HARVESTING REPORT
August 2021

SHERWOOD FOREST

Log 17 processor and log loader working on Landing 11.

Clearfell Harvesting Report – Sherwood – August 2021

Summary

- Gross revenue for the month is **$313,580.53**
- Costs for the month are **$298,338.53**
- Net income for the month is **$15,242.00**
- Tonnes harvested for the month is **2,460.12**
- Net income per tonne for the month is **$6.20**
- Area cleared for the month is **2.1** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$4,895,099.64**
- Project costs to date are **$3,771,108.31**
- Project net income to date is **$1,123,991.33**
- Tonnes harvested to date is **32,023.71**
- Net income per tonne to date is **$35.10**
- Recoverable volume per hectare to date is **808.7** tonnes
- Net income per hectare to date is **$28,383.62**
- Total forest area is **259.14** hectares, approximate hectares cleared to date is **39.6** 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 **$313,580.52** with an average sale price over all grades of **$127.47** 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:

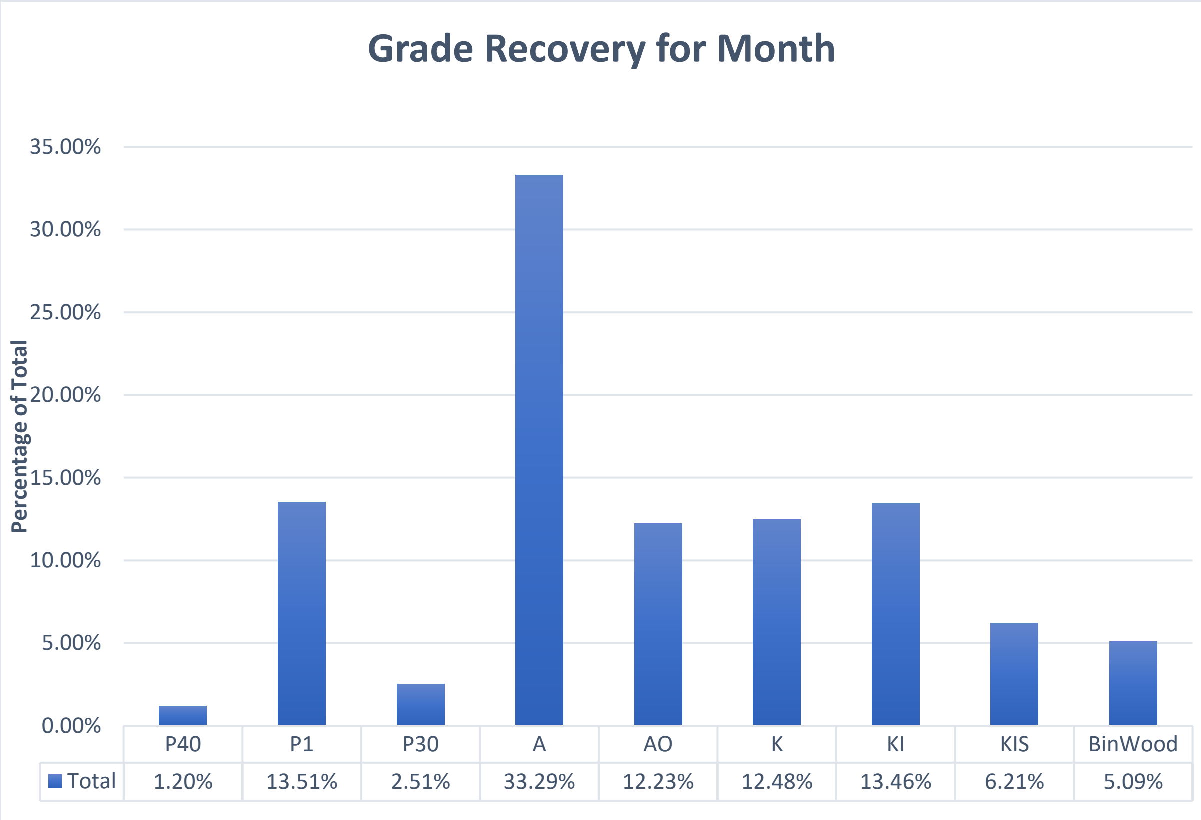


Chart 1: Grade Recovery for Month

Pruned recovery for August comprised 17% of overall sales volume, 14% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 58% of the total production volume, with lower quality export logs (KI and KIS grades) comprising 20% 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 **$93,566.64**, an average of **$38.03** per tonne.

