HARVESTING REPORT
August 2021

SADDLEBACK FOREST

Log 1 harvesting on Landing 24.

Clearfell Harvesting Report – Saddleback – August 2021

Summary

- Gross revenue for the month is **$552,808.96**
- Costs for the month are **$291,402.03**
- Net income for the month is **$261,406.93**
- Tonnes harvested for the month is **4,072.83**
- Net income per tonne for the month is **$64.18**
- Area cleared for the month is **3.3** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$11,918,730.83**
- Project costs to date are **$6,672,523.34**
- Project net income to date is **$5,246,207.49**
- Tonnes harvested to date is **82,870.37**
- Net income per tonne to date is **$63.31**
- Recoverable volume per hectare to date is **717.5** tonnes
- Net income per hectare to date is **$45,421.71**
- Total forest area is **271.38** hectares, approximate hectares cleared to date is **115.5** 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 **$552,808.96** with an average sale price over all grades of **$135.73** per tonne**.**

August 2021 - Log Markets, Hawkes Bay

The August export prices have dropped $33.21/Jas m^3 on average. The decrease has affected the sawlog grades to a greater extent.

Radiata log inventories on the main Chinese ports we monitor have increased marginally to 4.53Mm^3, with daily offtake 70Km^3 per day range but with significant volume awaiting discharge from ships waiting at port.

If Covid related lockdowns do not escalate further, Chinese demand should remain solid over the balance of 2021, slowly increasing as traditionally production lifts in Quarter 4.

This month exporters have been reluctant to set AWG prices as there was a stand off from customers opening LC's (Letters of Credit) for vessels on route, but these were a lot more forthcoming once the New Zealand lockdown was announced.

The two weeks at the end of August where harvesting ceased has helped clear most port stocks in New Zealand. Log storage, berth availability, stevedoring performance and general infrastructure issues are limiting to varying degrees further production. The average number of vessels departing New Zealand each month has been 55 this year and there are currently less than 35 planned for September. This will hopefully assist with port congestion in China with vessels now waiting up to three weeks.

Port congestion in both New Zealand and in China continues to run at record levels, with the result that not only are final freight costs increased significantly but the capacity of the fleet is being reduced. At the China end we are seeing an increase in delays due to Covid restrictions at a number of Chinese ports, particularly in the Yangtze basin. August final freight costs including delays will be over US$70.

The NZD weakened against the USD when the Level 4 lockdown was announced, dropping from 0.702 to 0.683. The exchange rate then rebounded to pre-lockdown trading margins.

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 August is as follows:

