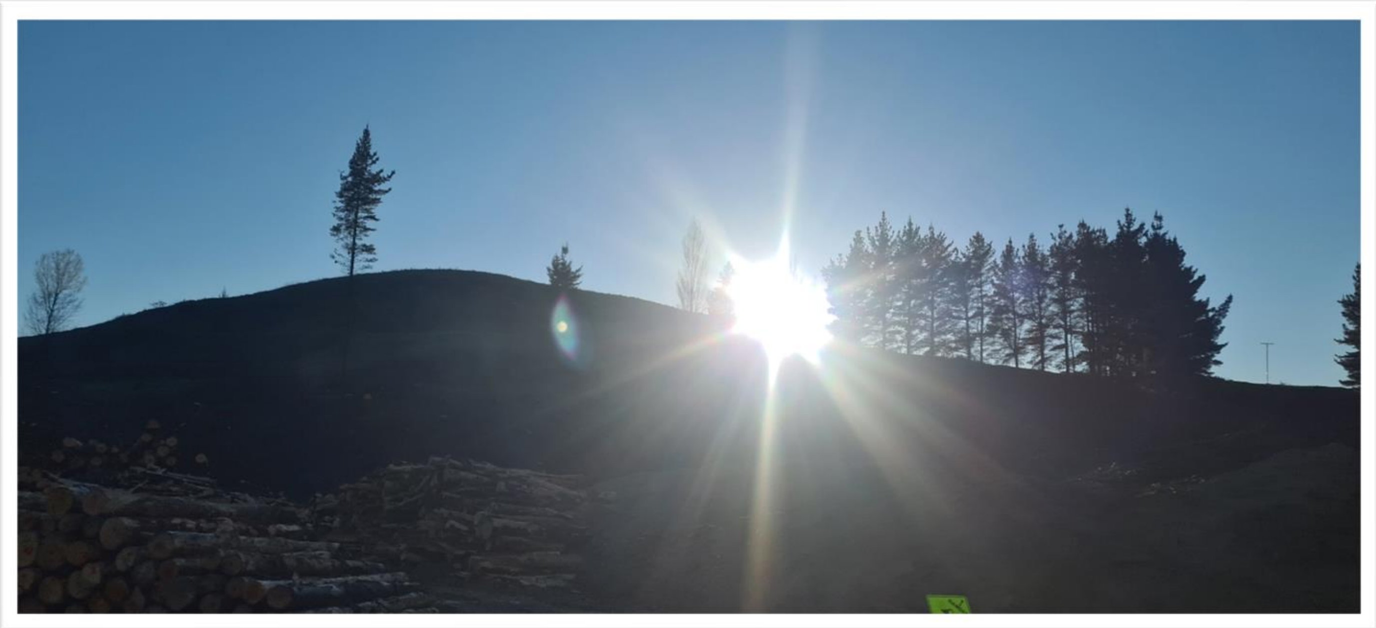
HARVESTING REPORT
September 2021

SHERWOOD FOREST



Sun coming up in Setting 6 powerline corridor.

Clearfell Harvesting Report – Sherwood – September 2021

Summary

- Gross revenue for the month is **$612,801.17**
- Costs for the month are **$499,994.80**
- Net income for the month is **$112,806.37**
- Tonnes harvested for the month is **4,359.61**
- Net income per tonne for the month is **$25.88**
- Area cleared for the month is **6.5** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$5,507,900.81**
- Project costs to date are **$4,271,103.11**
- Project net income to date is **$1,236,797.70**
- Tonnes harvested to date is **36,383.32**
- Net income per tonne to date is **$33.99**
- Recoverable volume per hectare to date is **789.2** tonnes
- Net income per hectare to date is **$26,828.58**
- Total forest area is **259.14** hectares, approximate hectares cleared to date is **46.1** 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 **$612,801.17** with an average sale price over all grades of **$140.56** 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.