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

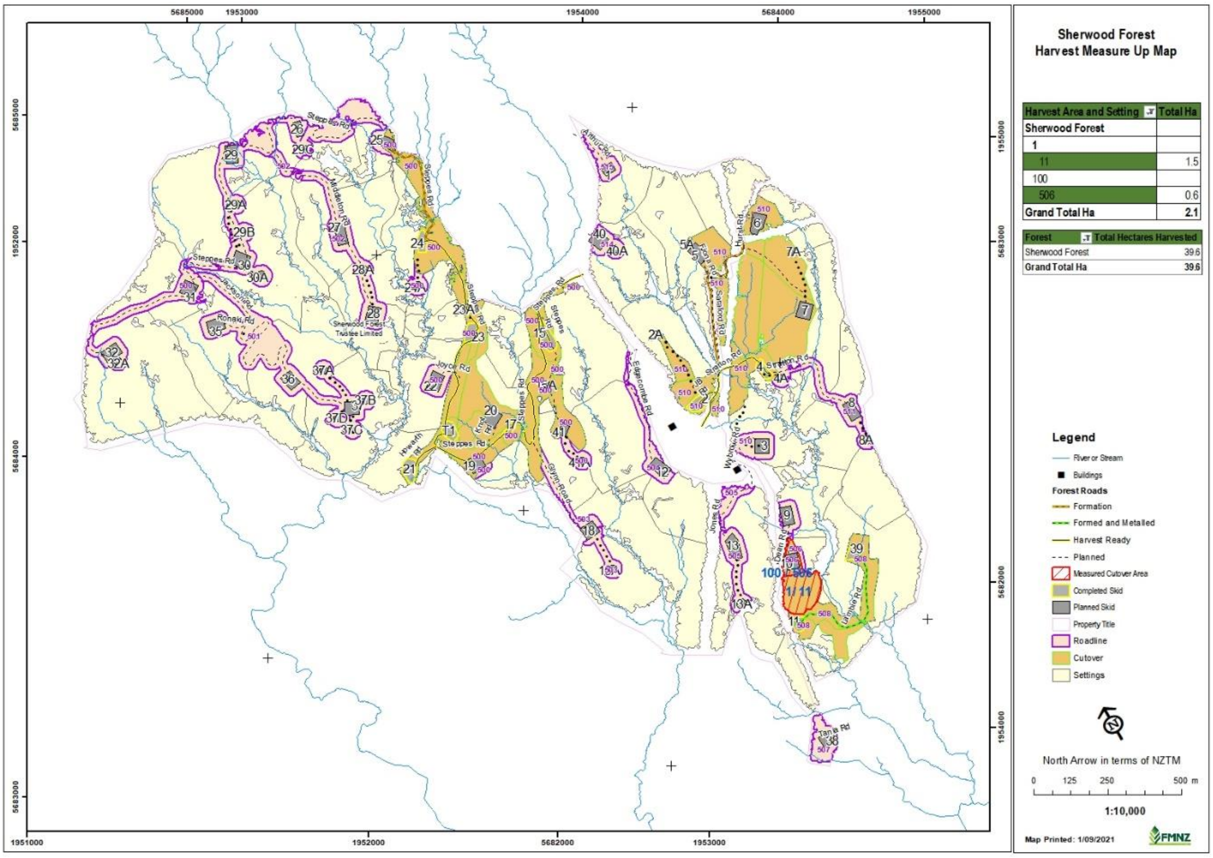
LOGGING COSTS		TOTAL
August		$93,566.64
		$93,566.64

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
August	Tracking	$4,910.00
		$4,910.00

Table 2: Additional Logging Costs

Tracking costs were related to extra tracks required for the harvest crew.



