HARVESTING REPORT
JUNE 2021

SHERWOOD FOREST

Log 17 loader fleeting logs on Landing 4.

FMNZ
"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Sherwood – June 2021

Summary

- Gross revenue for the month is **$767,727.17**
- Costs for the month are **$497,622.59**
- Net income for the month is **$270,104.58**
- Tonnes harvested for the month is **4,693.09**
- Net income per tonne for the month is **$57.55**
- Area cleared for the month is **5.50** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$3,680,336.42**
- Project costs to date are **$2,888,665.12**
- Project net income to date is **$791,671.30**
- Tonnes harvested to date is **24,169.48**
- Net income per tonne to date is **$32.76**
- Recoverable volume per hectare to date is tonnes **764.9**
- Net income per hectare to date is **$25,052.89**
- Total forest area is **259.14** hectares, approximate hectares cleared to date is **31.6** 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 **$767,727.17** with an average sale price over all grades of **$163.59** 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.

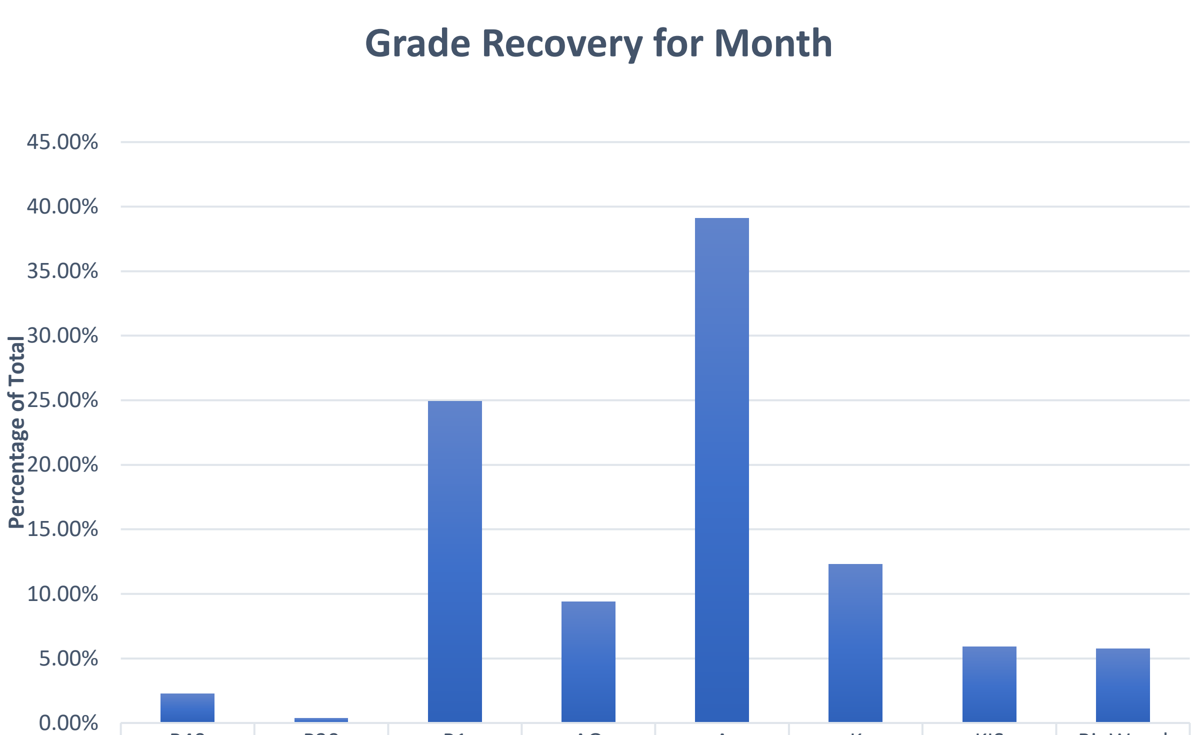
Freight continues to be a battle. Spot rates are high and congestion / demurrage costs are also high. The spot market impacts on all export regions and New Zealand rates in the high US$50's are not disproportionately high. The Baltic Index has been moving up and oil has hit over US$70/barrel which are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

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	P30	P1	AO	A	K	KIS	BinWood
Total	2.27%	0.37%	24.92%	9.39%	39.11%	12.29%	5.90%	5.74%

Chart 1: Grade Recovery for Month

Pruned recovery for June comprised 28% of overall sales volume, 25% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 61% of the total production volume, with lower quality export logs (KI and KIS grades) comprising 6% of volume.

