HARVESTING REPORT
July 2021

CRICKLEWOOD FOREST

Processor sitting under the hauler in Setting 18 processing stems into logs.

Clearfell Harvesting Report – Cricklewood – July 2021

Summary

- Gross revenue for the month is **$636,151.37**
- Costs for the month are **$329,169.74**
- Net income for the month is **$306,981.63**
- Tonnes harvested for the month is **3,948.15**
- Net income per tonne for the month is **$77.75**
- Area cleared for the month is **6.8** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$18,340,459.19**
- Project costs to date are **$11,957,509.38**
- Project net income to date is **$6,382,949.80**
- Tonnes harvested to date is **138,221.20**
- Net income per tonne to date is **$46.18**
- Recoverable volume per hectare to date is **757.8** tonnes
- Net income per hectare to date is **$34,994.24**
- Total forest area is **315.8** hectares, approximate hectares cleared to date is **182.4** 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 **$636,151.37** with an average sale price over all grades of **$161.13** per tonne**.**

July 2021 - Log Markets, Hawkes Bay

The July export prices have dropped $2.86/Jas m^3 on average. The decrease has affected all log grades.

Radiata log inventories on the main Chinese ports we monitor have increased relatively quickly to 4.5Mm^3 – 5.0Mm^3, with daily offtake still down under the 60Km^3 per day range.

This variation in the total softwood stock numbers is due to the Chinese government forcing some sawmills to relocate from Taicang, Jiangsu Province. Many log processing facilities in Taicang will have to close or relocate after the government, with very little warning, imposed regulation in early July that will restrict sawmilling to specific identified industrial districts. Initial estimates are this will reduce milling capacity by about 50%.

Taicang was China's second largest port for softwood imports and received about 20% of China's total softwood imports. It is just over 50km north-west of Shanghai so the regulations are likely to be a combination of government wanting to change land use as well as reduce pollution. This land will most likely be repurposed for housing or higher tech companies.

The disruption at Taicang has been a contributing factor in easing prices, as has resistance to higher prices in the market. The Chinese government has been talking down commodity prices and several of our exporters' customers have reacted quickly to defer development projects. There has also been an increase in domestic harvest levels in south China and that is now starting to reflect in lower levels of demand from that market.

Spot freight is in the high US$50's. The forecast for August is rates in the mid US$60's/$m^3$ including delay costs. Freight rates are an additional US$20+/$m^3$ for volume ex Gisborne due to the extensive delays now occurring there due to a combination of berth repair and adverse weather reducing berth capacity.

The NZD weakened against the USD over July dropping from 0.7277 to 0.6982 against the USD. This helped reduce the drop in AWG pricing for July.

Domestic pruned log prices have lifted $4 this quarter due to strong AWG export pricing and factoring in the winter effects on Jas conversions.

Grade Recovery

Grade out turn for July is as follows:

