HARVESTING REPORT
July 2021

TURNBRIDGE FOREST

Looking across Turnbridge Forest to the swing yarder on Olliver Road.

Clearfell Harvesting Report – Turnbridge – July 2021

Summary

- Gross revenue for the month is **$810,653.66**
- Costs for the month are **$517,425.00**
- Net income for the month is **$293,228.66**
- Tonnes harvested for the month is **4,998.23**
- Net income per tonne for the month is **$58.67**
- Area cleared for the month is **7.9** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$4,966,461.74**
- Project costs to date are **$3,674,838.72**
- Project net income to date is **$1,291,623.03**
- Tonnes harvested to date is **$33,070.19**
- Net income per tonne to date is **$39.06**
- Recoverable volume per hectare to date is **638.4** tonnes
- Net income per hectare to date is **$24,934.81**
- Total forest area is **224.1** hectares, approximate hectares cleared to date is **51.8** 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 **$810,653.66** with an average sale price over all grades of **$162.19** per tonne**.**

July 2021 - Log Markets, Gisborne and Hawkes Bay

The July export prices have dropped $15.07/Jas m^3 in Gisborne and $2.86/Jas m^3 in Hawkes Bay on average and 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 $2.50 in Gisborne and $4 in Hawkes Bay 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:

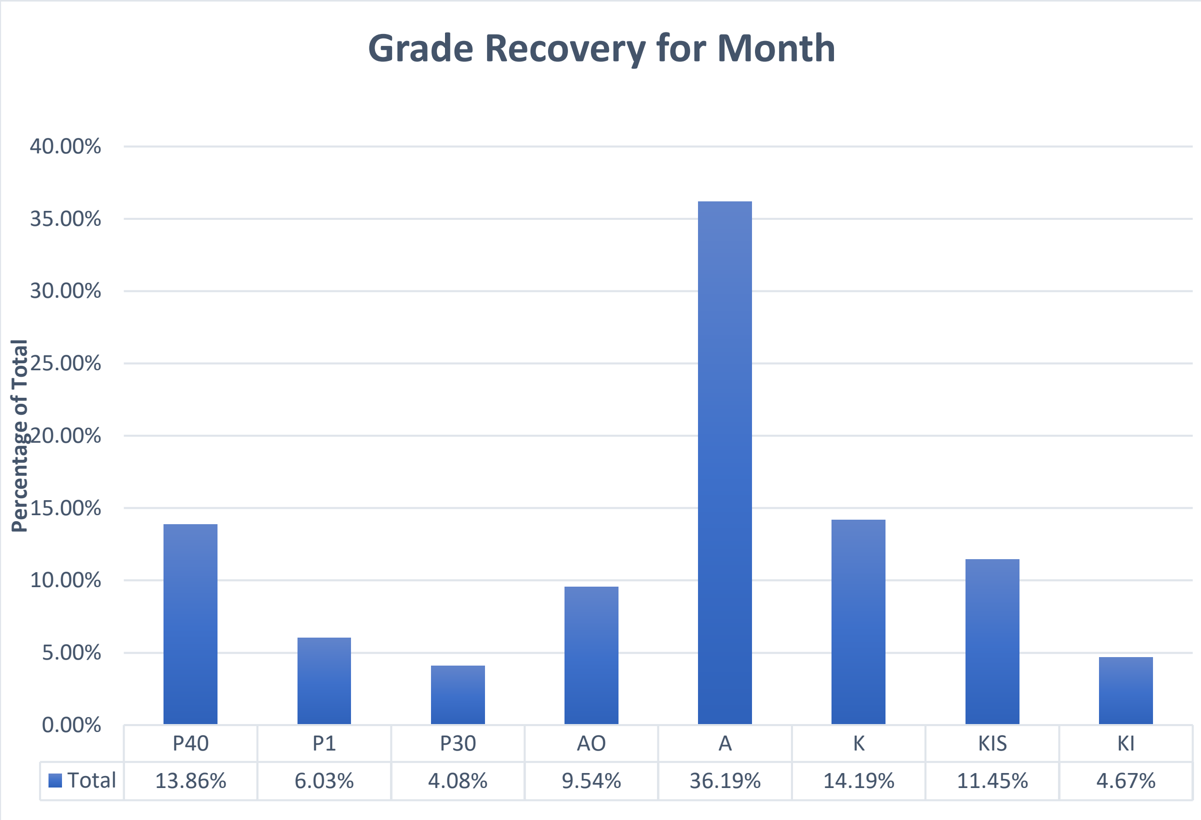


Chart 1: Grade Recovery for Month

Pruned recovery for July comprised 24% of overall sales volume, 6% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 60% of the total production volume, with lower quality export (KI and KIS grades) comprising 16% of volume.

