HARVESTING REPORT
September 2021

SADDLEBACK FOREST

Setting 18 and Setting 3 on Casey Road, both with a hauler each.

Clearfell Harvesting Report – Saddleback – September 2021

Summary

- Gross revenue for the month is **$1,146,849.14**
- Costs for the month are **$595,241.28**
- Net income for the month is **$551,607.86**
- Tonnes harvested for the month is **8,635.02**
- Net income per tonne for the month is **$63.88**
- Area cleared for the month is **12.3** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$13,065,579.96**
- Project costs to date are **$7,267,764.62**
- Project net income to date is **$5,797,815.34**
- Tonnes harvested to date is **91,505.39**
- Net income per tonne to date is **$63.36**
- Recoverable volume per hectare to date is **716** tonnes
- Net income per hectare to date is **$45,366.32**
- Total forest area is **271.38** hectares, approximate hectares cleared to date is **127.8** 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 **$1,146,849.14** with an average sale price over all grades of **$132.81** per tonne**.**

September 2021 - Log Markets, Hawkes Bay

The September export prices have remained flat at $0.64/Jas m^3 on average. The slight increase has been to the pruned grades.

Radiata log inventories on the main Chinese ports we monitor have increased again to 4.75Mm^3, with daily offtake 73Km^3 per day range. For the market to show any strength, we need an increase in demand and a downward inventory trend.

The outlook for Chinese port inventories is not great for this time of the of year. Current on port volumes haven't changed much from the previous month, with a significant amount on the water awaiting discharge at ports.

There is concern for the property sector in China as property developer Evergrande faces the risk of default. The company currently has 778 projects underway in 223 cities. The property sector contributes 28% of the Chinese economy and is seen as key to China's economic development. Even if the Chinese Government opts to let Evergrande default rather than bail it out directly, authorities are likely to be involved in coordinating the continuation of these projects that employ 163,000 people.

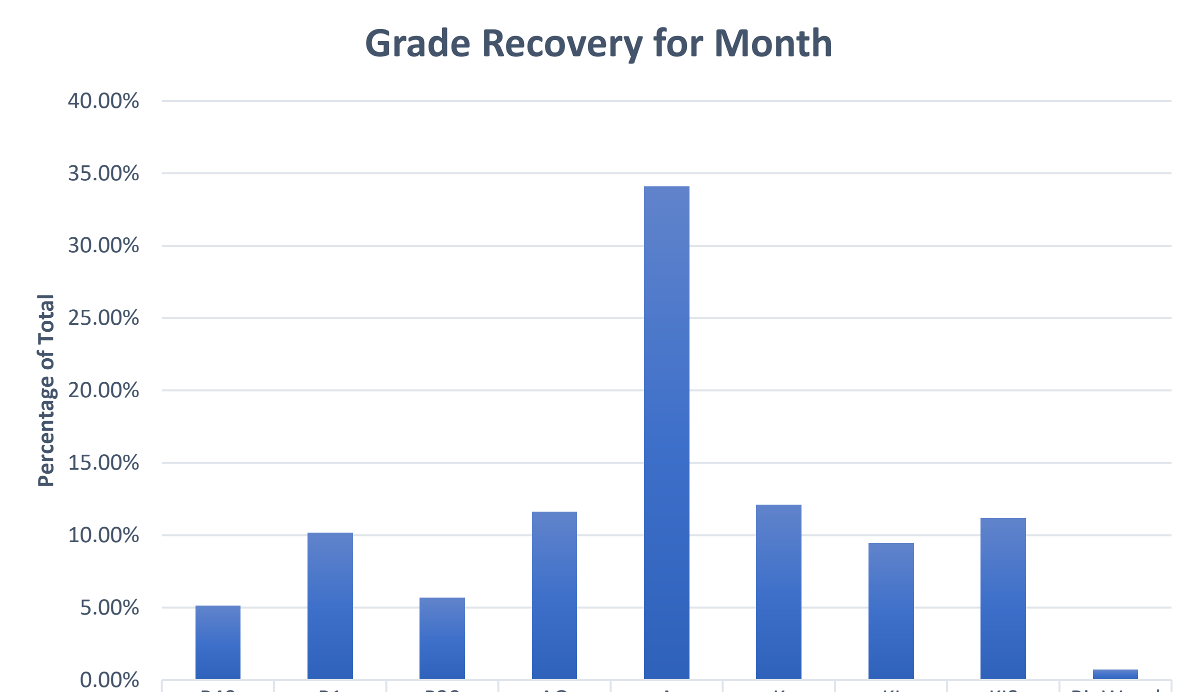
Shipping congestion in China has reached the point where nearly 10% of the worlds' handy sized fleet capacity were queuing off the China coast. This has two effects, high demurrage and reduced capacity. The congestion has been caused by Chinese authorities reacting to Covid outbreaks by closing ports, delaying berthing, and imposing strict procedures that have reduced ship handling capacity. There has also been strong demand for grain, minerals and iron ore imports.