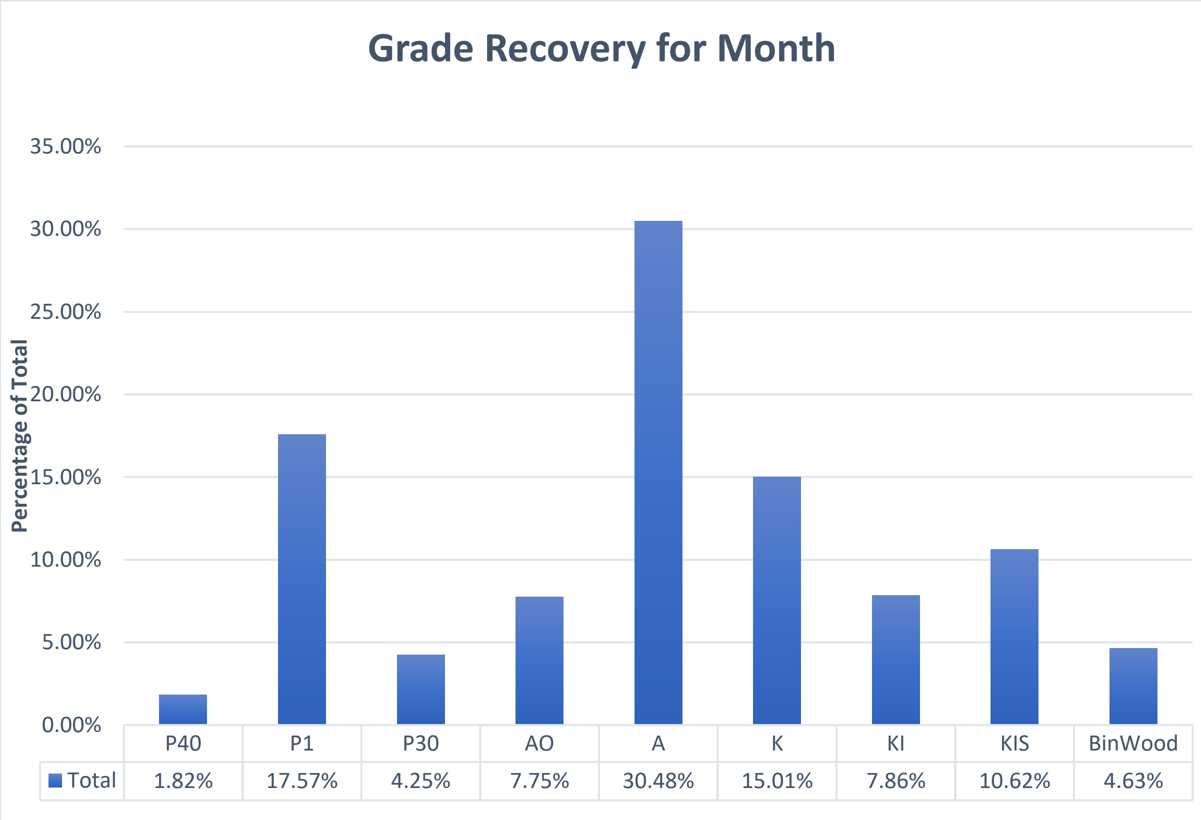


Chart 1: Grade Recovery for Month

Pruned recovery for July comprised 24% of overall sales volume, 18% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 53% of the total production volume, with lower quality export (KI and KIS grades) comprising 18% of volume.