Expenditure

Harvesting

The total logging cost for the month was **$203,501.25**, an average of **$40.71** per tonne.

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

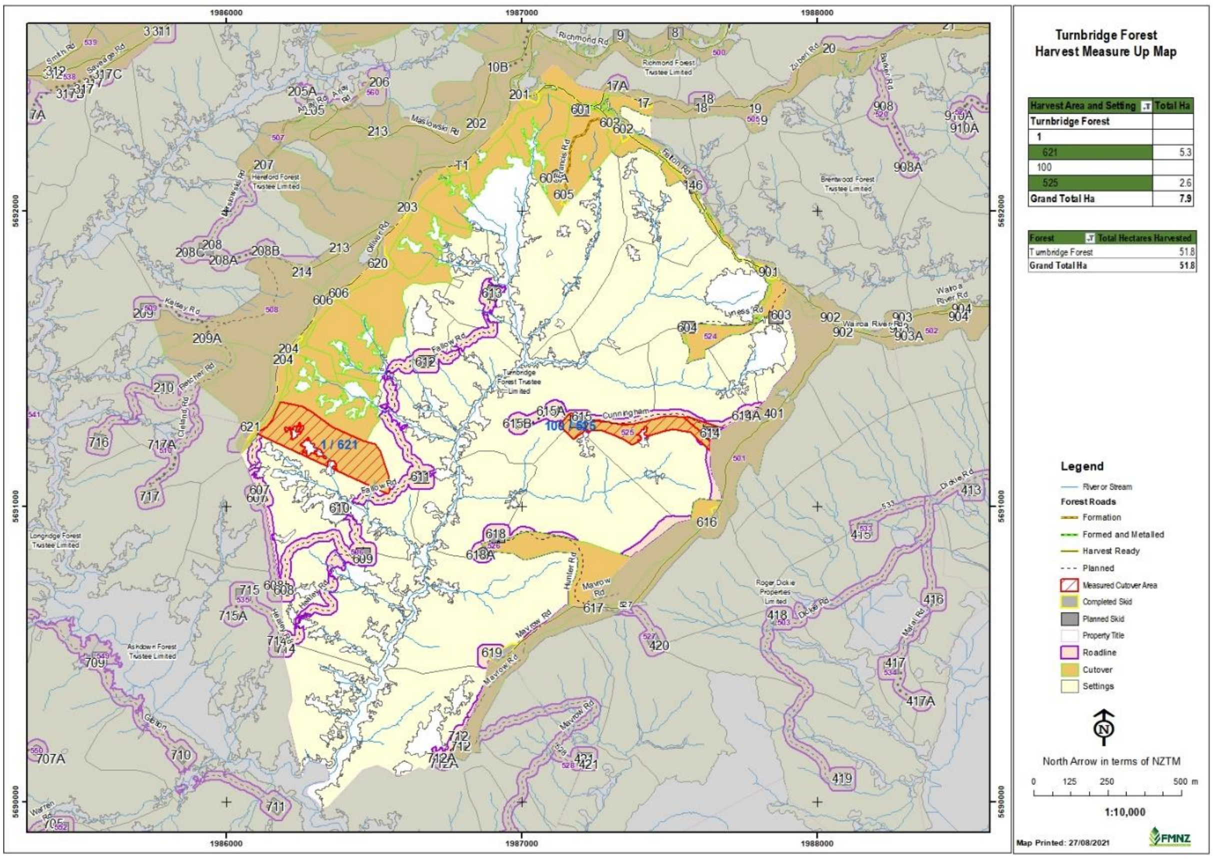
LOGGING COSTS		TOTAL
July		$203,501.25
		$203,501.25

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
July	Tracking	$1,225.00
		$1,225.00

Table 2: Additional Logging Costs

Tracking costs were for re-cutting the roadline salvage haul track after a period of heavy rain.



