HARVESTING REPORT
July 2021

OAK BRIDGE FOREST

Loading a truck on Landing 140.

Clearfell Harvesting Report – Oak Bridge – July 2021

Summary

- Gross revenue for the month is **$971,644.01**
- Costs for the month are **$554,986.12**
- Net income for the month is **$416,657.89**
- Tonnes harvested for the month is **5,981.23**
- Net income per tonne for the month is **$69.66**
- Area cleared for the month is **7** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$8,968,399.04**
- Project costs to date are **$6,194,643.61**
- Project net income to date is **$2,773,755.43**
- Tonnes harvested to date is **62,762.64**
- Net income per tonne to date is **$44.19**
- Recoverable volume per hectare to date is **815.1** tonnes
- Net income per hectare to date is **$36,022.80**
- Total forest area is **193.8** hectares, approximate hectares cleared to date is **77** 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 **$971,644.01** with an average sale price over all grades of **$162.45** 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.

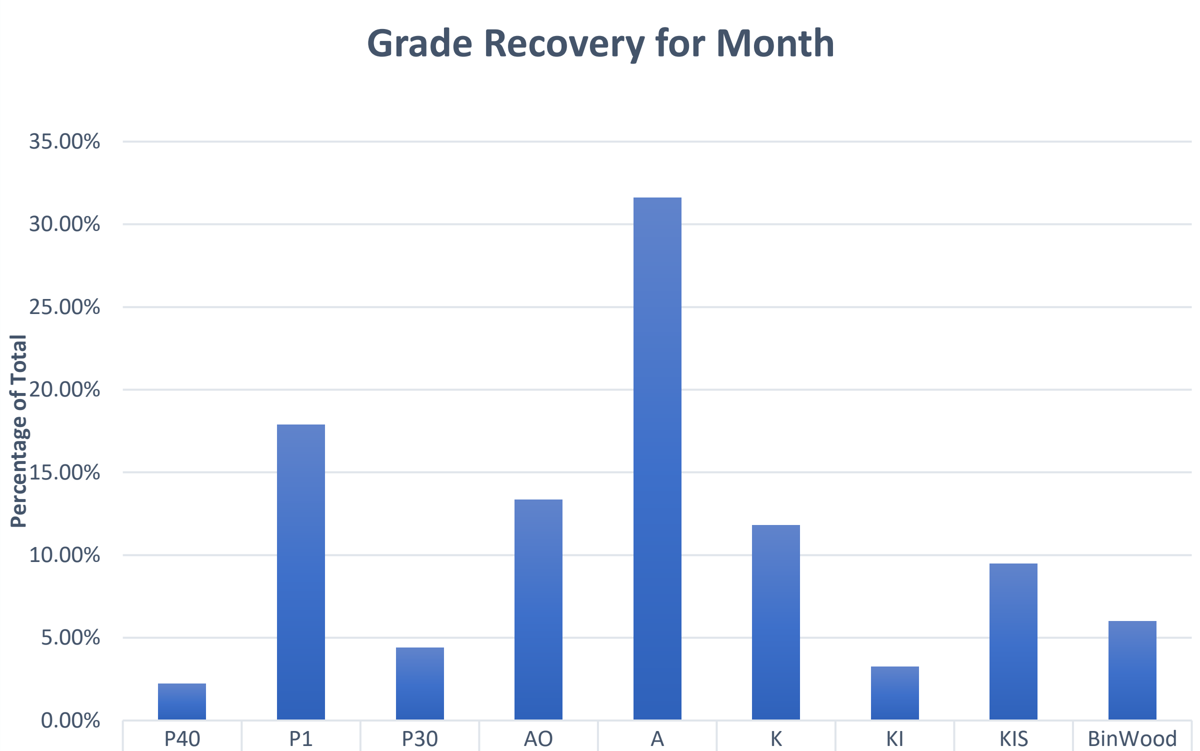
Spot freight is in the high US$50's. The forecast for August is rates in the mid US$60's/m^3 including delay costs. Freight rates are an additional US$20+/m^3 for volume ex Gisborne due to the extensive delays now occurring there due to a combination of berth repair and adverse weather reducing berth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



	P40	P1	P30	AO	A	K	KI	KIS	BinWood
Total	2.21%	17.88%	4.41%	13.35%	31.60%	11.82%	3.24%	9.48%	6.01%

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 57% of the total production volume, with lower quality export (KI and KIS grades) comprising 13% of volume.