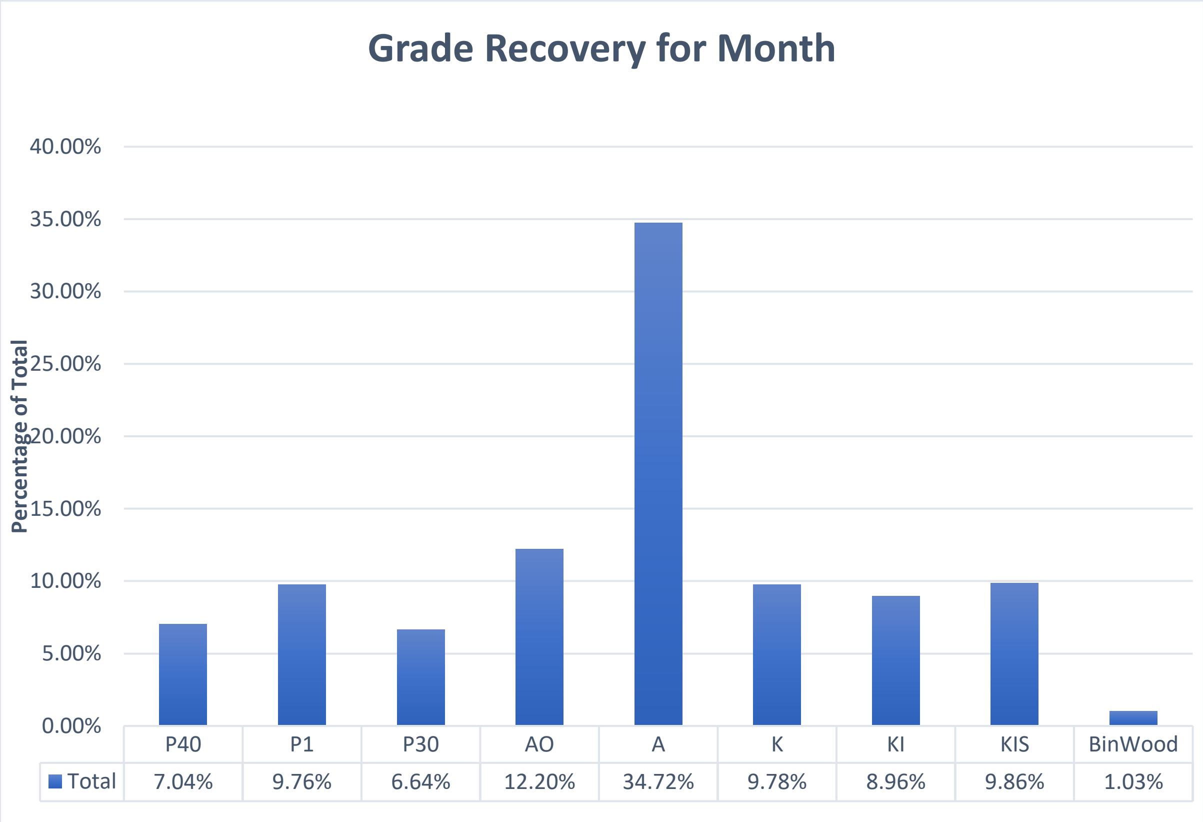


Chart 1: Grade Recovery for Month

Pruned recovery for August comprised 23% of overall sales volume, 8% 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 19% 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 **$172,375.24**, an average of **$42.32** per tonne.

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

LOGGING COSTS		TOTAL
August		$172,375.24
		$172,375.24

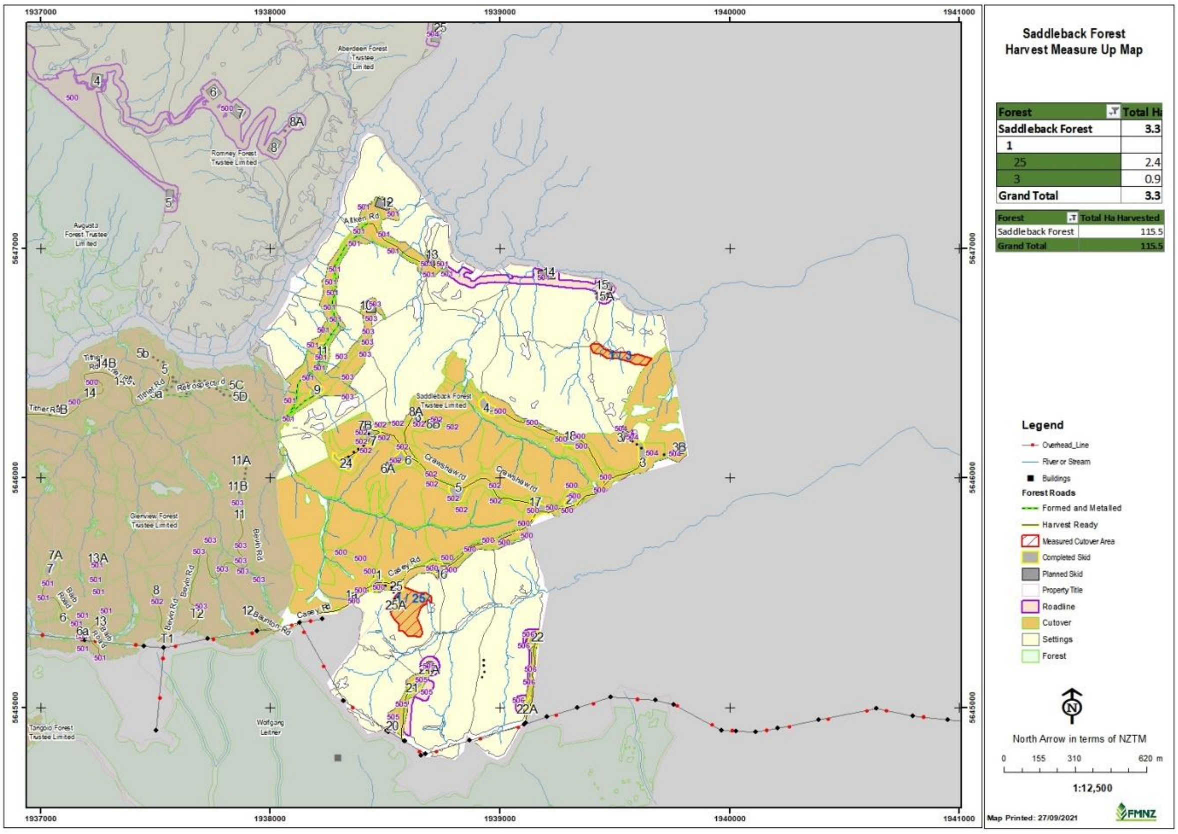
Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
August	Establishment	$5,860.00
	Tracking	$4,728.00
		$10,588.00