The remaining 5% of production was made up of domestic pulp and binwood.

Expenditure

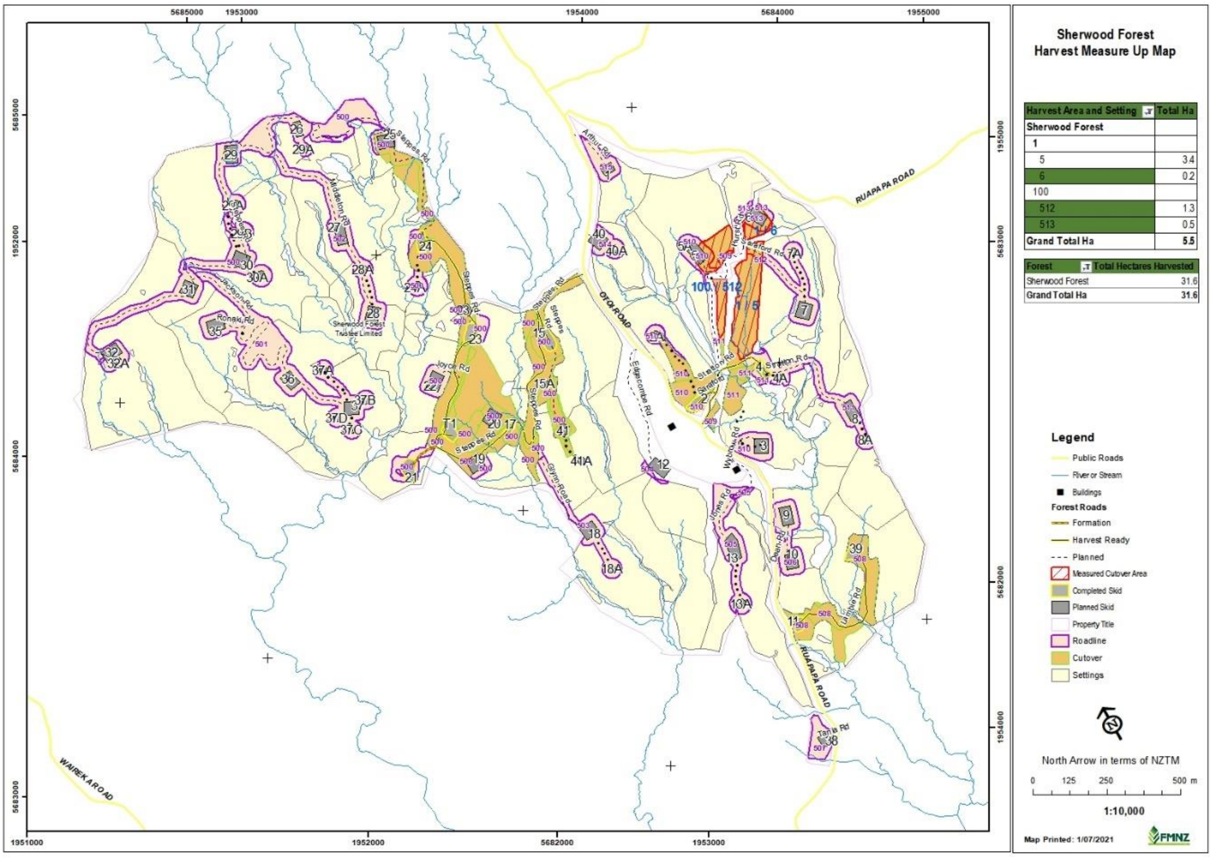
Harvesting

The total logging cost for the month was **$177,909.63,** an average of **$37.91** per tonne.

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

LOGGING COSTS	TONNES	TOTAL
June		$177,909.63
	4,693.09	**$177,909.63**

Table 1: Logging Costs



Pic 1: Progress Map

During June, roadline harvesting was carried out in Settings 512 and 513 and pulled to Landing 4, Saraford Road. Clearfell harvesting of Setting 4 also commenced. The decision was made to commence some clearfell harvesting for the winter months to help reduce the roading costs until we can get back to fulltime roadlining later in the year.

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 **$132,405.43** which is an average unit rate of **$28.21** per tonne.

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

CARTAGE COSTS		TOTAL
June	Cartage - Truck	$132,405.43
	Weighbridge	$1,294.04
	Trailer Lifting	$6.00
		$133,705.47

Table 2: Cartage Costs

The average cart rate for June inclusive of weighbridge and trailer lifting fees is **$28.49** per tonne.