Pic 1: Progress

During July, Log 19 completed loadout of logs from Setting 525 and also completed the roadline salvage and loadout in Setting 526, Cunningham Rd. This was planned as part of the winter work plan as Mavrow Road was already capable of taking logging traffic in wet conditions of winter.

Log 24 commenced clearfell harvesting of Setting 621 from the Turnbridge side of the ridge top on Olliver Road.

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 **$176,065.40** which is an average unit rate of **$35.23** per tonne.

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

CARTAGE COSTS		TOTAL
July	Cartage - Truck	$150,847.79
	Cartage – Rail	$25,217.61
	Weighbridge	$1,791.87
	Trailer Lifting	$36.00
		$177,893.27

Table 3: Cartage Costs

The average cart rate for July inclusive of weighbridge and trailer lifting fees is **$35.59** per tonne.

Some volume was carted to Gisborne Port and some to the Wairoa Rail Head. The “Cartage Rail” is the cost of cartage by rail only.

Trailer lifting costs are for using the Port gantry when delivering to the domestic mill in Gisborne.

Engineering

ENGINEERING		RL	CF	TOTAL
July	Other		$6.25	$6.25
	R&M		$3,370.18	$3,370.18
	R&M - Road Maintenance	$2,156.70	$280.00	$2,436.70
	Culvert Installation	$87.50		$87.50
	Establishment - Engineering	$180.00		$180.00
	Landings	$1,947.50		$1,947.50
	Loadout Bay Construction			$208.00
	Metal Lime	$5,038.08	$18,413.46	$23,451.54
	Pavement	$1,225.00	$65.63	$1,290.63
	R&M - Event Clean-up	$2,072.00	$12,202.44	$14,274.44
	Road Formation	$30,030.00		$30,030.00
	Spread from stockpile	$1,260.00	$35.75	$1,295.75
	Stockpile Works	$2,651.76	$402.32	$3,054.08
	Trucks - Cart & Dump	$4,017.42	$15,047.01	$19,064.43
		$50,665.95	**$50,031.04**	**$100,696.99**

Table 4: Engineering Costs

Earthworks during July was undertaken on Cunningham, Hunter and Mavrow Roads. There was considerable maintenance work required on Richmond Road as a result of a rainstorm event. The cost of removing the slips has been shared equally between all forests.

The hauler pad and pavement of Olliver Road received some metal and grading maintenance over the same period.

A small amount of work was undertaken on the neighbours' driveway with costs shared by all forests. The work was completed to allow us to recommence using the neighbours' land for a stockpile at the bottom of Richmond Hill. Reinstating this stockpile was necessary due to the detrimental effect of carting loaded metal trucks up the hill in winter conditions. Since this change there has already been a noticeable reduction in maintenance cost on Richmond Road.

Planned Activities for August 2021

Log 24 will continue working on Olliver Road harvesting Setting 621 as clearfell and will then leave Turnbridge Forest.

The earthworks crew will move away from the Turnbridge Forest boundary in August however, there is work remaining on Cunningham, Hunter and Lyness Roads. This work will continue in late August to early September, with the intention to spread out the construction work.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
July	**$293,228.66**	**$1,291,623.03**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$58.67** per tonne, or per **$37,117.55** hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
July	Management	$32,426.15
	FGC levy	$1,595.77
		$34,021.92

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
July	Consumables	$86.56
		$86.56

Table 7: Miscellaneous Expenses

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

Health and Safety

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

Maintenance on Richmond Road pavement was constant during July to maintain a safe road for the trucks to cart out on. The limestone pavement slurries up during wet conditions and the drying out period will see the slurry become dangerously slippery. The use of aggregate spreading and grading enable continual trafficking of logging trucks on this road. Maintenance was paid for on the basis of volume carted for the month. Bulk haulage of aggregate to the top of Richmond Road was stopped due to slippery conditions.

Environmental

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

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.