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

Expenditure

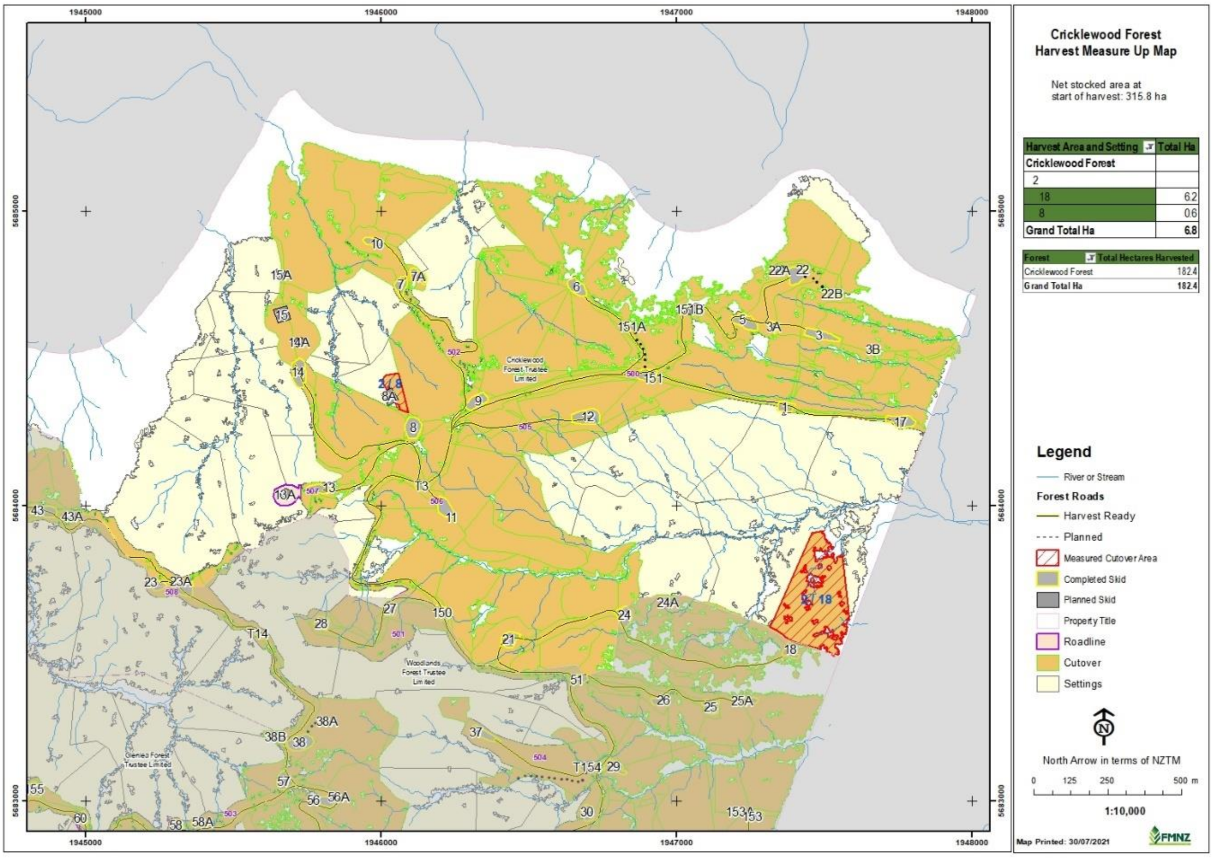
Harvesting

The total logging cost for the month was **$154,267.20**, an average of **$39.07** per tonne.

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

LOGGING COSTS		TOTAL
July		$154,267.20
		$154,267.20

Table 1: Logging Costs



Pic 1: Progress Map

During July clearfell harvest of Setting 8 was completed and tidied up before the crew moved on to Setting 18 on East Road where they commenced clearfelling on the Rotongaio Station boundary. The trees in Setting 18 vary a lot. Closer to the boundary, the trees are smaller, bent and have large branching.

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 **$123,489.40** which is an average unit rate of **$31.28** per tonne.

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

CARTAGE COSTS		TOTAL
July	Cartage - Truck	$123,489.40
	Weighbridge	$1,209.99
	Trailer Lifting	$12.00
		$124,711.39

Table 2: Cartage Costs

The average cart rate for July inclusive of weighbridge and trailer lifting fees is **$31.59** per tonne.

Trailer lifting costs are for using the public gantry to reload trailers for loads delivered outside the normal hours of the facility provided by the Napier Port.

Engineering

ENGINEERING		RL	CF	TOTAL
July	R&M		$290.00	$290.00
	Rehab	$4,884.00		$4,884.00
	Establishment - Engineering	$240.00	$370.00	$610.00
	Loadout Bay Construction		$2,015.00	$2,015.00
	Metal Rock		$5,276.90	$5,276.90
	Pavement	$540.00	$1,704.00	$2,244.00
	R&M - Culverts Maintenance		$500.00	$500.00
	Spread from stockpile		$6,124.00	$6,124.00
	Stockpile Works		$1,011.30	$1,011.30
		$5,664.00	**$17,291.20**	**$22,955.20**

Table 3: Engineering Costs

The bulk of the earthworks completed in July was associated with maintenance on Waiau River and Moonlight Roads as well as post-harvest rehabilitation.

Some work was required on Landing 18 on East Road as well as work completed on East Road pavement to facilitate harvest.

Planned Activities for August 2021

The hauler will be moved to Landing 18A for at least a month and once finished there will harvest the windthrow in Settings 12 and 151, which blew over in the windstorm in July.

