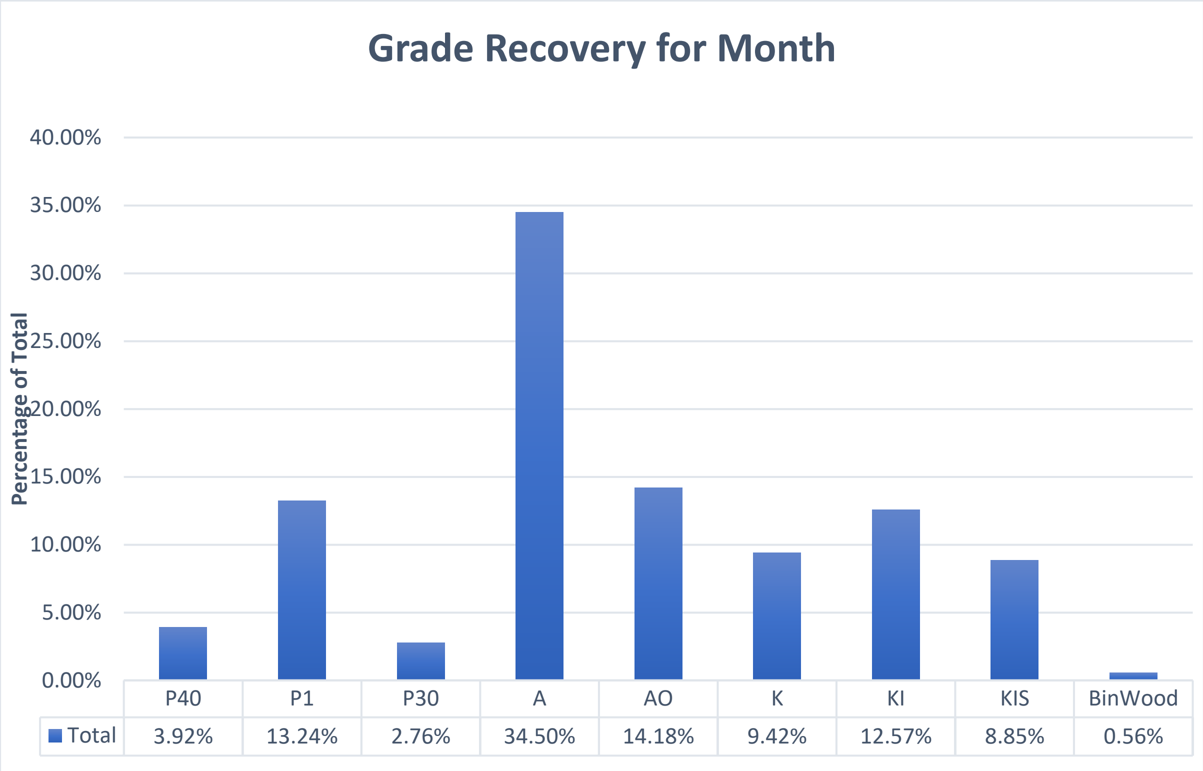


Chart 1: Grade Recovery for Month

Pruned recovery for June comprised of 20% overall sales volume, 13% 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 21% 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 **$277,362.43,** an average of **$39.04** per tonne.