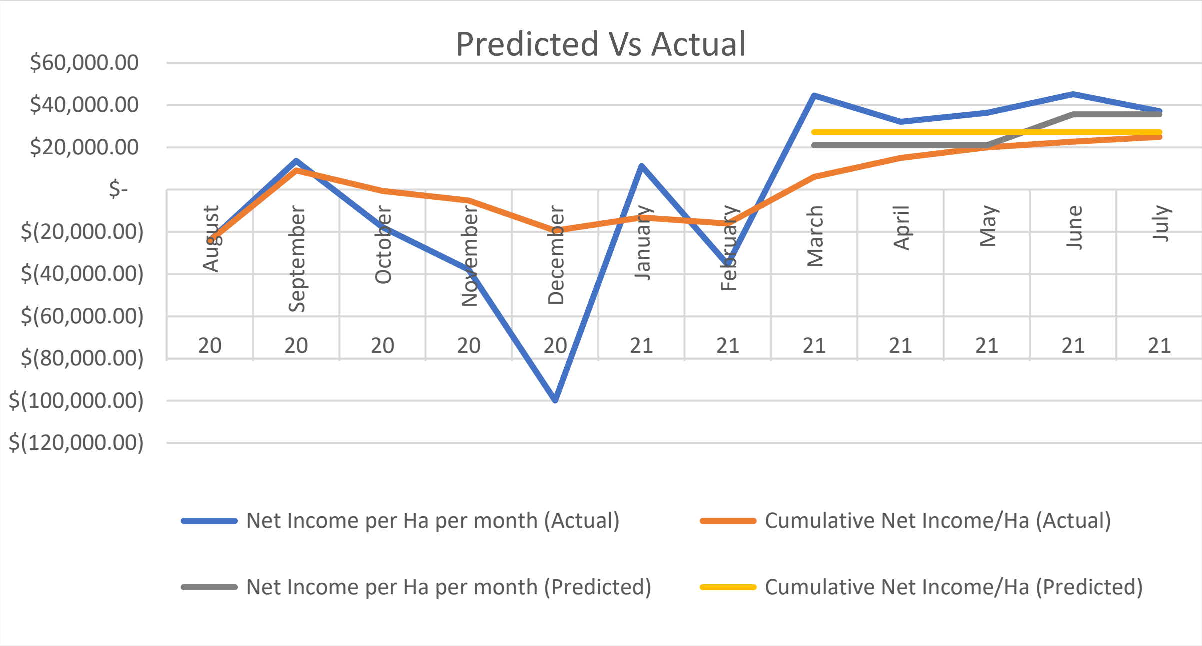


Chart 2: Actual vs Predicted

Net return per tonne to date is **$39.06**, forecast was $42.63.

Gross return per tonne to date is **$150.18**, forecast was $133.54.

Net return per hectare to date is **$24,934.81**, forecast was $27,115.55.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

FMNZ MAXIMISING YOUR FOREST VALUE

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

Paid to bank account # 02-0792-0001713-000 GST # 62-990-686

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Domestic					
Pruned Dom	P1 4.3	61.10		$207.00	$12,647.70
Pruned Dom	P1 4.9	110.28		$182.00	$20,070.96
Pruned Dom	P1 4.9	96.08		$207.00	$19,888.56
Pruned Dom	P1 5.5	34.16		$187.87	$6,417.64
TOTAL DOMESTIC SALES		**301.62**			**$59,024.86**

Export					
Pruned Exp	P40 3.9	0.00	54.539	$208.00	$11,344.11
Pruned Exp	P40 5.1	0.00	329.811	$208.00	$68,600.69
Pruned Exp	P40 5.1	0.00	113.298	$209.00	$23,679.28
Pruned Exp	P40 5.8	0.00	105.300	$209.00	$22,007.70
Pruned Exp	P40 5.9	0.00	86.732	$208.00	$18,040.26
Pruned Exp	P30 3.9	0.00	37.037	$177.00	$6,555.55
Pruned Exp	P30 3.9	0.00	33.606	$178.00	$5,981.87
Pruned Exp	P30 5.1	0.00	136.237	$178.00	$24,250.19
A40	AO 3.8	0.00	34.496	$165.00	$5,691.84
A40	AO 3.9	0.00	79.353	$167.00	$13,251.95
A40	AO 5.8	0.00	236.294	$166.00	$39,224.80
A40	AO 5.8	0.00	102.748	$167.00	$17,158.92
A30	A 3.8	0.00	460.815	$161.00	$74,191.21
A30	A 3.8	0.00	128.316	$162.00	$20,787.19
A30	A 5.8	0.00	917.125	$163.00	$149,491.38
A30	A 5.8	0.00	297.896	$165.00	$49,152.84
K	K 3.8	0.00	223.917	$154.00	$34,483.22
K	K 5.8	0.00	436.859	$156.00	$68,150.00
KI	KI 3.8	0.00	201.007	$145.00	$29,146.01
KI	KI 3.8	0.00	15.761	$146.00	$2,301.11
TOTAL EXPORT SALES		**0.00**	**4,031.147**		**$683,490.12**