Table 2: Additional Logging Costs

Establishment costs are for shifting the engineering machinery to Tither Road for rehabilitation, establishment of harvesting machinery and to transport the backline machine for Log 1 from Casey to Tither Road.

Tracking costs are for forming the two-stage road from Landing 12 to 13.



Pic 1: Progress Map

Covid Level 4 lockdown commenced on 18th August and halted production for two weeks. We were able to cart out for two days at the end of August as the ports had run out of logs and had ships to load. MBIE gave a dispensation for this. This worked well for us as enabled us to clear log stocks from the forest before work recommenced.

Harvesting recommenced in Covid Level 3 on 31st August.

During August, Log 1 clearfell started in Setting 24, but due to a major mechanical breakdown in the hauler, moved to Setting 25 and shovelled logged to Casey Road. Unison trimmed the old crop trees near the gate so that they could be felled under an auto-reclose block in Setting 24. This clears the way to fell all the old man pines at the entranceway.

Log 2 started back in Setting 3 at the beginning of August and a static skyline was attached to the backline machine in neighbouring Matariki Forest. This was used to change the deflection of the skyline and enable the tower to set back from the edge of the slope. The increased cable deflection allowed less hang up on a critical terrain point by extracted stems. The changes to operation were required to achieve the release of the prohibition order issued by WorkSafe after the fatality in June. The agreement with Matariki to allow tie off on their property was to keep damage to the neighbouring trees to an absolute minimum.

A karakia was undertaken at dawn with the crew on the landing at the site of the June fatality. This was undertaken by Bevan Taylor who is a Kaumatua for the Maungaharuru Tangitu Trust who have a deed of association over the Aropaoanui area.

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 **$61,143.41** which is an average unit rate of **$15.01** per tonne.

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

CARTAGE COSTS		TOTAL
August	Cartage - Truck	$61,143.41
	Weighbridge	$1,390.16
		$62,533.57

Table 3: Cartage Costs

The average cart rate for August inclusive of weighbridge fees is **$15.35** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
August	Establishment - Engineering		$291.60	$291.60
	Rehab	$2,364.00		$2,364.00
	Spread from stockpile	$4,998.80		$4,998.80
	Pavement	$2,405.70		$2,405.70
	R&M		$1,749.59	$1,749.59
	R&M - Road Maintenance		$2,051.61	$2,051.61
	Landings	$583.20		$583.20
	Pads		$2,000.00	$2,000.00
	R&M - Metal		$3,349.75	$3,349.75
		$10,351.70	**$9,442.55**	**$19,794.25**

Table 4: Engineering Costs

Earthworks in August was predominantly associated with maintenance work from harvest operations. Some pavement was spread on Aitken Road to Landing 13 and a small pad was constructed on Casey Road to facilitate clearfell harvesting.