Engineering work in August will be largely centred around maintenance associated with harvest operations.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
July	**$306,981.63**	**$6,382,949.80**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$77.75** per tonne, or per **$45,144.36** hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
July	Management	$25,446.05
	FGC levy	$1,294.44
		$26,740.50

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
July	Consumables	$111.96
	Other	$114.00
		$225.96

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during July and for Antisapstain solution used to treat the ends of pruned export logs.

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

Health and Safety

A public meeting held at the Putere School in June over concerns for the safety of locals due to the high level of heavy traffic had some action points completed in July with the erection of four signs on the side of Putere Road at various intervals reminding drivers that they are on a public road and therefore have to drive accordingly. Signs indicating times for the school bus route were also installed.

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

Environmental

ENVIRONMENTAL		TOTAL
July	Environmental Monitoring	$269.50
		$269.50

Table 7: Miscellaneous Expenses

Hawke's Bay Regional Council visited the forest on 16th June 2021 and assessed both consented and permitted harvesting and earthworks activities as being *fully compliant* and noted that f*rom site observations and drone footage supplied by the consent holder the observed cutovers, streams and stream banks in red ESC appeared to have very little slash remaining indicating a high level of competency in the planning and execution of the harvesting operation*.

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.

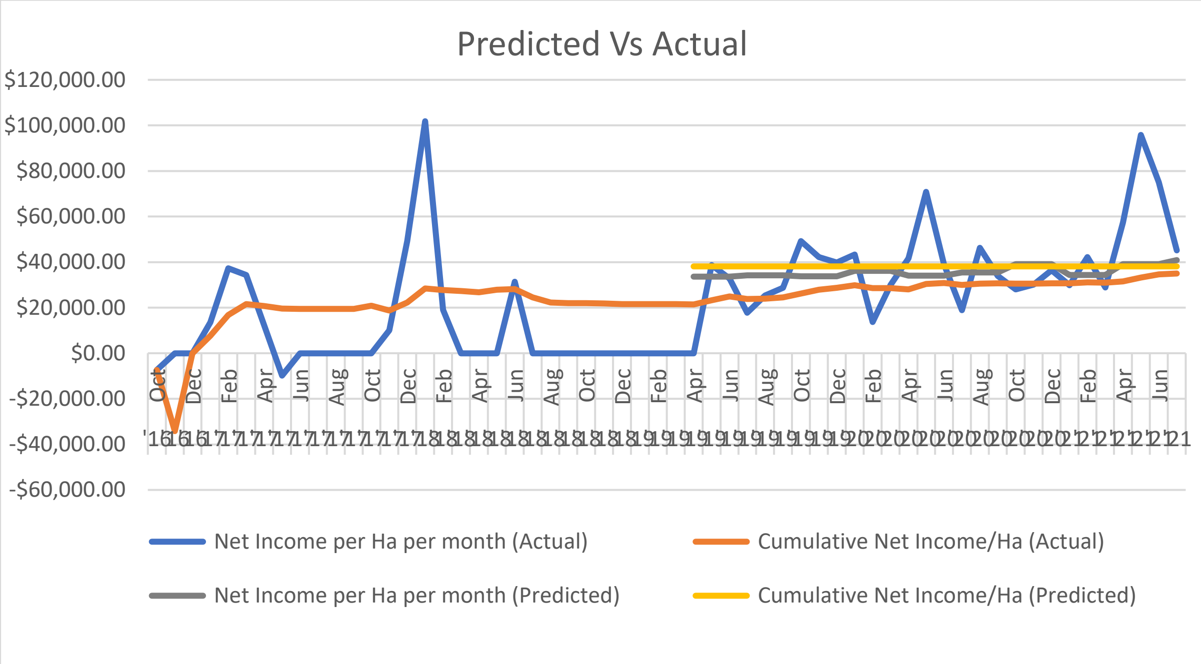


Chart 2: Actual vs Predicted

Net return per tonne to date is **$46.18**, forecast was $50.70.

Gross return per tonne to date is **$132.69**, forecast was $135.61.

Net return per hectare to date is **$34,994.24**, forecast was $38,119.31.