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

LOGGING COSTS	TONNES	TOTAL
June		$277,362.43
	7,103.92	**$277,362.43**

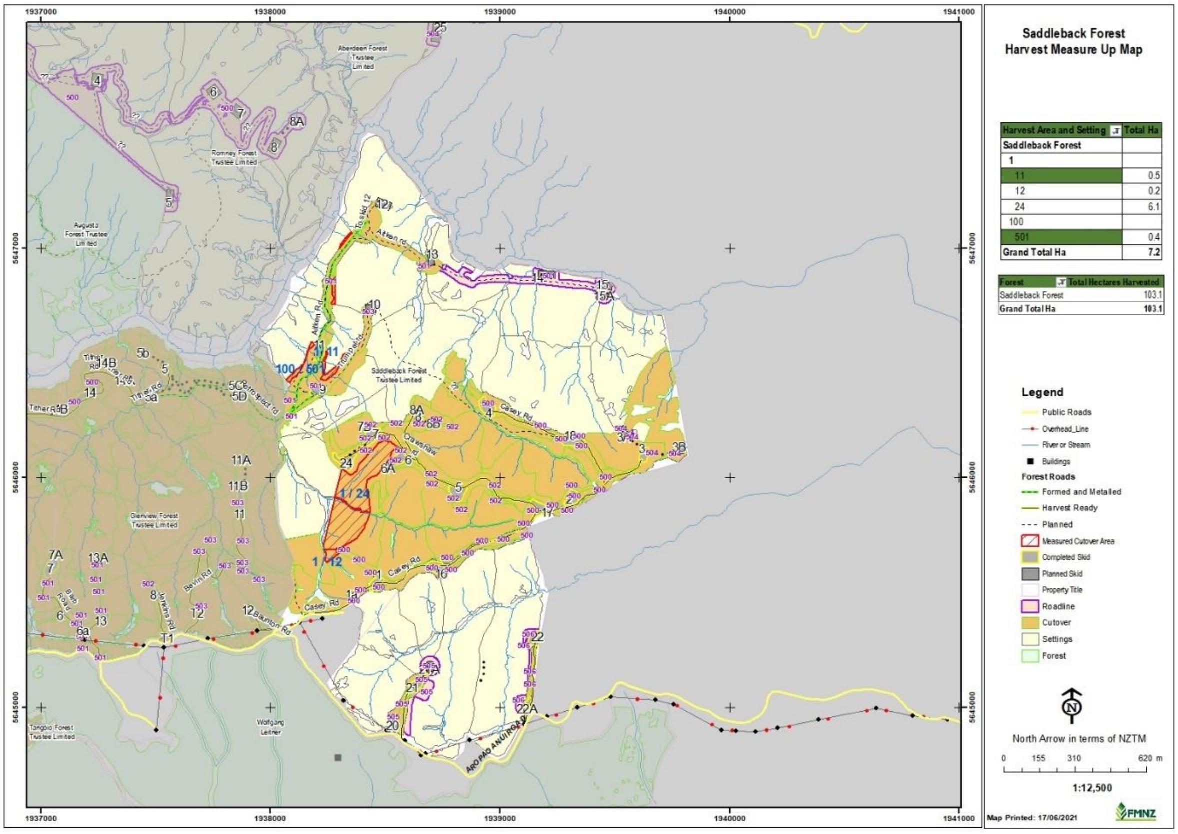
Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
June	Establishment - harvesting	$3,245.00
	Tracking	$364.50
		$3,609.50

Table 2: Additional Logging Costs

Establishment is the cost of an internal relocation of equipment for Log 1, a diesel tank, work container, Doosan 480 Excavator and a CAT 336 grapple loader to Landing 24 on Casey Road.

The tracking cost was for a track formed below Landing 10 to allow for additional log extraction to enable the landing to be constructed to correct size.



Pic 1: Progress Map

The Log 1 crews' swing yarder was repaired early in the month and was set up on Landing 24 to continue clearfell harvesting. Their backline will be in Glenview Forest on the track off Bevin Road for the last part of this setting.

The Log 2 crew spent the month of June in Setting 3, their pole hauler broke for a few days mid-month and once repaired, the crew carried on clearfelling the setting.

Some logs harvested in May were also loaded out from roadline Setting 501.

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 **$99,158.44** which is an average unit rate of **$13.96** per tonne.

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

CARTAGE COSTS		TOTAL
June	Cartage - Truck	$99,158.44
	Weighbridge	$2,441.43
	Trailer Lifting	$738.00
		$102,337.87

Table 3: Cartage Costs

The average cart rate for June inclusive of weighbridge and trailer lifting fees is **$14.41** per tonne.