Trailer lifting costs are for the use of the public gantry for reloading the trailers when loads have been delivered to the port outside the hours of the port supplied facility.

Engineering

ENGINEERING		RL	CF	TOTAL
JUNE	Establishment - Engineering	$450.00	$960.00	$1,410.00
	Fluming	$673.98		$673.98
	Stockpile Works	$954.75		$954.75
	Loadout Bay Construction	$3,080.00		$3,080.00
	R&M		$925.00	$925.00
	R&M - Road Maintenance		$7,317.50	$7,317.50
	Landings	$37,515.00		$37,515.00
	Metal Rock	$14,873.24		$14,873.24
	R&M - Metal		$2,071.75	$2,071.75
	Road Formation	$43,135.00		$43,135.00
	Spread from stockpile	$960.00		$960.00
	Trucks - Cart & Dump	$9,106.18	$675.00	$9,781.18
	Crossings	$8,575.00		$8,575.00
	Culvert Installation	$710.00		$710.00
	Culverts - Freight	$180.00		$180.00
	Grass Seeding		$1,781.25	$1,781.25
	Pavement	$1,430.00		$1,430.00
	Rehab	$1,392.50	$760.00	$2,152.50
	Trucks - Cart & Spread	$1,500.00		$1,500.00
		$124,535.64	**$14,490.50**	**$139,026.14**

Table 3: Engineering Costs

Earthworks continued on Steppes Road towards Landing 25 including installation of a 600mm culvert. This was a particularly difficult section of road to construct with a complex culvert installation as well as steep terrain up to Landing 25. The difficulty of this section meant there was a significant amount of earthworks required.

Work was also completed on Stratton Road to Landing 4 which has allowed the winter harvest option to commence.

Landing 21 on Howarth Road was constructed as was the road from Landing T1 to 21, however the pavement was not completed.

Planned Activities for July 2021

The planned activity for July is to continue clearfell harvesting in Setting 4.

In July, earthworks will continue between Landings 24 and 25 as well as constructing Saraford Road up to Landing 6.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
JUNE	**$270,104.58**	**$791,671.30**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$57.55** per tonne, or **$49,109.92** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
JUNE	Management	$30,709.09
	FGC levy	$1,523.16
		$32,232.25

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
JUNE	Consumables	$108.80
	Other	$2,000.00
	Power Lines	$8,575.10
	Security	$3,498.90
	Traffic Management	$286.30
		$14,469.10

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during June and an export log stencil.

Other cost is for a resource consent application fee.

Power Lines costs are for a WorkSafe notification, signage and observers to fell near power lines on Stratton Road between 31st May and 18th June.

Security costs were for erecting a new fence line around Steppes and Saraford Roads gateway; as well as repairs and maintenance to the existing boundary fence.

Traffic management costs were for road name blades and associated posts.

Health and Safety

One near hit incident was recorded in June.

A worker was erecting a "Road Closed" banner when a person on a quad bike arrived and asked what was happening. When told the road was closed due to felling trees close to the road, the quad bike rider then proceeded past to the Waratah and continued on up towards the landing before driving over the culvert and then onto farmland. The quad bike rider should have been told to stop immediately and to go back to use the public road. The gate at the top of the road will be kept closed and locked to prevent this from happening again.

Environmental

ENVIRONMENTAL		TOTAL
JUNE	Environmental Monitoring	$280.00
		$280.00

Table 7: Environmental Expenses

A resource consent application to allow forestry activities to be undertaken was made to the Hawke's Bay Regional Council. The application consists primarily of the Sherwood Forest Earthworks Management Plan and Harvest Plan document prepared in accordance with the National Environmental Standards for Plantation Forestry.

Financial Performance

Net return per tonne to date is **$32.76.**

Gross return per tonne to date is **$152.27.**

Net return per hectare to date is **$25,052.89**.

Kind Regards

FMNZ TEAM

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

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

Paid to bank account # 02-0792-0001588-000 — GST # 61-997-091

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		269.52		$45.50	$12,263.16
TOTAL BINWOOD SALES		**269.52**			**$12,263.16**

Domestic					
Pruned Dom	P1 4.9	243.56		$189.00	$46,032.84
Pruned Dom	P1 4.9	926.16		$202.00	$187,084.32
TOTAL DOMESTIC SALES		**1,169.72**			**$233,117.16**