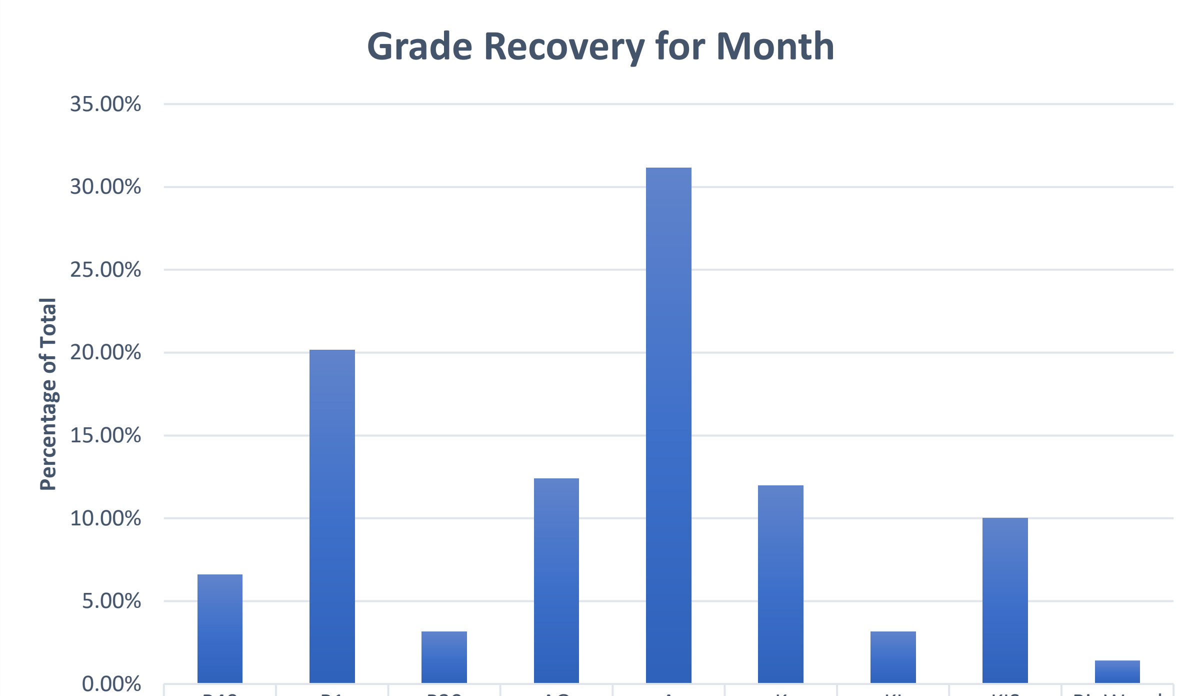
Shipping congestion in China has reached the point where nearly 10% of the worlds' handy sized fleet capacity were queuing off the China coast. This has two effects, high demurrage and reduced capacity. The congestion has been caused by Chinese authorities reacting to Covid outbreaks by closing ports, 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	6.59%	20.16%	3.17%	12.40%	31.15%	11.97%	3.15%	10.00%	1.41%

Chart 1: Grade Recovery for Month

Pruned recovery for September comprised 30% of overall sales volume, 20% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 56% of the total production volume, with lower quality export (KI and KIS grades) comprising 13% 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 **$168,858.95**, an average of **$38.73** per tonne.