The loadout from Saddleback is using a swing shift transport operation so the cartage is usually 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
June	Establishment - Engineering	$795.00		$795.00
	Pavement	$3,717.90		$3,717.90
	Spread from stockpile	$5,998.56		$5,998.56
	Geotextiles	$4,565.38		$4,565.38
	Landings	$2,395.20		$2,395.20
	Metal Rock	$9,121.00		$9,121.00
	R&M - Road Maintenance	$374.91	$2,374.43	$2,749.34
	Road Formation	$2,395.20		$2,395.20
	Stockpile Works	$1,385.10	$1,458.00	$2,843.10
	Trucks - Cart & Dump	$4,753.98		$4,753.98
		$35,502.22	**$3,832.43**	**$39,334.65**

Table 4: Engineering Costs

Earthworks in June was undertaken on Aitkens and Trumpet Roads to facilitate the loadout from Landing 12.

Planned Activities for July 2021

Clearfell harvesting activity will continue at Landings 24 and 3. Roadline salvage logs from Setting 501 will also be loaded out in July.

Work on Aitkens and Trumpet Roads will be completed in July.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
June	**$680,384.83**	**$4,594,164.18**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$95.78** per tonne, or **$94,497.89** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
June	Management	$46,135.06
	FGC levy	$2,268.50
		$48,403.56

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
June	Consumables	$222.34
	Traffic Management	$107.39
	Other	$95.00
	Royalty payments	$1,519.00
		$1,943.73

Table 7: Miscellaneous Expenses

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

Traffic Management costs were for posts for road name blades and a Corridor Access Request for tree falling within 2 tree lengths of Aropaoanui road.

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

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

Health and Safety

On 30th June, Saddleback Forest was the site of a workplace emergency incident. This required a 111 emergency call and the despatch of a helicopter to the forest site where the emergency took place. Unfortunately, the emergency resulted in the death of the injured person who was part of the harvest crew.

The incident is currently under WorkSafe investigation.

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.

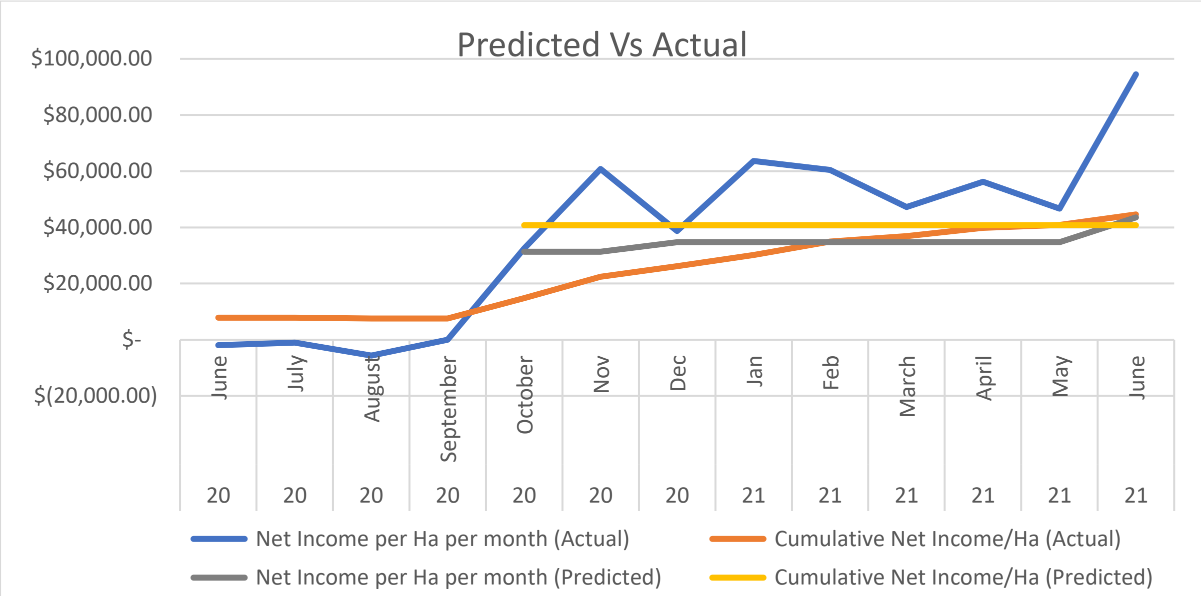


Chart 2: Actual vs Predicted

Net return per tonne to date is **$62.42**, forecast was $60.27.