The NZD remained relatively unchanged from the end of August through to end of September (0.6972 – 0.7039) having little impact on AWG pricing.

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 September is as follows:



	P40	P1	P30	AO	A	K	KI	KIS	BinWood
Total	5.12%	10.15%	5.67%	11.60%	34.08%	12.10%	9.42%	11.15%	0.71%

Chart 1: Grade Recovery for Month

Pruned recovery for September comprised 21% of overall sales volume, 10% 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 (KI and KIS grades) comprising 20% 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 **$358,798.34**, an average of **$41.55** per tonne.

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

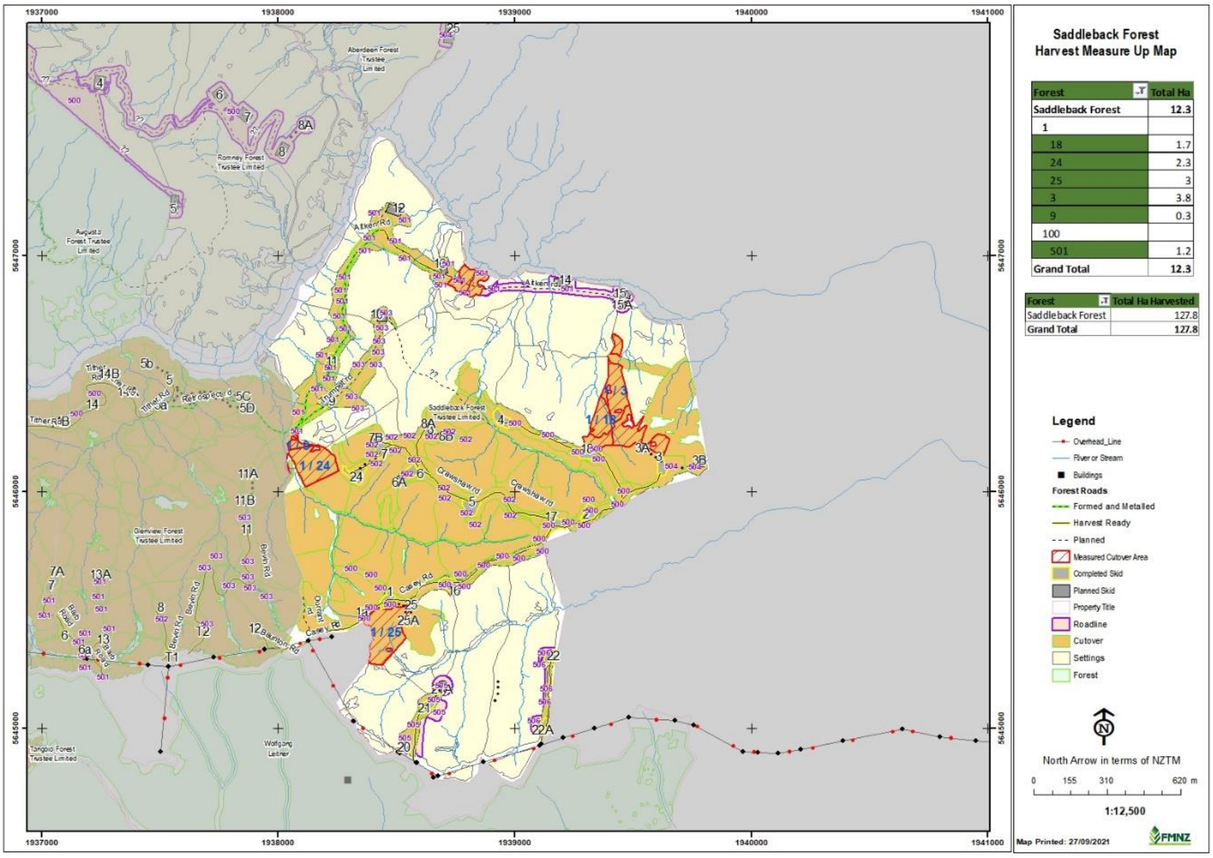
LOGGING COSTS		TOTAL
September		$358,798.34
		$358,798.34

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
September	Establishment	$3,060.00
		$3,060.00

Table 2: Additional Logging Costs

Establishment costs are for transporting the backline machine from the Matariki Forest to Casey Road after it was used for increasing the deflection available to the skyline. This was part of the back to work plan for Setting 3 following the fatality in June.