Export Pulp					
Export Pulp	KIS 2.9	0.00	157.845	$130.00	$20,519.85
Export Pulp	KIS 3.8	0.00	345.064	$138.00	$47,618.83
TOTAL EXPORT PULP SALES		**0.00**	**502.909**		**$68,138.68**
TOTAL		**301.62**	**4,534.056**		**$810,653.66**

FEES	
FMNZ Management Fee @ %	$32,426.15
TOTAL FEES	**$32,426.15**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,595.78
TOTAL LEVIES	**$1,595.78**
COSTS	
Harvesting	$203,501.25
Cartage	$150,847.79
Weighbridge	$1,791.87
Cartage - Rail	$25,217.61
Consumables	$86.56
Culvert Installation	$87.50
Establishment	$180.00
Landings	$1,947.50
Loadout Bay: Construction	$208.00
Metal Lime m3	$23,451.54
Metalling: Cart to stockpile	$19,064.43
Metalling: Grading & Rolling	$1,290.63
Metalling: Spread from Stockpile	$1,295.75
Other	$6.25
R&M - Event Cleanup	$14,274.44
R&M - Road Maintenance	$2,436.70
Repairs & Maintenance	$3,370.18
Road Formation	$30,030.00
Stockpile Works	$3,054.08
Tracking	$1,225.00
Trailer Lifting	$36.00
TOTAL COSTS	**$483,403.08**
TOTAL FEES, LEVIES & COSTS	**$517,425.01**