Kind Regards

FMNZ HARVEST TEAM

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

Cricklewood Forest Partnership 01/07/2021 to 31/07/2021

Paid to bank account # 02-0792-0001502-000 GST # 61-378-960

Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
SALES					
Binwood					
Pulp		182.94		$45.50	$8,323.77
TOTAL BINWOOD SALES		**182.94**			**$8,323.77**
Domestic					
Pruned Dom	P1 4.3	32.54		$207.00	$6,735.78
Pruned Dom	P1 4.9	462.44		$207.00	$95,725.08
Pruned Dom	P1 5.5	198.82		$209.50	$41,652.79
TOTAL DOMESTIC SALES		**693.80**			**$144,113.65**
Export					
Pruned Exp	P40 3.9	0.00	74.274	$208.00	$15,448.99
Pruned Exp	P30 3.9	0.00	172.410	$178.00	$30,688.98
A40	AO 3.8	0.00	321.228	$165.00	$53,002.62
A30	A 3.8	0.00	39.173	$161.00	$6,306.85
A30	A 3.8	0.00	311.036	$162.00	$50,387.83
A30	A 5.8	0.00	133.355	$163.00	$21,736.87
A30	A 5.8	0.00	740.681	$165.00	$122,212.36
K	K 3.8	0.00	221.162	$154.00	$34,058.95
K	K 5.8	0.00	345.994	$156.00	$53,975.06
KI	KI 3.8	0.00	53.319	$145.00	$7,731.25
KI	KI 3.8	0.00	251.323	$146.00	$36,693.16
TOTAL EXPORT SALES		**0.00**	**2,663.955**		**$432,242.92**
Export Pulp					
Export Pulp	KIS 2.9	0.00	153.225	$130.00	$19,919.25
Export Pulp	KIS 3.8	0.00	228.636	$138.00	$31,551.77
TOTAL EXPORT PULP SALES		**0.00**	**381.861**		**$51,471.02**
TOTAL		**876.74**	**3,045.816**		**$636,151.36**

FEES	
FMNZ Management Fee @ %	$25,446.05
TOTAL FEES	**$25,446.05**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,294.44
TOTAL LEVIES	**$1,294.44**
COSTS	
Harvesting	$154,267.20
Cartage	$123,489.40
Weighbridge	$1,209.99
Consumables	$111.96
Environmental Monitoring	$269.50
Establishment	$610.00
Loadout Bay: Construction	$2,015.00
Metal Rock m3	$5,276.90
Metalling: Grading & Rolling	$2,244.00
Metalling: Spread from Stockpile	$6,124.00
Other	$114.00
Post Harvest Rehab	$4,884.00
R&M - Culvert Maintenance	$500.00
Repairs & Maintenance	$290.00
Stockpile Works	$1,011.30
Trailer Lifting	$12.00
TOTAL COSTS	**$302,429.25**
TOTAL FEES, LEVIES & COSTS	**$329,169.74**

NET INCOME	**$306,981.62**
GST	**$46,047.24**
NET INCOME (INCLUDING GST)	**$353,028.86**

Photo 1: Logging truck being chained up by the operator on Landing 18.

Photo 2: Processor sitting under the hauler in Setting 18 processing stems into logs.

Photo 3: Logging truck leaving Landing 18 on East Road.