Pic 1: Progress Map

During September, the Log 1 swing yarder moved from Landing 25B and started extracting to Landing 18. Rock bluffs were slowing production here and to maintain productivity, the swing yarder was working directly off Casey Road.

Log 2 moved the tower hauler onto Pad 3A to pull Setting 3 in mid-September. During a minor breakdown of the hauler, the crew undertook some roadline salvage of a portion of Setting 501 from Landing 13 to 14.

The logging contractor took delivery of an ACME grapple carriage for the tower to reduce the time manual breaking out took for stem extraction.

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 **$130,961.32** which is an average unit rate of **$15.17** per tonne.

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

CARTAGE COSTS		TOTAL
September	Cartage - Truck	$130,961.32
	Weighbridge	$3,000.03
	Trailer Lifting	$1,032.00
		$134,993.36

Table 3: Cartage Costs

The average cart rate for September inclusive of weighbridge and trailer lifting fees is **$15.63** per tonne.

The loadout from Saddleback is a swing shift operation so the cartage is out of hours for the normal reloading of trailers which the port supplies. The trailer lifting cost is for the use of the public gantry.

Engineering

ENGINEERING		RL	CF	TOTAL
September	Culvert Installation	$3,280.50		$3,280.50
	Culverts	$6,157.26		$6,157.26
	Culverts - Freight	$1,177.34		$1,177.34
	Fluming	$292.53		$292.53
	Grass Seeding	$927.50		$927.50
	Landings	$2,114.10		$2,114.10
	Loadout Bay Construction	$2,634.78		$2,634.78
	Pads	$6,040.20		$6,040.20
	R&M	$11,132.83		$11,132.83
	R&M - Event Clean-up	$364.50		$364.50
	Rehab		$9,789.24	$9,789.24
	Road Formation	$5,175.90		$5,175.90
		$39,297.44	**$9,789.24**	**$49,086.68**

Table 4: Engineering Costs

Engineering in September continued road construction down Aitken Road towards Landing 14. A pad was also constructed on Casey Road to facilitate harvest of Setting 25.

Planned Activities for October 2021

In October, Log 1 will continue pulling to Landing 18 and then move to Setting 4, still on Casey Road. Log 2 will finish pulling Setting 3 and is planned to leave the forest around the end of October / beginning of November.

Engineering work will continue on Aitken Road to prepare for clearfell harvest over the summer. This will include a 1,050 mm river crossing installation.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
September	**$551,607.86**	**$5,797,815.34**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$63.88** per tonne, or **$44,846.17** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
September	Management	$45,873.97
	FGC levy	$2,809.40
		$48,683.37

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
September	Consumables	$293.91
	Other	$103.63
		$397.54

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during September and for antisapstain 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 property damage- incident occurred when a crew member backed their vehicle in to park it for the day. They misjudged the distance which resulted in a scrape and dent to the other vehicle.

Environmental

ENVIRONMENTAL		TOTAL
September	Environmental Monitoring	$222.00
		$222.00

Table 8: Environmental Expenses

Hawke's Bay Regional Council visited the forest on 20th August and assessed both consented and permitted harvesting and earthworks activities as being *fully compliant* and noted "*stormwater runoff from roads, landings and tracks have been managed in a way that diverts water to stable ground and ensures concentrated waterflows are prevented*".

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.