Gross return per tonne to date is **$143.04**, forecast was $132.69.

Net return per hectare to date is **$44,603.54**, forecast was $40,770.58.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ
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Historic Harvesting Financial Summary

Saddleback Forest Partnership 01/06/2021 to 30/06/2021

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

SALES					
Type	**Grade**	**Tonnes**	**Jas (m3)**	**Sales Price**	**Gross Revenue ($)**
Binwood					
Pulp		39.48		$45.50	$1,796.34
TOTAL BINWOOD SALES		**39.48**			**$1,796.34**

Domestic					
Pruned Dom		474.40		$204.50	$97,014.80
Pruned Dom	P1 4.9	465.98		$202.00	$94,127.96
TOTAL DOMESTIC SALES		**940.38**			**$191,142.76**

Export					
Pruned Exp	P40 3.9	0.00	17.850	$209.00	$3,730.65
Pruned Exp	P40 3.9	0.00	236.158	$210.00	$49,593.18
Pruned Exp	P40 5.9	0.00	17.459	$210.00	$3,666.39
Pruned Exp	P30 3.9	0.00	199.912	$185.00	$36,983.72
A40	AO 3.8	0.00	980.536	$167.00	$163,749.51
A40	AO 3.9	0.00	22.297	$170.00	$3,790.49
A40	AO 5.8	0.00	13.102	$168.00	$2,201.14
A30	A 3.8	0.00	34.163	$164.00	$5,602.73
A30	A 3.8	0.00	889.982	$165.00	$146,847.03
A30	A 5.8	0.00	134.292	$166.00	$22,292.47
A30	A 5.8	0.00	1,323.502	$167.00	$221,024.83
K	K 3.8	0.00	470.445	$157.00	$73,859.87
K	K 5.8	0.00	162.226	$159.00	$25,793.93
KI	KI 3.8	0.00	32.030	$148.00	$4,740.44
KI	KI 3.8	0.00	830.135	$149.00	$123,690.11
TOTAL EXPORT SALES		**0.00**	**5,364.089**		**$887,566.49**

Export Pulp					
Export Pulp	KIS 2.9	0.00	172.874	$130.00	$22,473.62
Export Pulp	KIS 3.8	0.00	357.428	$141.00	$50,397.35
TOTAL EXPORT PULP SALES		**0.00**	**530.302**		**$72,870.97**
TOTAL		**979.86**	**5,894.391**		**$1,153,376.56**

FEES	
FMNZ Management Fee @ %	$46,135.06
TOTAL FEES	**$46,135.06**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,268.50
TOTAL LEVIES	**$2,268.50**
COSTS	
Harvesting	$277,362.43
Cartage	$99,158.44
Weighbridge	$2,441.43
Consumables	$222.34
Establishment	$4,040.00
Geotextiles	$4,565.38
Landings	$2,395.20
Metal Rock m3	$9,121.00
Metalling: Cart to stockpile	$4,753.98
Metalling: Grading & Rolling	$3,717.90
Metalling: Spread from Stockpile	$5,998.56
Other	$95.00
R&M - Road Maintenance	$2,749.34
Road Formation	$2,395.20
Royalty Payments	$1,519.00
Stockpile Works	$2,843.10
Tracking	$364.50
Traffic Management	$107.39
Trailer Lifting	$738.00
TOTAL COSTS	**$424,588.18**
TOTAL FEES, LEVIES & COSTS	**$472,991.74**

NET INCOME	**$680,384.82**
GST	**$102,057.72**
NET INCOME (INCLUDING GST)	**$782,442.54**

Photo 1: Pole hauler pulling stems to Landing 3.

Photo 2: Stems in Setting 3 felled and ready for extraction.