Planned Activities for September 2021

Plans for September are for Log 1 to move from Landing 25 to 18 and for Log 2 to move to Pad 3A along with some roadlining between Landings 13 and 14.

Earthworks in September will consist of further construction of Aitken Road, installation of a 1050mm diameter pipe crossing and maintenance associated with harvesting operations.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
August	**$261,406.93**	**$5,246,207.49**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$64.18** per tonne, or **$79,214.22** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
August	Management	$22,112.36
	FGC levy	$1,343.08
		$23,455.44

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
August	Consumables	$181.90
	Other	$2,473.63
		$2,655.53

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during August, for antisapstain used to treat the ends of pruned export logs and a sprayer for application.

Other costs are for the hiring of a helicopter to set out the strawline to enable the Log 2 hauler to tie off in the neighbouring Matariki forest.

Also included in Other costs are the proportional costs of operating the forest digital radio network.

Health and Safety

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

Environmental

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

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.

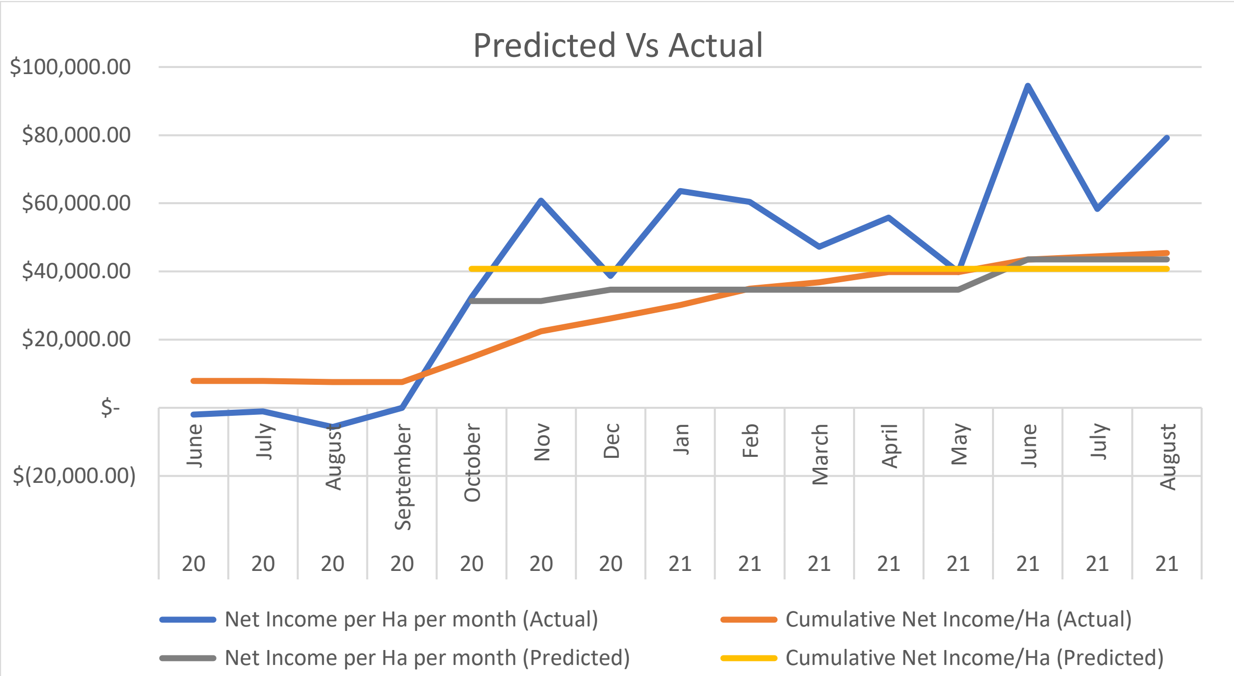


Chart 2: Actual vs Predicted

Net return per tonne to date is **$63.31,** forecast was $60.27.

Gross return per tonne to date is **$143.82**, forecast was $132.69.