The remaining 6% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **$248,920.25**, an average of **$41.62** per tonne.

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

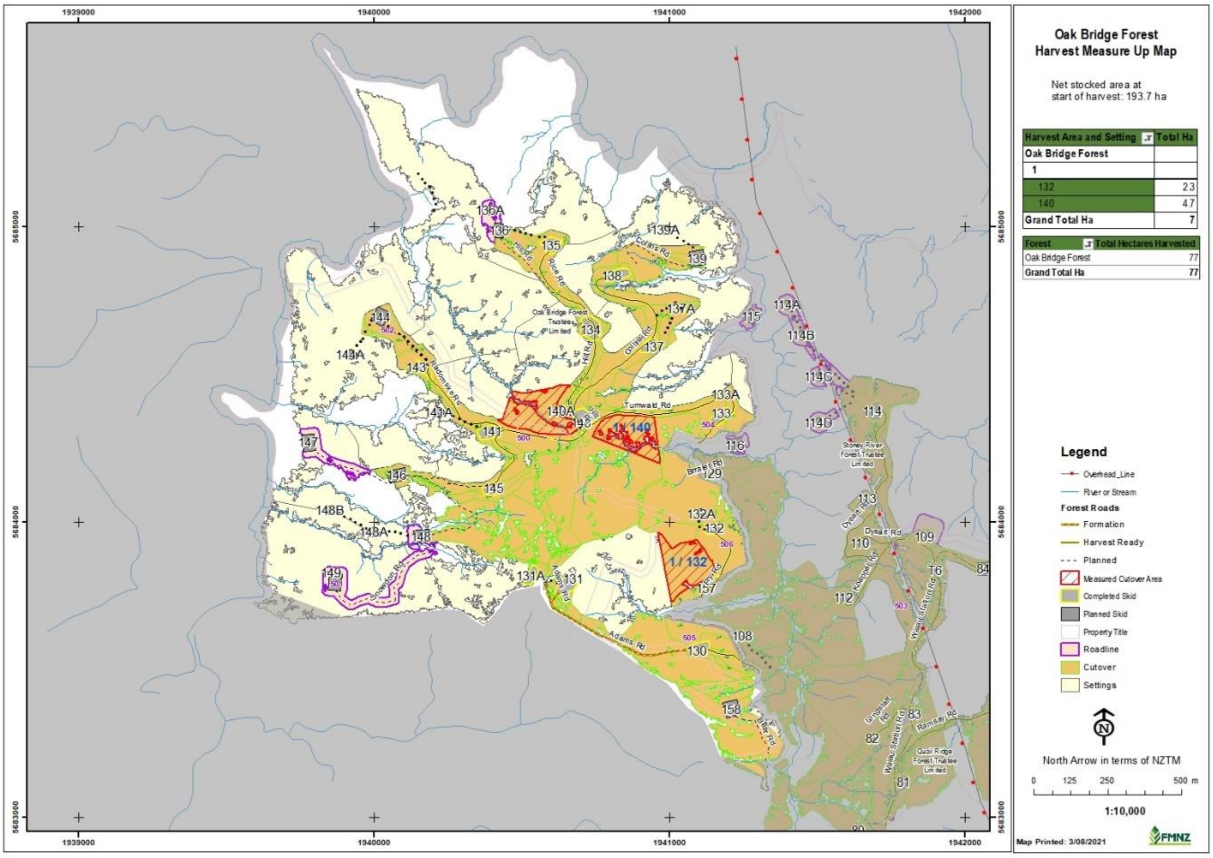
LOGGING COSTS		TOTAL
July		$248,920.25
		$248,920.25

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
July	Establishment	$890.00
		$890.00

Table 2: Additional Logging Costs

Establishment costs were for moving the harvest crews' containers from Fry Road to Turnwald Road.