NET INCOME	**$293,228.65**
GST	**$43,984.30**
NET INCOME (INCLUDING GST)	**$337,212.95**

TURNBRIDGE CUMULATIVES

Categories	Descriptions	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Grand Total
Engineering	Culvert Installation	-$1,058.14		-$1,247.50	-$1,230.00		-$87.50	-$3,623.14
	Culverts	-$2,846.34	-$2,213.80	-$2,846.34				-$7,906.48
	Culverts - Freight	-$302.50	-$217.50	-$382.50				-$902.50
	Establishment - Engineering	-$1,385.06				-$984.98	-$180.00	-$2,550.04
	Fluming	-$1,812.60	-$1,268.80	-$1,707.60				-$4,789.00
	Grass Seeding	-$2,100.00	-$458.25	-$731.75				-$3,290.00
	Landings	-$96,269.77	-$91.00	-$19,677.50	-$34,417.50	-$19,785.00	-$1,947.50	-$172,188.27
	Loadout Bay Construction	-$175.00		-$307.50	-$2,602.00	-$2,139.21	-$208.00	-$5,431.71
	Metal Lime	-$3,956.74				-$1,037.53	-$23,451.54	-$28,445.81
	Metal Rock	-$153,097.16	-$10,923.72	-$29,256.25	-$33,697.36	-$25,078.60		-$252,053.10
	Pavement	-$11,394.65	-$170.00	-$1,382.50	-$1,870.00	-$787.50	-$1,290.63	-$16,895.27
	R&M	-$3,006.94	-$881.96	-$166.38	-$434.72	-$125.14	-$3,370.18	-$7,985.32
	R&M - Culverts Maintenance	-$212.60						-$212.60
	R&M - Event Cleanup	-$1,494.32			-$42.00	-$7,892.32	-$14,274.44	-$23,703.07
	R&M - Road Maintenance	-$4,685.11	-$6,459.82	-$3,359.45	-$9,411.00	-$7,826.31	-$2,436.70	-$34,178.38
	Rehab	-$3,284.20		-$6,560.00				-$9,844.20
	Rehab - Skids/Pads	-$3,850.00						-$3,850.00
	Road Formation	-$151,505.50	-$2,255.00	-$18,035.00	-$39,005.00	-$66,485.00	-$30,030.00	-$307,315.50
	Sediment Control	-$430.91						-$430.91
	Spread from stockpile	-$44,025.54	-$525.00	-$1,050.00	-$4,305.00	-$2,730.00	-$1,295.75	-$53,931.29
	Stockpile Works	-$2,583.57	-$1,173.00	-$1,813.26	-$1,693.74	-$3,724.68	-$3,054.08	-$14,042.34
	Temp Landings	-$1,890.00	-$350.00					-$2,240.00
	Trucks - Cart & Dump	-$95,217.04	-$9,809.51	-$24,724.70	-$22,292.15	-$25,981.86	-$19,064.43	-$197,089.68
	Trucks - Cart & Spread	-$1,110.79						-$1,110.79
	Other		-$257.60			-$12.00	-$6.25	-$275.85
	Pads			-$1,050.00		-$1,200.00		-$2,250.00
	R&M - Metal					-$3,283.28		-$3,283.28
	Public Roads					-$197.09		-$197.09
Engineering Total		**-$587,694.47**	**-$37,054.96**	**-$114,298.23**	**-$151,000.47**	**-$169,270.48**	**-$100,696.99**	**-$1,160,015.62**
Fees	FGC levy	-$2,014.39	-$1,525.26	-$1,835.53	-$1,934.74	-$1,486.88	-$1,595.77	-$10,392.57
	Management	-$36,113.02	-$27,688.86	-$34,422.56	-$37,583.10	-$30,424.78	-$32,426.15	-$198,658.47
Fees Total		**-$38,127.41**	**-$29,214.12**	**-$36,258.10**	**-$39,517.84**	**-$31,911.66**	**-$34,021.92**	**-$209,051.04**
Harvesting	Cartage - Rail	-$966.49	-$11,739.76	-$28,434.76	-$37,405.99	-$25,011.85	-$25,217.61	-$128,776.47
	Cartage - Truck	-$170,722.50	-$97,018.62	-$117,453.68	-$127,651.08	-$112,370.56	-$150,847.79	-$776,064.23
	Establishment - harvesting	-$2,965.83	-$210.00					-$3,175.83
	Logging	-$282,789.80	-$189,927.79	-$234,606.56	-$250,818.57	-$189,446.97	-$203,501.25	-$1,351,090.94
	Tracking	-$14,496.62	-$2,940.00			-$1,925.00	-$1,225.00	-$20,586.62
	Trailer Lifting	-$651.84	-$100.88	-$63.68	-$103.48	-$91.60	-$36.00	-$1,047.48
	Weighbridge	-$2,748.06	-$1,575.74	-$1,898.25	-$2,144.96	-$1,693.84	-$1,791.87	-$11,852.71
	Logging - Hourly					-$7,459.20		-$7,459.20
Harvesting Total		**-$475,341.15**	**-$303,512.79**	**-$382,456.93**	**-$418,124.08**	**-$337,999.01**	**-$382,619.52**	**-$2,300,053.48**
Income	Log Sales	$902,825.42	$692,221.51	$860,564.08	$939,577.45	$760,619.61	$810,653.66	$4,966,461.74
Income Total		**$902,825.42**	**$692,221.51**	**$860,564.08**	**$939,577.45**	**$760,619.61**	**$810,653.66**	**$4,966,461.74**
Miscellaneous	Consumables	-$592.52	-$178.77	-$163.92	-$164.40	-$101.99	-$86.56	-$1,288.17
	Environmental Monitoring	-$2,457.00	-$1,606.38	-$203.57				-$4,266.95
	Traffic Management	-$29.73		-$12.50				-$42.23
	Consultancy Fees		-$78.75	-$25.31				-$104.06
	Security		-$0.94	-$16.24				-$17.18
Miscellaneous Total		**-$3,079.25**	**-$1,864.84**	**-$421.54**	**-$164.40**	**-$101.99**	**-$86.56**	**-$5,718.58**
Grand Total		**-$201,416.85**	**$320,574.81**	**$327,129.28**	**$330,770.66**	**$221,336.46**	**$293,228.66**	**$1,291,623.02**