Net return per hectare to date is **$45,421.71,** forecast was $40,770.58.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ
MAXIMISING YOUR FOREST VALUE

Historic Harvesting Financial Summary

Saddleback Forest Partnership 01/08/2021 to 31/08/2021

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

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		41.86		$45.50	$1,904.63
TOTAL BINWOOD SALES		41.86			$1,904.63

Domestic					
Pruned Dom		123.92		$209.50	$25,961.24
Pruned Dom	P1 4.9	273.78		$207.00	$56,672.46
TOTAL DOMESTIC SALES		397.70			$82,633.70

Export					
Pruned Exp	P40 3.9	0.00	157.141	$183.00	$28,756.80
Pruned Exp	P40 5.9	0.00	139.676	$183.00	$25,560.71
Pruned Exp	P30 3.9	0.00	90.618	$150.00	$13,592.70
Pruned Exp	P30 5.1	0.00	181.638	$150.00	$27,245.70
A40	AO 3.8	0.00	519.539	$129.00	$67,020.53
A30	A 3.8	0.00	693.742	$127.00	$88,105.23
A30	A 5.8	0.00	746.276	$129.00	$96,269.60
K	K 3.8	0.00	276.376	$119.00	$32,888.74
K	K 5.8	0.00	116.270	$121.00	$14,068.67
KI	KI 3.8	0.00	355.458	$111.00	$39,455.84
TOTAL EXPORT SALES		0.00	3,276.734		$432,964.52

Export Pulp					
Export Pulp	KIS 2.9	0.00	112.047	$93.00	$10,420.37
Export Pulp	KIS 3.8	0.00	241.609	$103.00	$24,885.73
TOTAL EXPORT PULP SALES		0.00	353.656		$35,306.10
TOTAL		439.56	3,630.390		$552,808.95

FEES	
FMNZ Management Fee @ %	$22,112.36
TOTAL FEES	$22,112.36

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,343.09
TOTAL LEVIES	**$1,343.09**
COSTS	
Harvesting	$172,375.24
Cartage	$61,143.41
Weighbridge	$1,390.16
Consumables	$181.90
Establishment	$6,151.60
Landings	$583.20
Metalling: Grading & Rolling	$2,405.70
Metalling: Spread from Stockpile	$4,998.80
Other	$2,473.63
Pads	$2,000.00
Post Harvest Rehab	$2,364.00
R&M - Metal	$3,349.75
R&M - Road Maintenance	$2,051.61
Repairs & Maintenance	$1,749.59
Tracking	$4,728.00
TOTAL COSTS	**$267,946.59**
TOTAL FEES, LEVIES & COSTS	**$291,402.04**

NET INCOME	**$261,406.91**
GST	**$39,211.04**
NET INCOME (INCLUDING GST)	**$300,617.95**

Photos 1, 2 & 3: Harvest operations on Landing 24.

Photo 4: Quality control on Landing 24.