Export					
Pruned Exp	P40 3.9	0.00	35.532	$210.00	$7,461.72
Pruned Exp	P40 5.9	0.00	72.543	$210.00	$15,234.03
Pruned Exp	P30 3.9	0.00	18.507	$185.00	$3,423.80
A40	AO 3.8	0.00	129.576	$167.00	$21,639.19
A40	AO 3.9	0.00	296.233	$170.00	$50,359.61
A40	AO 3.9	0.00	34.608	$171.00	$5,917.97
A30	A 3.8	0.00	518.725	$164.00	$85,070.90
A30	A 3.8	0.00	83.292	$165.00	$13,743.18
A30	A 3.8	0.00	34.157	$168.00	$5,738.38
A30	A 5.8	0.00	737.074	$166.00	$122,354.28
A30	A 5.8	0.00	299.566	$167.00	$50,027.52
A30	A 5.8	0.00	93.034	$171.00	$15,908.81
K	K 3.8	0.00	180.652	$157.00	$28,362.36
K	K 5.8	0.00	407.763	$159.00	$64,834.32
TOTAL EXPORT SALES		**0.00**	**2,941.262**		**$490,076.07**

Export Pulp					
Export Pulp	KIS 2.9	0.00	47.389	$130.00	$6,160.57
Export Pulp	KIS 2.9	0.00	45.053	$133.00	$5,992.05
Export Pulp	KIS 3.8	0.00	142.682	$141.00	$20,118.16
TOTAL EXPORT PULP SALES		**0.00**	**235.124**		**$32,270.78**
TOTAL		**1,439.24**	**3,176.386**		**$767,727.17**

FEES	
FMNZ Management Fee @ %	$30,709.09
TOTAL FEES	**$30,709.09**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,523.15
TOTAL LEVIES	**$1,523.15**
COSTS	
Harvesting	$177,909.63
Cartage	$132,405.43
Weighbridge	$1,294.04
Consumables	$108.80
Crossings	$8,575.00
Culvert Installation	$710.00
Culverts - Freight	$180.00
Environmental Monitoring	$280.00
Establishment	$1,410.00
Fluming	$673.98
Grass Seeding	$1,781.25
Landings	$37,515.00
Loadout Bay: Construction	$3,080.00
Metal Rock m3	$14,873.24
Metalling: Cart to road	$1,500.00
Metalling: Cart to stockpile	$9,781.17
Metalling: Grading & Rolling	$1,430.00
Metalling: Spread from Stockpile	$960.00
Other	$2,000.00
Post Harvest Rehab	$2,152.50
Powerlines	$8,575.10
R&M - Metal	$2,071.75
R&M - Road Maintenance	$7,317.50
Repairs & Maintenance	$925.00
Road Formation	$43,135.00
Security	$3,498.90
Stockpile Works	$954.75
Traffic Management	$286.30
Trailer Lifting	$6.00
TOTAL COSTS	**$465,390.34**
TOTAL FEES, LEVIES & COSTS	**$497,622.58**

NET INCOME	**$270,104.59**
GST	**$40,515.69**
NET INCOME (INCLUDING GST)	**$310,620.28**

Photo 1: Truck being loaded on Landing 4.

Photo 2: Felling machine in Setting 4.

Photo 3: Felling machine feeding stems to the skidder in Setting 4.

Photo 4: Logs ready for loadout on Landing 4.