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, clearfell harvesting commenced in Setting 11. This included removing trees along Ruapapa Road to daylight the public road. Around the middle of August the crew moved to Landing 21 for a few days to cut up the remainder of the wood there and then returned to Setting 11 for another week.

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 **$75,461.73** which is an average unit rate of **$30.67** per tonne.

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

CARTAGE COSTS		TOTAL
August	Cartage - Truck	$75,461.73
	Weighbridge	$764.23
		$76,225.96

Table 3: Cartage Costs

The average cart rate for August inclusive of weighbridge fees is **$30.98** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
August	R&M	$1,777.50	$2,810.00	$4,587.50
	Culvert Installation	$1,140.00		$1,140.00
	Establishment - Engineering	$1,200.00		$1,200.00
	Landings	$5,920.00		$5,920.00
	Loadout Bay Construction	$540.00		$540.00
	Metal - Winning	$1,805.00		$1,805.00
	Metal Lime	$10,326.60		$10,326.60
	Metal Rock	$10,273.59		$10,273.59
	Rehab	$2,070.00		$2,070.00
	Road Formation	$29,442.50		$29,442.50
	Spread from stockpile	$6,000.00		$6,000.00
	Stockpile Works	$5,604.30		$5,604.30
	Trucks - Cart & Dump	$19,980.44		$19,980.44
		$96,079.93	**$2,810.00**	**$98,889.93**

Table 4: Engineering Costs

Earthworks in August included construction of Howarth Road to Landing 21, paving Saraford Road to Landing 6 and completing formation work on Steppes Road to Landing 25.

Planned Activities for September 2021

The harvest crew will complete clearfell harvest of Setting 11, load out wood from Landing 21 and then move to Landing 6 to remove trees from around the powerline corridor. Due to covid lockdown there is a delay with culvert supply which will slow progress up to Landing 26.

Pavement will be completed on open earthworks in September to Steppes Road and a short section of Saraford Road. Aggregate supply in the area is becoming more difficult to secure which is restricting the ability to complete pavement operations in some cases.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
August	**$15,241.99**	**$1,123,991.33**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$6.20** per tonne, or **$7,258.09** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
August	Management	$12,543.22
	FGC levy	$795.02
		$13,338.24

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
August	Consumables	$39.94
	Consultancy Fees	$614.39
	Traffic Management	$10,182.00
	Other	$571.42
		$11,407.75

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during August.

Consultancy fees are for a late invoice for a Log Value Recovery audit conducted in May.

Traffic Management costs are for school bus signage for Putere Road and for low volume traffic control for stop go while falling close to Ruapapa Road between 2nd and 12th August.

Other costs are for the proportional annual costs for the land lease location of the Putere repeater.

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

Net return per tonne to date is **$35.10**.

Gross return per tonne to date is **$152.86**.

Net return per hectare to date is **$28,383.62**.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

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

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

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		125.16		$45.50	$5,694.78
TOTAL BINWOOD SALES		**125.16**			**$5,694.78**

Domestic					
Pruned Dom		63.00		$209.50	$13,198.50
Pruned Dom	P1 4.9	269.48		$207.00	$55,782.36
TOTAL DOMESTIC SALES		**332.48**			**$68,980.86**

Export					
Pruned Exp	P40 3.9	0.00	30.858	$183.00	$5,647.01
Pruned Exp	P30 3.9	0.00	64.201	$150.00	$9,630.15
A40	AO 3.8	0.00	243.149	$129.00	$31,366.22
A40	AO 3.9	0.00	64.763	$121.00	$7,836.32
A30	A 3.8	0.00	18.402	$116.00	$2,134.63
A30	A 3.8	0.00	239.422	$127.00	$30,406.59
A30	A 5.8	0.00	135.300	$118.00	$15,965.40
A30	A 5.8	0.00	425.226	$129.00	$54,854.15
K	K 3.8	0.00	28.339	$109.00	$3,088.95
K	K 3.8	0.00	88.283	$119.00	$10,505.68
K	K 5.8	0.00	12.002	$111.00	$1,332.22
K	K 5.8	0.00	160.900	$121.00	$19,468.90
KI	KI 3.8	0.00	29.723	$101.00	$3,002.02
KI	KI 3.8	0.00	283.053	$111.00	$31,418.88
TOTAL EXPORT SALES		**0.00**	**1,823.621**		**$226,657.12**