Photo 5: Log Value Recovery Audit completed on Log 1 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	July 21	Aug 21	Grand Total
Engineering	Culvert Installation	-$600.00	-$8,818.87	-$2,855.00	-$6,698.07	-$656.10	-$729.00		-$2,241.40		-$22,598.44
	Culverts	-$3,070.50	-$12,077.32	-$2,846.34	-$34,316.84	-$2,846.34	-$3,240.00		-$2,846.34		-$61,243.68
	Culverts - Freight	-$325.00	-$600.00	-$300.00	-$2,430.00	-$1,249.71	-$1,895.40		-$1,458.00		-$8,258.11
	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	-$1,568.10	-$291.60	-$26,086.20
	Fluming		-$8,347.42	-$1,640.93	-$1,815.50	-$4,758.00	-$380.14		-$1,671.00		-$18,612.99
	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	-$15,120.24	-$583.20	-$372,965.02
	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					-$13,408.54		-$18,484.24
	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	-$4,996.00		-$88,759.66
	Other		-$2,710.00								-$2,710.00
	Pads			-$21,352.70	-$3,592.80	-$1,197.60	-$1,676.64			-$2,000.00	-$29,819.74
	Pavement	-$12,680.00	-$24,645.00	-$5,695.00	-$3,494.00	-$5,103.00	-$3,393.82	-$3,717.90	-$19,052.87	-$2,405.70	-$80,187.29
	R&M	-$4,100.00	-$4,765.00							-$1,749.59	-$10,614.59
	R&M - Event Cleanup			-$6,490.00							-$6,490.00
	R&M - Metal			-$180.00						-$3,349.75	-$3,529.75
	Rehab			-$1,615.00			-$718.56			-$2,364.00	-$4,697.56
	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	-$3,926.16		-$409,910.34
	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	-$2,166.13	-$4,998.80	-$132,338.16
	Stockpile Works			-$11,966.64	-$8,120.55	-$7,680.62	-$7,508.72	-$2,843.10	-$520.72		-$38,640.35
	Trucks - Cart & Dump	-$37,277.71	-$90,217.50	-$8,558.50	-$11,179.43	-$19,158.62	-$3,780.37	-$4,753.98	-$11,439.02		-$186,365.11
	Trucks - Cart & Spread	-$19,332.30	-$7,857.75	-$2,847.34	-$13,689.28	-$7,873.11	-$9,919.53		-$41,039.57		-$102,558.86
	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	-$5,837.12	-$2,051.61	-$20,382.07
Engineering Total		**-$266,611.48**	**-$680,609.26**	**-$173,250.46**	**-$175,417.05**	**-$125,830.09**	**-$89,977.73**	**-$39,334.65**	**-$127,291.20**	**-$19,794.25**	**-$1,698,116.14**
Fees	FGC levy	-$799.06	-$3,103.57	-$7,799.76	-$2,554.38	-$2,948.15	-$2,577.11	-$2,268.50	-$1,678.66	-$1,343.08	-$25,072.28
	Management	-$16,716.66	-$63,881.72	-$144,404.48	-$45,623.26	-$54,985.13	-$49,382.15	-$46,135.06	-$33,508.40	-$22,112.36	-$476,749.23
Fees Total		**-$17,515.72**	**-$66,985.29**	**-$152,204.24**	**-$48,177.65**	**-$57,933.28**	**-$51,959.27**	**-$48,403.57**	**-$35,187.06**	**-$23,455.44**	**-$501,821.51**
Harvesting	Cartage - Truck	-$43,101.27	-$164,624.78	-$348,619.47	-$104,579.58	-$119,780.80	-$106,557.37	-$99,158.44	-$78,936.17	-$61,143.41	-$1,126,501.29
	Establishment - harvesting	-$7,222.00		-$16,172.50	-$2,295.00		-$3,010.00	-$3,245.00		-$5,860.00	-$37,804.50
	Logging	-$121,076.22	-$469,139.60	-$1,021,771.72	-$301,029.48	-$348,537.24	-$306,780.63	-$277,362.43	-$202,700.48	-$172,375.24	-$3,220,773.03
	Tracking			-$5,389.32	-$3,280.44			-$364.50		-$4,728.00	-$13,762.26
	Trailer Lifting			-$486.00	-$1,332.00	-$414.00	-$588.00	-$738.00	-$606.00		-$4,164.00
	Weighbridge	-$1,124.55	-$3,685.21	-$8,991.44	-$2,529.15	-$3,010.75	-$2,660.26	-$2,441.43	-$1,788.32	-$1,390.16	-$27,621.28
	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**	**-$284,030.97**	**-$245,496.81**	**-$4,431,301.35**
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	$837,710.01	$552,808.96	$11,918,730.83
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**	**$837,710.01**	**$552,808.96**	**$11,918,730.83**
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	-$95.65	-$181.90	-$2,492.00
	Environmental Monitoring			-$386.00			-$542.01		-$354.75		-$1,282.76
	Other	-$190.51	-$875.47	-$792.75	-$95.00	-$432.04	-$280.00	-$95.00	-$114.00	-$2,473.63	-$5,348.40
	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**	**-$564.40**	**-$2,655.53**	**-$41,284.33**
Grand Total		**-$37,977.05**	**$202,790.06**	**$1,876,967.11**	**$500,905.76**	**$709,105.83**	**$661,987.66**	**$680,384.82**	**$390,636.38**	**$261,406.93**	**$5,246,207.49**