SHERWOOD CUMULATIVES

Categories	Descriptions	Mar 20 -Feb 21	Mar 21	Apr 21	May 21	June 21	Grand Total
Engineering	Borrow Pit	-$1,720.00					-$1,720.00
	Culvert Installation	-$27,512.50	-$26,392.50	-$1,957.50	-$10,425.00	-$710.00	-$66,997.50
	Culverts	-$53,430.87	-$370.00	-$15,773.78			-$69,574.65
	Culverts - Freight	-$8,150.00	-$540.00	-$780.00		-$180.00	-$9,650.00
	Entranceway - Seal	-$747.65					-$747.65
	Establishment - Engineering	-$10,158.75	-$1,920.00	-$480.00	-$1,120.00	-$1,410.00	-$15,088.75
	Fluming	-$8,846.25	-$7,278.68	-$3,206.83	-$82.34	-$673.98	-$20,088.08
	Landings	-$72,747.50	-$18,577.50	-$45,605.00	-$36,452.50	-$37,515.00	-$210,897.50
	Loadout Bay Metal	-$6,603.67					-$6,603.67
	Metal Rock	-$33,529.80	-$21,397.70	-$38,566.49		-$14,873.24	-$108,367.22
	Other		-$49.30	-$275.00			-$324.30
	Pavement	-$2,265.00	-$3,527.50	-$780.00	-$5,035.00	-$1,430.00	-$13,037.50
	R&M	-$1,300.00				-$925.00	-$2,225.00
	R&M - Road Maintenance	-$195.00	-$537.50	-$5,110.00	-$5,295.00	-$7,317.50	-$18,455.00
	Road Formation	-$180,140.00	-$41,012.50	-$54,067.50	-$39,332.50	-$43,135.00	-$357,687.50
	Spread from stockpile	-$4,980.00	-$6,660.00	-$3,780.00	-$660.00	-$960.00	-$17,040.00
	Stockpile Works	-$3,267.50	-$6,247.50	-$2,490.00	-$3,635.00	-$954.75	-$16,594.75
	Trucks - Cart & Dump	-$27,600.76	-$16,648.71	-$29,746.46	-$6,722.59	-$9,781.18	-$90,499.70
	Trucks - Cart & Spread	-$1,560.00				-$1,500.00	-$3,060.00
	Grass Seeding		-$1,144.50	-$1,109.00	-$475.00	-$1,781.25	-$4,509.75
	Loadout Bay Construction		-$780.00	-$940.00	-$420.00	-$3,080.00	-$5,220.00
	Sediment Control		-$318.25				-$318.25
	Temp Landings		-$6,232.50				-$6,232.50
	R&M - Metal			-$414.40		-$2,071.75	-$2,486.15
	Rehab			-$9,250.00		-$2,152.50	-$11,402.50
	R&M - Culverts Maintenance				-$107.50		-$107.50
	Crossings					-$8,575.00	-$8,575.00
Engineering Total		**-$444,755.25**	**-$159,634.64**	**-$214,331.96**	**-$109,762.43**	**-$139,026.14**	**-$1,067,510.42**
Fees	FGC levy	-$2,730.95	-$1,163.61	-$1,201.90	-$1,272.60	-$1,523.16	-$7,892.22
	Management	-$49,682.03	-$20,508.05	-$22,069.37	-$24,244.92	-$30,709.09	-$147,213.46
Fees Total		**-$52,412.98**	**-$21,671.67**	**-$23,271.27**	**-$25,517.52**	**-$32,232.24**	**-$155,105.68**
Harvesting	Cartage - Rail	-$442.60			-$6,749.85		-$7,192.45
	Cartage - Truck	-$232,036.23	-$93,448.64	-$100,958.46	-$105,434.10	-$132,405.43	-$664,282.86
	Establishment - harvesting	-$8,425.00	-$2,400.00	-$800.00			-$11,625.00
	Logging	-$324,200.67	-$130,321.20	-$135,273.86	-$147,845.70	-$177,909.63	-$915,551.06
	Tracking	-$22,135.00	-$645.00		-$950.00		-$23,730.00
	Weighbridge	-$2,741.05	-$1,118.34	-$1,024.82	-$1,170.26	-$1,294.04	-$7,348.51
	Trailer Lifting		-$6.00			-$6.00	-$12.00
	Cartage - Trans Shipping			-$742.50			-$742.50
Harvesting Total		**-$589,980.54**	**-$227,939.18**	**-$238,799.64**	**-$262,149.92**	**-$311,615.10**	**-$1,630,484.38**
Income	Log Sales	$1,242,050.76	$512,701.34	$551,734.14	$606,123.00	$767,727.17	$3,680,336.42
Income Total		**$1,242,050.76**	**$512,701.34**	**$551,734.14**	**$606,123.00**	**$767,727.17**	**$3,680,336.42**
Miscellaneous	Consultancy Fees	-$1,272.70					-$1,272.70
	Consumables	-$438.96	-$89.84	-$48.89	-$102.90	-$108.80	-$789.39
	Environmental Monitoring	-$193.00	-$144.75	-$290.75	-$869.75	-$280.00	-$1,778.25
	Other	-$253.89			-$185.00	-$2,000.00	-$2,438.89
	Security	-$1,858.08	-$919.72	-$456.33		-$3,498.90	-$6,733.03
	Traffic Management	-$3,941.29			-$2,852.10	-$286.30	-$7,079.69
	Power Lines		-$2,439.20		-$4,458.40	-$8,575.10	-$15,472.70
Miscellaneous Total		**-$7,957.92**	**-$3,593.51**	**-$795.97**	**-$8,468.15**	**-$14,749.10**	**-$35,564.65**
Grand Total		**$146,944.07**	**$99,862.35**	**$74,535.30**	**$200,224.98**	**$270,104.58**	**$791,671.30**