Pic 1: Progress Map

During July, harvesting in Setting 140 was completed and the crew then moved to Fry Road to commence harvest of Setting 132. Production in this setting was slowed mid-month due to a storm which resulted in much of the setting being damaged by strong winds, with some trees toppled and some trees snapped off above the pruned portion of the tree. Much of this clean-up will require machines to release and recover trees rather than place people at risk.

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 **$196,227.30** which is an average unit rate of **$32.81** per tonne.

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

CARTAGE COSTS		TOTAL
July	Cartage - Truck	$196,227.30
	Weighbridge	$1,821.23
	Trailer Lifting	$12.00
		$198,060.53

Table 3: Cartage Costs

The average cart rate for July inclusive of weighbridge and trailer lifting fees is **$33.11** per tonne.

Trailer lifting is costs 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	Metal Rock	$4,404.37		$4,404.37
	Pavement	$684.00		$684.00
	Road Formation	$29,594.00		$29,594.00
	Spread from stockpile	$4,400.00		$4,400.00
	Stockpile Works	$741.30		$741.30
	Landings	$14,120.00		$14,120.00
	Other	$240.00		$240.00
	Rehab	$3,752.00	$2,618.00	$6,370.00
	Culvert Installation	$2,480.00		$2,480.00
	Loadout Bay Metal	$330.00		$330.00
	Pads		$510.00	$510.00
	R&M - Event Clean-up		$280.00	$280.00
		$60,745.67	**$3,408.00**	**$64,153.67**

Table 4: Engineering Costs

The bulk of the earthworks completed in July was the construction of Adams Road up to Landing 131. This work prepared the road for metalling.

Work was also completed on Fry Road to allow clearfell harvest operations to commence on Landing 132.

Planned Activities for August 2021

Planned activities for August is to complete harvesting of the windthrow in Setting 132 and then move to Setting 137 and 141. Once Adams Road has been metalled they will be able to take their machines back up the ridge track to Setting 131.

Pavement is planned to be completed on Adams Road to enable the harvest of Landing 131 which also has some trees damaged by high winds in July.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
July	**$416,657.89**	**$2,773,755.43**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$69.66** per tonne, or per **$59,522.56** hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
July	Management	$38,865.76
	FGC levy	$1,976.38
		$40,842.14

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
July	Other	$114.00
	Consumables	$142.01
	Traffic Management	$1,594.02
		$1,850.03

Table 7: 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.

Traffic Management costs are for reflective signs and hardware for the public road and the majority of these costs are for traffic control (Stop/Go) on Putere Road on the 29th of July.

Health and Safety

One property damage incident occurred in the forest during July. The backline harvester operator was moving the machine down a steep slope when it rode up onto a stump which caused it to slip about five metres over a bank and roll onto its side. The operator underestimated the difficulty of the task and possibly lacked experience on the steep terrain and uneven ground. The machine connecting with the stump, changing the balance point of the machine, is a main cause of machine instability in the cutover and people must maintain awareness.

Environmental

ENVIRONMENTAL		TOTAL
July	Environmental Monitoring	$269.50
		$269.50

Table 8: Environmental Expenses

Hawke's Bay Regional Council visited the forest on 16th June and assessed both consented and permitted harvesting and earthworks activities as being *fully compliant* and noted that *skid 130 below Adams Road had been rehabilitated to divert water to stable ground and bunding around the edge of the landing diverted water to the side of the skid and out onto stable ground.*

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.