Export Pulp					
Export Pulp	KIS 2.9	0.00	28.525	$89.00	$2,538.72
Export Pulp	KIS 2.9	0.00	27.424	$93.00	$2,550.43
Export Pulp	KIS 3.8	0.00	36.077	$96.00	$3,463.39
Export Pulp	KIS 3.8	0.00	35.684	$103.00	$3,675.45
Export Pulp	KIS 5.8	0.00	0.188	$105.00	$19.74
TOTAL EXPORT PULP SALES		**0.00**	**127.898**		**$12,247.73**
TOTAL		**457.64**	**1,951.519**		**$313,580.49**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$12,543.22
TOTAL FEES	**$12,543.22**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$795.02
TOTAL LEVIES	**$795.02**
COSTS	
Harvesting	$93,566.64
Cartage	$75,461.73
Weighbridge	$764.23
Consultancy Fees	$614.39
Consumables	$39.94
Culvert Installation	$1,140.00
Establishment	$1,200.00
Landings	$5,920.00
Loadout Bay: Construction	$540.00
Metal - Winning	$1,805.00
Metal Lime m3	$10,326.60
Metal Rock m3	$10,273.59
Metalling: Cart to stockpile	$19,980.44
Metalling: Spread from Stockpile	$6,000.00
Other	$571.42
Post Harvest Rehab	$2,070.00
Repairs & Maintenance	$4,587.50
Road Formation	$29,442.50
Stockpile Works	$5,604.30
Tracking	$4,910.00
Traffic Management	$10,182.00
TOTAL COSTS	**$285,000.29**
TOTAL FEES, LEVIES & COSTS	**$298,338.53**

NET INCOME	**$15,241.96**
GST	**$2,286.29**
NET INCOME (INCLUDING GST)	**$17,528.25**

Photo 1: Log 17 felling machine at work in Setting 11.

Photo 2: Galbraith Earth Movers rehabbing haul tracks in Setting 4.

Photo 3: Log 17 skidder pulling a drag in Setting 11.

Photo 4: Log 17 skidder pulling a drag in Setting 11.

Photo 5: Log 17 skidder pulling a drag in Setting 11 with parked up felling machine in the foreground.