CRICKLEWOOD CUMULATIVES

Categories	Descriptions	May 13 - Feb 17	Mar 17 - Feb 18	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 -Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Grand Total
Engineering	Corduroy					-$385.00						-$385.00
	Crossings	-$2,080.00										-$2,080.00
	Culvert Installation			-$510.30	-$2,712.00	-$882.00	-$5,316.00					-$9,420.30
	Culverts	-$14,035.61	-$21,380.60	-$4,748.27	-$7,394.51	-$17,359.39	-$2,846.34			$3,795.12		-$63,969.60
	Culverts - Freight		-$624.00	-$2,660.00	-$680.00	-$2,790.00	-$640.00					-$7,394.00
	Entranceway - Seal	-$2,497.47			-$73.70							-$2,571.17
	Establishment - Engineering	-$4,302.60	-$2,160.00	-$1,187.35	-$3,477.40	-$7,067.43	-$1,680.00	-$1,832.00	-$60.00	-$960.00	-$610.00	-$23,336.78
	Fluming		-$5,942.75	-$1,076.20	-$893.00	-$7,119.27	-$1,586.00			$1,586.00		-$15,031.22
	Grass Seeding				-$436.15	-$1,842.41	-$285.00	-$585.50	-$380.00			-$3,529.06
	Landings	-$18,280.00	-$24,067.50	-$33,180.44	-$27,456.00	-$46,300.00	-$3,591.00					-$152,874.94
	Loader Hire				-$1,950.64	-$3,327.00						-$5,277.64
	Loadout Bay Construction					-$2,486.65		-$1,471.00		-$1,650.00	-$2,015.00	-$7,622.65
	Loadout Bay Metal	-$1,292.83			-$280.00	-$2,879.00	-$385.00					-$4,836.83
	Metal Lime					-$912.00						-$912.00
	Metal Rock	-$119,579.52	-$124,267.33	-$30,222.35	-$39,243.06	-$63,221.76	-$28,110.49				-$5,276.90	-$409,921.41
	Other				-$801.67	-$1,474.79						-$2,276.46
	Pads		-$3,555.00			-$8,031.00	-$1,296.00					-$12,882.00
	Pavement			-$11,603.72	-$876.00	-$5,902.30	-$748.90	-$1,962.60		-$432.00	-$2,244.00	-$23,769.52
	Public Roads		-$2,166.67									-$2,166.67
	R&M		-$4,145.00	-$10,492.20	-$40,460.70	-$10,359.10	-$4,334.00	-$1,540.58		-$3,385.40	-$290.00	-$75,006.98
	R&M - Metal		-$2,040.00			-$1,045.00	-$742.31					-$3,827.31
	R&M - Road Maintenance	-$6,905.00	-$52,336.05	-$2,135.00		-$1,265.00	-$3,335.10	-$6,084.40	-$1,656.60	-$3,630.00		-$77,347.15
	Rehab				-$10,187.21	-$26,016.00	-$7,547.00		-$2,562.00	-$8,162.00	-$4,884.00	-$59,358.21
	Rehab - Skids/Pads		-$1,235.00									-$1,235.00
	Road Formation	-$58,574.50	-$127,867.31	-$76,797.90	-$9,150.60	-$132,481.00	-$24,714.00					-$429,585.31
	Sediment Control				-$26.88	-$390.61						-$417.49
	Spread from stockpile		-$5,165.91	-$41,780.72	-$24,922.97	-$20,187.50	-$4,400.00	-$1,980.00			-$6,124.00	-$104,561.11
	Stockpile Works					-$15,195.13	-$4,815.30	-$1,209.00		-$204.00	-$1,011.30	-$22,434.73
	Temp Landings					-$12,333.00						-$12,333.00
	Trucks - Cart & Dump		-$27,194.82	-$14,400.45	-$43,249.62	-$58,804.12	-$27,520.00	-$1,680.00				-$172,849.02
	Trucks - Cart & Spread	-$43,665.93	-$59,790.58		-$2,559.00	-$3,905.00						-$109,920.51
	Upgrade Roads	-$12,687.42										-$12,687.42
	R&M - Culverts Maintenance									-$75.00	-$500.00	-$575.00
	R&M - Event Cleanup									-$1,650.00		-$1,650.00