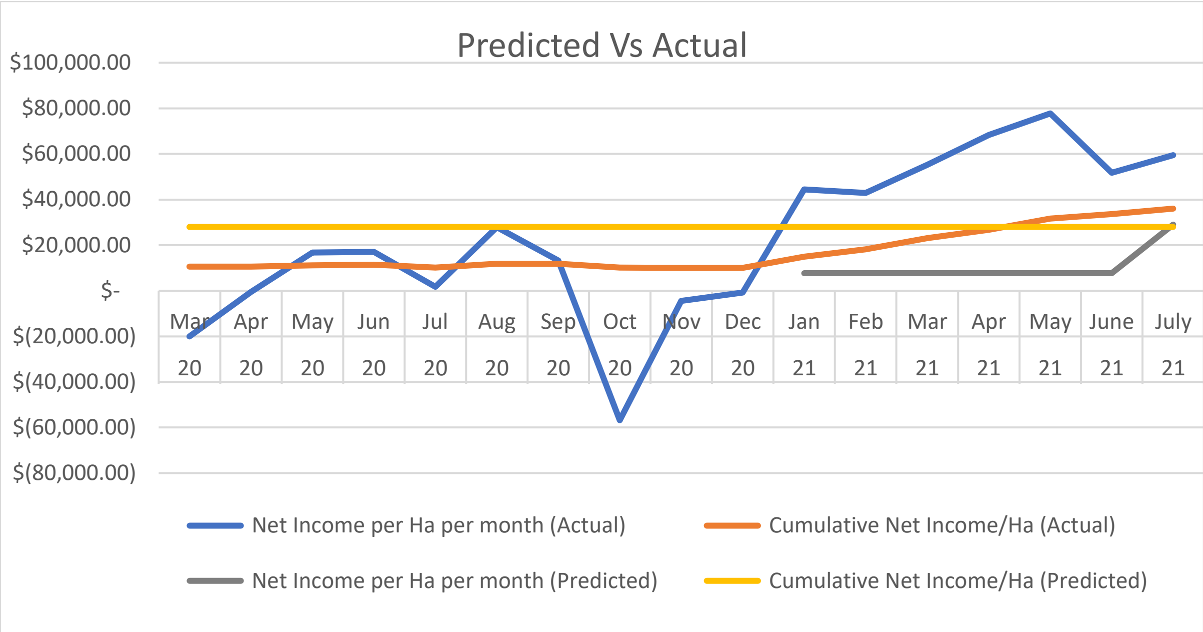


Chart 2: Actual vs Predicted

Net return per tonne to date is **$44.19**, forecast was $38.79.

Gross return per tonne to date is **$142.89**, forecast was $133.79.

Net return per hectare to date **$36,022.80**, forecast was $27,973.30.

Kind Regards

FMNZ HARVEST TEAM

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

Oak Bridge Forest Partnership 01/07/2021 to 31/07/2021

Paid to bank account # 02-0792-0001537-000 GST # 61-378-812

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		359.68		$45.50	$16,365.44
TOTAL BINWOOD SALES		**359.68**			**$16,365.44**

Domestic					
Pruned Dom		49.80		$209.50	$10,433.10
Pruned Dom	P1 4.9	68.83		$197.50	$13,593.92
Pruned Dom	P1 4.9	699.30		$207.00	$144,755.10
Pruned Dom	P1 5.5	251.42		$209.50	$52,672.49
TOTAL DOMESTIC SALES		**1,069.35**			**$221,454.61**

Export					
Pruned Exp	P40 3.9	0.00	21.969	$206.00	$4,525.61
Pruned Exp	P40 3.9	0.00	114.014	$208.00	$23,714.91
Pruned Exp	P30 3.9	0.00	274.157	$178.00	$48,799.95
A40	AO 3.8	0.00	844.114	$165.00	$139,278.81
A30	A 3.8	0.00	64.780	$161.00	$10,429.58
A30	A 3.8	0.00	278.295	$162.00	$45,083.79
A30	A 5.8	0.00	215.866	$163.00	$35,186.16
A30	A 5.8	0.00	1,346.480	$165.00	$222,169.20
K	K 3.8	0.00	238.351	$154.00	$36,706.05
K	K 5.8	0.00	432.223	$156.00	$67,426.79
KI	KI 3.8	0.00	45.569	$145.00	$6,607.51
KI	KI 3.8	0.00	148.162	$146.00	$21,631.65
TOTAL EXPORT SALES		**0.00**	**4,023.980**		**$661,560.01**

Export Pulp					
Export Pulp	KIS 2.9	0.00	213.473	$130.00	$27,751.49
Export Pulp	KIS 3.8	0.00	322.554	$138.00	$44,512.45
TOTAL EXPORT PULP SALES		**0.00**	**536.027**		**$72,263.94**
TOTAL		**1,429.03**	**4,560.007**		**$971,644.00**