Photo 3: Roadline salvage of Aitken Road.

Photo 4: Aitken Road after roadline salvage.

Photo 5: Landing 12, logs ready for loadout.

Photo 6: Loader laying out a deck of stems for manual processing on Landing 3.

Photo 7: Manual log making on Landing 3.

Photo 8: QC workers checking log lengths on Landing 24.

SADDLEBACK CUMUALTIVES

Categories	Descriptions	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	-$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	-$795.00	-$24,226.50
	Fluming		-$8,347.42	-$1,640.93	-$1,815.50	-$4,758.00	-$380.14		-$16,941.99
	Geotextiles		-$420.00					-$4,565.38	-$4,985.38
	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	-$2,395.20	-$357,261.58
	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		-$9,121.00	-$83,763.66
	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	-$3,717.90	-$58,728.72
	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	-$2,395.20	-$405,984.18
	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	-$5,998.56	-$125,173.24
	Stockpile Works			-$11,966.64	-$8,120.55	-$7,680.62	-$7,508.72	-$2,843.10	-$38,119.63
	Trucks - Cart & Dump	-$37,277.71	-$90,217.50	-$8,558.50	-$11,179.43	-$19,158.62	-$3,780.37	-$4,753.98	-$174,926.09
	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	-$2,749.34	-$12,493.34
Engineering Total		**-$266,611.48**	**-$680,609.26**	**-$173,250.46**	**-$175,417.05**	**-$125,830.09**	**-$89,977.73**	**-$39,334.65**	**-$1,551,030.70**
Fees	FGC levy	-$799.06	-$3,103.57	-$7,799.76	-$2,554.38	-$2,948.15	-$2,577.11	-$2,268.50	-$22,050.54
	Management	-$16,716.66	-$63,881.72	-$144,404.48	-$45,623.26	-$54,985.13	-$49,382.15	-$46,135.06	-$421,128.47
Fees Total		**-$17,515.72**	**-$66,985.29**	**-$152,204.24**	**-$48,177.65**	**-$57,933.28**	**-$51,959.27**	**-$48,403.57**	**-$443,179.01**
Harvesting	Cartage - Truck	-$43,101.27	-$164,624.78	-$348,619.47	-$104,579.58	-$119,780.80	-$106,557.37	-$99,158.44	-$986,421.71
	Establishment - harvesting	-$7,222.00		-$16,172.50	-$2,295.00		-$3,010.00	-$3,245.00	-$31,944.50
	Logging	-$121,076.22	-$469,139.60	-$1,021,771.72	-$301,029.48	-$348,537.24	-$306,780.63	-$277,362.43	-$2,845,697.30
	Tracking			-$5,389.32	-$3,280.44			-$364.50	-$9,034.26
	Trailer Lifting			-$486.00	-$1,332.00	-$414.00	-$588.00	-$738.00	-$3,558.00
	Weighbridge	-$1,124.55	-$3,685.21	-$8,991.44	-$2,529.15	-$3,010.75	-$2,660.26	-$2,441.43	-$24,442.79
	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**	**-$383,309.80**	**-$3,901,773.57**
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	$1,153,376.57	$10,528,211.86
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**	**$1,153,376.57**	**$10,528,211.86**
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	-$222.34	-$2,214.45
	Environmental Monitoring			-$386.00			-$542.01		-$928.01
	Other	-$190.51	-$875.47	-$792.75	-$95.00	-$432.04	-$280.00	-$95.00	-$2,760.77
	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	-$107.39	-$11,973.38
	Royalty payments					-$9,359.85	-$9,881.25	-$1,519.00	-$20,760.10
Miscellaneous Total		**$757.59**	**-$9,208.81**	**-$6,259.72**	**-$360.51**	**-$10,016.27**	**-$11,032.94**	**-$1,943.73**	**-$38,064.40**
Grand Total		**-$37,977.05**	**$202,790.06**	**$1,876,967.11**	**$500,905.76**	**$709,105.83**	**$661,987.66**	**$680,384.82**	**$4,594,164.18**