Engineering Total		**-$283,900.88**	**-$463,938.52**	**-$230,794.90**	**-$216,831.12**	**-$453,961.47**	**-$123,892.44**	**-$18,345.08**	**-$4,658.60**	**-$14,767.28**	**-$22,955.20**	**-$1,834,045.48**
Fees	FGC levy	-$1,812.35	-$3,889.67	-$422.75	-$11,282.07	-$14,108.67	-$2,031.20	-$1,071.32	-$1,691.28	-$1,701.85	-$1,294.44	-$39,305.61
	Management	-$37,117.01	-$80,785.48	-$9,738.89	-$203,391.10	-$256,071.32	-$35,519.84	-$19,560.11	-$31,980.33	-$34,008.44	-$25,446.05	-$733,618.58
Fees Total		**-$38,929.36**	**-$84,675.15**	**-$10,161.64**	**-$214,673.17**	**-$270,179.98**	**-$37,551.03**	**-$20,631.44**	**-$33,671.61**	**-$35,710.30**	**-$26,740.50**	**-$772,924.18**
Harvesting	Cartage - Trans Shipping				-$495.00							-$495.00
	Cartage - Truck	-$175,677.48	-$378,840.46	-$42,923.31	-$1,198,921.51	-$1,400,311.75	-$175,709.41	-$91,563.36	-$147,334.69	-$152,391.44	-$123,489.40	-$3,887,162.80
	Establishment - harvesting	-$3,656.25			-$28,624.50				-$480.00			-$32,760.75
	Logging	-$253,432.64	-$526,166.32	-$66,452.62	-$1,653,461.22	-$1,938,819.20	-$234,073.20	-$120,398.80	-$199,554.40	-$208,653.20	-$154,267.20	-$5,355,278.81
	Logging - Hourly				-$2,500.00							-$2,500.00
	Tracking		-$2,220.00									-$2,220.00
	Trailer Lifting	-$144.43	-$1,021.01			-$6.00	-$30.00	-$12.00		-$30.00	-$12.00	-$1,255.44
	Weighbridge	-$2,319.94	-$5,013.06	-$627.23	-$13,871.63	-$16,267.29	-$1,740.20	-$896.63	-$1,640.27	-$1,752.16	-$1,209.99	-$45,338.38
Harvesting Total		**-$435,230.73**	**-$913,260.84**	**-$110,003.16**	**-$2,897,873.87**	**-$3,355,404.23**	**-$411,552.81**	**-$212,870.79**	**-$349,009.37**	**-$362,826.79**	**-$278,978.58**	**-$9,327,011.17**
Income	Log Sales	$927,920.00	$2,019,637.11	$243,472.23	$5,084,777.48	$6,401,782.88	$887,995.91	$489,002.87	$799,508.23	$850,211.12	$636,151.37	$18,340,459.19
Income Total		**$927,920.00**	**$2,019,637.11**	**$243,472.23**	**$5,084,777.48**	**$6,401,782.88**	**$887,995.91**	**$489,002.87**	**$799,508.23**	**$850,211.12**	**$636,151.37**	**$18,340,459.19**
Miscellaneous	Consultancy Fees			-$165.84	-$386.36							-$552.20
	Consumables	-$410.98	-$570.21	-$124.85	-$1,530.32	-$2,297.60	-$146.85	-$59.09	-$141.25	-$308.12	-$111.96	-$5,701.24
	Environmental Monitoring				-$150.00					-$1,182.90	-$269.50	-$1,602.40
	Fencing				-$391.18							-$391.18
	Other		-$123.60	-$4,996.02	-$2,577.03	-$2,905.15	-$95.00	-$95.00	-$95.00	-$95.00	-$114.00	-$11,095.81
	Royalty payments			-$500.00								-$500.00
	Security			-$45.75	-$396.30	-$101.25	-$568.91	-$1,757.30		-$13.04		-$2,882.55
	Traffic Management	-$109.22		-$189.20	-$222.34	-$282.41						-$803.17
Miscellaneous Total		**-$520.20**	**-$693.81**	**-$6,021.66**	**-$5,653.53**	**-$5,586.41**	**-$810.76**	**-$1,911.39**	**-$236.25**	**-$1,599.06**	**-$495.46**	**-$23,528.55**
Grand Total		**$169,338.83**	**$557,068.78**	**-$113,509.13**	**$1,749,745.79**	**$2,316,650.79**	**$314,188.87**	**$235,244.17**	**$411,932.40**	**$435,307.68**	**$306,981.63**	**$6,382,949.80**