FEES	
FMNZ Management Fee @ %	$38,865.76
TOTAL FEES	**$38,865.76**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,976.38
TOTAL LEVIES	**$1,976.38**
COSTS	
Harvesting	$248,920.25
Cartage	$196,227.30
Weighbridge	$1,821.23
Consumables	$142.01
Culvert Installation	$2,480.00
Environmental Monitoring	$269.50
Establishment	$890.00
Landings	$14,120.00
Loadout Bay: Metal	$330.00
Metal Rock m3	$4,404.37
Metalling: Grading & Rolling	$684.00
Metalling: Spread from Stockpile	$4,400.00
Other	$354.00
Pads	$510.00
Post Harvest Rehab	$6,370.00
R&M - Event Cleanup	$280.00
Road Formation	$29,594.00
Stockpile Works	$741.30
Traffic Management	$1,594.02
Trailer Lifting	$12.00
TOTAL COSTS	**$514,143.98**
TOTAL FEES, LEVIES & COSTS	**$554,986.12**

NET INCOME	**$416,657.88**
GST	**$62,498.68**
NET INCOME (INCLUDING GST)	**$479,156.56**

Photo 1: Loading truck on Setting 140.

Photo 2: Felling machine felling trees in Setting 132.

Photo 3: Backline machine on Adams Road supporting the ropes for the harvestline in Setting 132.

Photo 4: Harvestline extracting stems in Setting 132.

Photo 5: Harvestline pulling stems to two-stage pad in Setting 132.

Photo 6: Grapple digger clearing stems from the chute in front of the harvestline.