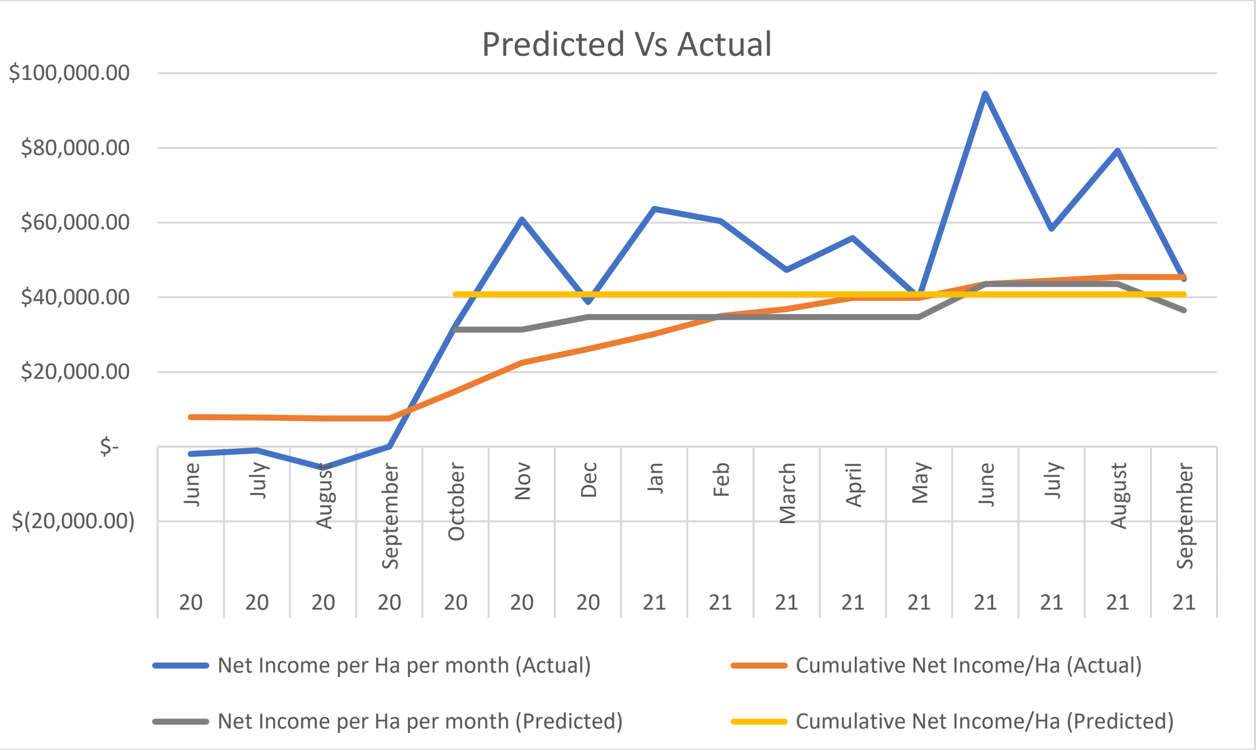


Chart 2: Actual vs Predicted

Net return per tonne to date is **$63.36**, forecast was $60.27.

Gross return per tonne to date is **$142.78**, forecast was $132.69.

Net return per hectare to date is **$45,366.32**, forecast was $40,777.58.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

Saddleback Forest Partnership 01/09/2021 to 30/09/2021

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

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		60.90		$45.50	$2,770.95
TOTAL BINWOOD SALES		**60.90**			**$2,770.95**

Domestic					
Pruned Dom		410.60		$209.50	$86,020.70
Pruned Dom	P1 4.9	465.92		$207.00	$96,445.44
TOTAL DOMESTIC SALES		**876.52**			**$182,466.14**

Export					
Pruned Exp	P40 3.9	0.00	173.053	$186.00	$32,187.86
Pruned Exp	P40 5.9	0.00	275.317	$186.00	$51,208.96
Pruned Exp	P30 3.9	0.00	274.283	$150.00	$41,142.45
Pruned Exp	P30 5.1	0.00	225.580	$150.00	$33,837.00
A40	AO 3.8	0.00	1,026.732	$129.00	$132,448.43
A30	A 3.8	0.00	1,300.290	$127.00	$165,136.83
A30	A 5.8	0.00	11.952	$126.00	$1,505.95
A30	A 5.8	0.00	1,636.278	$129.00	$211,079.86
K	K 3.8	0.00	633.930	$119.00	$75,437.67
K	K 5.8	0.00	371.354	$121.00	$44,933.83
KI	KI 3.8	0.00	766.681	$111.00	$85,101.59
TOTAL EXPORT SALES		**0.00**	**6,695.450**		**$874,020.43**

Export Pulp					
Export Pulp	KIS 2.9	0.00	298.444	$93.00	$27,755.29
Export Pulp	KIS 2.9	0.00	16.272	$96.00	$1,562.11
Export Pulp	KIS 3.8	0.00	565.192	$103.00	$58,214.78
Export Pulp	KIS 5.8	0.00	0.566	$105.00	$59.43
TOTAL EXPORT PULP SALES		**0.00**	**880.474**		**$87,591.61**
TOTAL		**937.42**	**7,575.924**		**$1,146,849.13**