SHERWOOD CUMULATIVES

Categories	Descriptions	Mar 20 -Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Aug 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	-$15,812.50	-$1,140.00	-$83,950.00
	Culverts	-$53,430.87	-$370.00	-$15,773.78			-$8,539.02		-$78,113.67
	Culverts - Freight	-$8,150.00	-$540.00	-$780.00		-$180.00	-$540.00		-$10,190.00
	Entranceway - Seal	-$747.65							-$747.65
	Establishment - Engineering	-$10,158.75	-$1,920.00	-$480.00	-$1,120.00	-$1,410.00	-$480.00	-$1,200.00	-$16,768.75
	Fluming	-$8,846.25	-$7,278.68	-$3,206.83	-$82.34	-$673.98	-$1,922.99		-$22,011.07
	Landings	-$72,747.50	-$18,577.50	-$45,605.00	-$36,452.50	-$37,515.00	-$14,545.00	-$5,920.00	-$231,362.50
	Loadout Bay Metal	-$6,603.67							-$6,603.67
	Metal Rock	-$33,529.80	-$21,397.70	-$38,566.49		-$14,873.24	-$26,259.28	-$10,273.59	-$144,900.09
	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	-$7,006.28	-$4,587.50	-$13,818.78
	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	-$71,707.50	-$29,442.50	-$458,837.50
	Spread from stockpile	-$4,980.00	-$6,660.00	-$3,780.00	-$660.00	-$960.00		-$6,000.00	-$23,040.00
	Stockpile Works	-$3,267.50	-$6,247.50	-$2,490.00	-$3,635.00	-$954.75	-$2,454.75	-$5,604.30	-$24,653.80
	Trucks - Cart & Dump	-$27,600.76	-$16,648.71	-$29,746.46	-$6,722.59	-$9,781.18	-$18,501.43	-$19,980.44	-$128,981.57
	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	-$380.00		-$4,889.75
	Loadout Bay Construction		-$780.00	-$940.00	-$420.00	-$3,080.00		-$540.00	-$5,760.00
	Sediment Control		-$318.25						-$318.25
	Temp Landings		-$6,232.50						-$6,232.50
	R&M - Metal			-$414.40		-$2,071.75	-$1,225.35		-$3,711.50
	Rehab			-$9,250.00		-$2,152.50		-$2,070.00	-$13,472.50
	R&M - Culverts Maintenance				-$107.50				-$107.50
	Crossings					-$8,575.00			-$8,575.00
	Metal - Winning							-$1,805.00	-$1,805.00
	Metal Lime							-$10,326.60	-$10,326.60
Engineering Total		**-$444,755.25**	**-$159,634.64**	**-$214,331.96**	**-$109,762.43**	**-$139,026.14**	**-$169,374.10**	**-$98,889.93**	**-$1,335,774.45**
Fees	FGC levy	-$2,730.95	-$1,163.61	-$1,201.90	-$1,272.60	-$1,523.16	-$1,758.26	-$795.02	-$10,445.50
	Management	-$49,682.03	-$20,508.05	-$22,069.37	-$24,244.92	-$30,709.09	-$36,047.31	-$12,543.22	-$195,803.99
Fees Total		**-$52,412.98**	**-$21,671.67**	**-$23,271.27**	**-$25,517.52**	**-$32,232.24**	**-$37,805.57**	**-$13,338.24**	**-$206,249.49**
Harvesting	Cartage - Rail	-$442.60			-$6,749.85		-$3.33		-$7,195.78
	Cartage - Truck	-$232,036.23	-$93,448.64	-$100,958.46	-$105,434.10	-$132,405.43	-$164,249.00	-$75,461.73	-$903,993.59
	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	-$207,175.63	-$93,566.64	-$1,216,293.33
	Tracking	-$22,135.00	-$645.00		-$950.00			-$4,910.00	-$28,640.00
	Weighbridge	-$2,741.05	-$1,118.34	-$1,024.82	-$1,170.26	-$1,294.04	-$1,682.50	-$764.23	-$9,795.24
	Trailer Lifting		-$6.00			-$6.00	-$66.00		-$78.00
	Cartage - Trans Shipping			-$742.50					-$742.50
Harvesting Total		**-$589,980.54**	**-$227,939.18**	**-$238,799.64**	**-$262,149.92**	**-$311,615.10**	**-$373,176.47**	**-$174,702.60**	**-$2,178,363.44**
Income	Log Sales	$1,242,050.76	$512,701.34	$551,734.14	$606,123.00	$767,727.17	$901,182.70	$313,580.53	$4,895,099.64
Income Total		**$1,242,050.76**	**$512,701.34**	**$551,734.14**	**$606,123.00**	**$767,727.17**	**$901,182.70**	**$313,580.53**	**$4,895,099.64**
Miscellaneous	Consultancy Fees	-$1,272.70						-$614.39	-$1,887.09
	Consumables	-$438.96	-$89.84	-$48.89	-$102.90	-$108.80	-$123.64	-$39.94	-$952.98
	Environmental Monitoring	-$193.00	-$144.75	-$290.75	-$869.75	-$280.00	-$3,431.75		-$5,210.00
	Other	-$253.89			-$185.00	-$2,000.00		-$571.42	-$3,010.31
	Security	-$1,858.08	-$919.72	-$456.33		-$3,498.90			-$6,733.03
	Traffic Management	-$3,941.29			-$2,852.10	-$286.30	-$193.13	-$10,182.00	-$17,454.82
	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**	**-$3,748.52**	**-$11,407.75**	**-$50,720.93**
Grand Total		**$146,944.07**	**$99,862.35**	**$74,535.30**	**$200,224.98**	**$270,104.58**	**$317,078.04**	**$15,242.00**	**$1,123,991.33**