OAK BRIDGE CUMULATIVES

Categories	Descriptions	Nov-17	Mar 18 -Oct 18	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Grand Total
Engineering	Culvert Installation			-$6,520.58	-$5,502.00			-$713.00		-$2,480.00	-$15,215.58
	Culverts			-$14,538.77	-$16,088.70				-$2,846.34		-$33,473.81
	Culverts - Freight			-$1,935.00	-$1,065.60				-$670.00		-$3,670.60
	Entranceway - Seal			-$5,991.00	-$220.00						-$6,211.00
	Establishment - Engineering			-$4,178.00	-$4,811.43		-$880.00	-$480.00			-$10,349.43
	Fluming			-$6,044.88	-$8,564.98				-$1,586.00		-$16,195.86
	Grass Seeding			-$1,043.69	-$1,362.99			-$380.00			-$2,786.68
	Landings			-$138,957.00	-$74,504.00	-$2,074.00	-$1,176.00		-$3,882.00	-$14,120.00	-$234,713.00
	Loader Hire			-$14,111.43	-$3,492.00						-$17,603.43
	Loadout Bay Construction				-$1,753.00			-$2,410.00			-$4,163.00
	Loadout Bay Metal				-$6,433.87	-$825.00				-$330.00	-$7,588.87
	Metal Lime			-$715.00							-$715.00
	Metal Rock			-$59,094.65	-$60,692.91				-$12,745.43	-$4,404.37	-$136,937.36
	Other			-$466.66	-$463.29					-$240.00	-$1,169.95
	Pads			-$9,144.00		-$2,719.98		-$765.00		-$510.00	-$13,138.98
	Pavement			-$11,298.10	-$10,899.00	-$277.60				-$684.00	-$23,158.70
	Public Roads	-$2,166.67									-$2,166.67
	R&M			-$2,489.00	-$840.00						-$3,329.00
	R&M - Culverts Maintenance				-$80.00						-$80.00
	Rehab			-$5,581.21	-$5,709.00				-$3,507.00	-$6,370.00	-$21,167.21
	Road Formation			-$159,957.99	-$128,344.90	-$160.00			-$29,628.00	-$29,594.00	-$347,684.89
	Sediment Control			-$85.57	-$904.59						-$990.16
	Spread from stockpile			-$32,300.00	-$12,734.00	-$495.00				-$4,400.00	-$49,929.00
	Stockpile Works				-$9,346.50	-$144.00	-$836.00		-$2,012.10	-$741.30	-$13,079.90
	Temp Landings			-$345.00							-$345.00
	Trucks - Cart & Dump			-$140,069.68	-$84,757.22				-$13,360.00		-$238,186.90
	Trucks - Cart & Spread			-$8,355.00							-$8,355.00
	R&M - Event Cleanup									-$280.00	-$280.00
Engineering Total		**-$2,166.67**		**-$623,222.21**	**-$438,569.98**	**-$6,695.58**	**-$2,892.00**	**-$4,748.00**	**-$70,236.87**	**-$64,153.67**	**-$1,212,684.99**
Fees	FGC levy			-$4,539.54	-$5,362.04	-$1,894.11	-$1,382.76	-$2,032.29	-$1,683.17	-$1,976.38	-$18,870.29
	Management			-$87,854.77	-$98,983.07	-$34,551.50	-$25,981.03	-$39,094.89	-$33,404.94	-$38,865.76	-$358,735.96
Fees Total				**-$92,394.31**	**-$104,345.10**	**-$36,445.61**	**-$27,363.79**	**-$41,127.18**	**-$35,088.11**	**-$40,842.14**	**-$377,606.25**
Harvesting	Cartage - Trans Shipping			-$725.00	-$440.00						-$1,165.00
	Cartage - Truck			-$527,955.44	-$534,206.31	-$168,326.05	-$126,100.00	-$190,186.57	-$156,765.84	-$196,227.30	-$1,899,767.51
	Establishment - harvesting			-$11,780.00	-$30,751.00		-$1,050.00			-$890.00	-$44,471.00
	Logging			-$653,216.42	-$733,461.89	-$240,871.42	-$174,510.69	-$264,471.73	-$214,680.07	-$248,920.25	-$2,530,132.47
	Logging - Hourly			-$1,730.00		-$495.08	-$2,000.00				-$4,225.08
	Tracking			-$1,161.00	-$11,277.00						-$12,438.00
	Trailer Lifting				-$12.00		-$24.00	-$42.00	-$18.00	-$12.00	-$108.00
	Weighbridge			-$5,531.54	-$5,938.01	-$1,615.43	-$1,207.71	-$1,943.66	-$1,554.83	-$1,821.23	-$19,612.41
Harvesting Total				**-$1,202,099.40**	**-$1,316,086.21**	**-$411,307.99**	**-$304,892.39**	**-$456,643.96**	**-$373,018.74**	**-$447,870.78**	**-$4,511,919.47**
Income	Log Sales			$2,196,369.28	$2,474,576.63	$863,787.49	$649,525.78	$977,372.29	$835,123.57	$971,644.01	$8,968,399.04
Income Total				**$2,196,369.28**	**$2,474,576.63**	**$863,787.49**	**$649,525.78**	**$977,372.29**	**$835,123.57**	**$971,644.01**	**$8,968,399.04**
Miscellaneous	Consultancy Fees		-$165.83								-$165.83
	Consumables	-$56.00	-$3.31	-$807.50	-$859.17	-$139.48	-$74.23	-$144.41	-$126.43	-$142.01	-$2,352.55
	Other		-$4,087.52	-$4,138.18	-$1,928.26	-$95.00	-$95.00	-$95.00	-$95.00	-$114.00	-$10,647.97
	Royalty payments		-$500.00								-$500.00
	Security			-$757.00	-$1,731.83						-$2,488.83
	Traffic Management			-$14,040.58	-$37,781.98	-$22,432.00		-$159.65		-$1,594.02	-$76,008.23
	Environmental Monitoring									-$269.50	-$269.50
Miscellaneous Total		**-$56.00**	**-$4,756.66**	**-$19,743.27**	**-$42,301.25**	**-$22,666.48**	**-$169.23**	**-$399.06**	**-$221.43**	**-$2,119.53**	**-$92,432.91**
Grand Total		**-$2,222.67**	**-$4,756.66**	**$258,910.08**	**$573,274.09**	**$386,671.84**	**$314,208.36**	**$474,454.08**	**$356,558.41**	**$416,657.89**	**$2,773,755.43**