FEES	
FMNZ Management Fee @ %	$45,873.97
TOTAL FEES	**$45,873.97**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,809.40
TOTAL LEVIES	**$2,809.40**
COSTS	
Harvesting	$358,798.34
Cartage	$130,961.32
Weighbridge	$3,000.03
Consumables	$293.91
Culvert Installation	$3,280.50
Culvert Pipes	$6,157.26
Culverts - Freight	$1,177.34
Environmental Monitoring	$222.00
Establishment	$3,060.00
Fluming	$292.53
Grass Seeding	$927.50
Landings	$2,114.10
Loadout Bay: Construction	$2,634.78
Other	$103.63
Pads	$6,040.20
Post Harvest Rehab	$9,789.24
R&M - Event Cleanup	$364.50
Repairs & Maintenance	$11,132.83
Road Formation	$5,175.90
Trailer Lifting	$1,032.00
TOTAL COSTS	**$546,557.91**
TOTAL FEES, LEVIES & COSTS	**$595,241.28**

NET INCOME	**$551,607.85**
GST	**$82,741.18**
NET INCOME (INCLUDING GST)	**$634,349.03**

Photo 1: Looking at Landing 24 operations from Aropaoanui Road.

Photo 2: Looking at Tither Road from Landing 24.

Photo 3: Cyprus swing yarder at Landing 24.

Photo 4: Stems awaiting retrieval in Setting 3.

Photo 5: Setting up hauler for two-stage operation on Setting 3A to Setting 3.

Photo 6: New Acme claw to be run on hauler to minimise men on the ground to help with safety.

Photo 7: Log 2 running the new acme claw out for the first drag.

Photo 8: Log 1 on Landing 18 and Log 2 on Landing 3A.

Photo 9: Log 2 breaker out retreating to designated SRP (safe retreat position).

Photo 10: Log 2 breaker outs discussing drag selection due to limited lift because of rimrock bluffs.

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	Sep 21	Grand Total
Engineering	Culvert Installation	-$600.00	-$8,818.87	-$2,855.00	-$6,698.07	-$656.10	-$729.00		-$2,241.40		-$3,280.50	-$25,878.94
	Culverts	-$3,070.50	-$12,077.32	-$2,846.34	-$34,316.84	-$2,846.34	-$3,240.00		-$2,846.34		-$6,157.26	-$67,400.94
	Culverts - Freight	-$325.00	-$600.00	-$300.00	-$2,430.00	-$1,249.71	-$1,895.40		-$1,458.00		-$1,177.34	-$9,435.44
	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		-$292.53	-$18,905.52
	Geotextiles		-$420.00					-$4,565.38				-$4,985.38
	Grass Seeding		-$2,330.08	-$1,638.55		-$1,449.75					-$927.50	-$6,345.88
	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	-$2,114.10	-$375,079.12
	Loader Hire		-$5,040.00	-$1,080.00								-$6,120.00
	Loadout Bay Construction			-$1,770.54			-$624.85				-$2,634.78	-$5,030.17
	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	-$6,040.20	-$35,859.94
	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	-$11,132.83	-$21,747.42
	R&M - Event Cleanup			-$6,490.00							-$364.50	-$6,854.50
	R&M - Metal			-$180.00						-$3,349.75		-$3,529.75
	Rehab			-$1,615.00			-$718.56			-$2,364.00	-$9,789.24	-$14,486.80
	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		-$5,175.90	-$415,086.24
	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**	**-$49,086.68**	**-$1,747,202.82**
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	-$2,809.40	-$27,881.68
	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	-$45,873.97	-$522,623.20
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**	**-$48,683.37**	**-$550,504.88**
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	-$130,961.32	-$1,257,462.61
	Establishment - harvesting	-$7,222.00		-$16,172.50	-$2,295.00		-$3,010.00	-$3,245.00		-$5,860.00	-$3,060.00	-$40,864.50
	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	-$358,798.34	-$3,579,571.37
	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		-$1,032.00	-$5,196.00
	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	-$3,000.03	-$30,621.31
	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**	**-$496,851.69**	**-$4,928,153.05**
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	$1,146,849.14	$13,065,579.96
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**	**$1,146,849.14**	**$13,065,579.96**
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	-$293.91	-$2,785.91
	Environmental Monitoring			-$386.00			-$542.01		-$354.75		-$222.00	-$1,504.76
	Other	-$190.51	-$875.47	-$792.75	-$95.00	-$432.04	-$280.00	-$95.00	-$114.00	-$2,473.63	-$103.63	-$5,452.03
	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**	**-$619.54**	**-$41,903.87**
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**	**$551,607.86**	**$5,797,815.34**