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

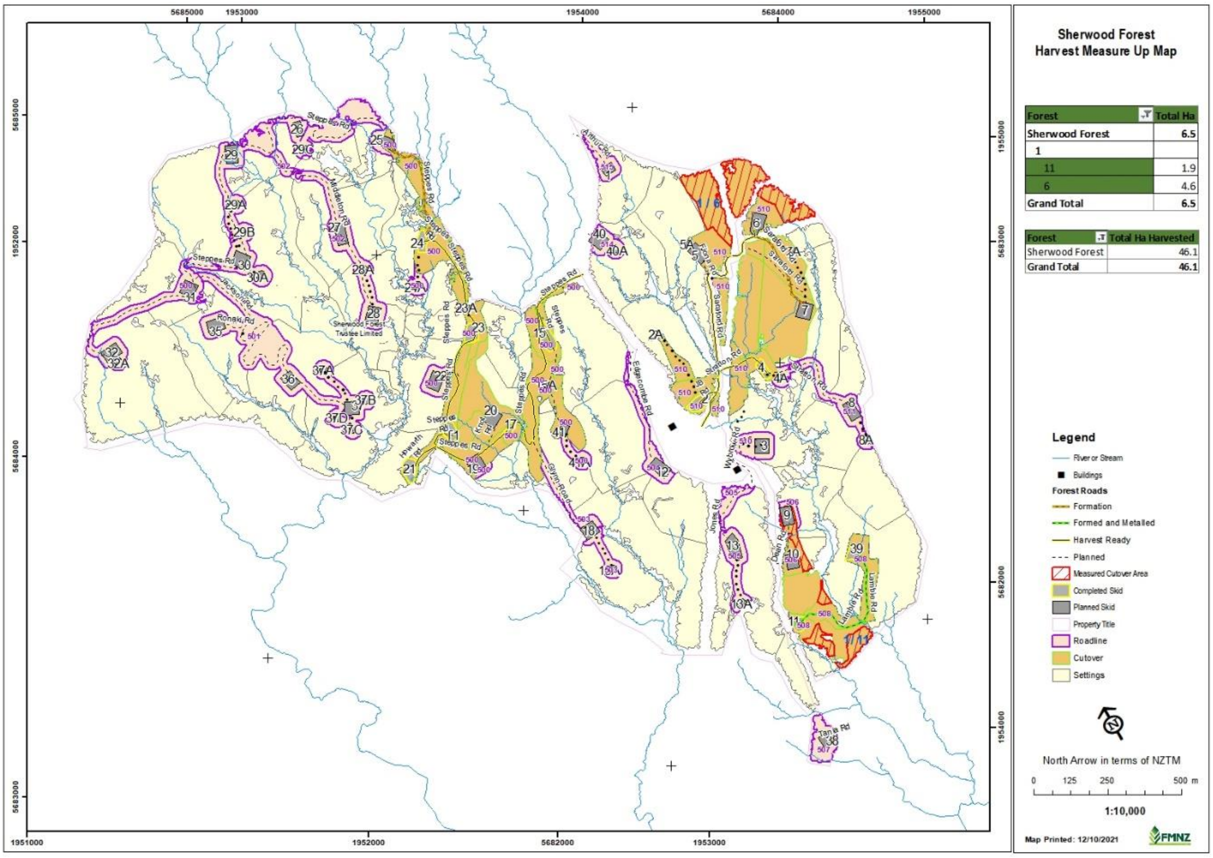
LOGGING COSTS		TOTAL
September		$168,858.95
		$168,858.95

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
September	Tracking	$2,470.00
		$2,470.00

Table 2: Additional Logging Costs

Tracking costs are related to extra tracks required for the harvest crew to enable the felling and extraction close to the powerlines.



Pic 1: Progress Map

During September the harvest crew completed clearfell harvest of Setting 11 and then moved to Landing 6 to remove the trees around the powerline corridor. An arborist was required to fell all trees within a tree length of the powerlines along with an observer from Eastland Power.

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 **$131,040.27** which is an average unit rate of **$30.06** per tonne.

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

CARTAGE COSTS		TOTAL
September	Cartage - Truck	$131,040.27
	Weighbridge	$1,443.20
	Trailer Lifting	$48.00
	Trans-shipping	$277.50
		$132,808.97

Table 3: Cartage Costs

The average cart rate for September inclusive of weighbridge, trans-shipping and trailer lifting fees is **$30.46** per tonne.

Trailer lifting costs are for use of the public gantry to reload trailers for loads delivered outside the normal hours of the facility provided by the Napier Port.

Trans-shipping is the accumulating of logs from completed settings which could not be made up into full packets and moving these logs to the current setting for loadout and sale. The logs normally number 10 of this and 12 of that but are still product for sale.

Engineering

ENGINEERING		RL	CF	TOTAL
September	Culvert Installation	$2,042.50		$2,042.50
	Culverts	$6,157.26		$6,157.26
	Culverts - Freight	$360.00		$360.00
	Fluming	$3,649.98		$3,649.98
	Grass Seeding	$256.50		$256.50
	Landings	$45,407.50		$45,407.50
	Road Formation	$50,690.00		$50,690.00
	Establishment - Engineering	$960.00		$960.00
	Metal Rock	$3,882.22		$3,882.22
	Pavement	$4,260.00		$4,260.00
	R&M - Road Maintenance		$11,975.00	$11,975.00
	Spread from stockpile	$4,860.00		$4,860.00
	Stockpile Works	$9,899.69		$9,899.69
	Trucks - Cart & Dump	$6,720.00		$6,720.00
		$139,145.65	**$11,975.00**	**$151,120.65**

Table 4: Engineering Costs

Engineering in September continued as far as Landing 25 on Steppes Road. Landing 41 and the road to it was also constructed from Landing 15.

Planned Activities for October 2021

In October the work around the power lines in Setting 6 will be completed and the crew will then move to Setting 15 to remove sections of windthrow as well as the trees surrounding it. After that they will roadline harvest Setting 511 from Landing 4 on Stratton Road and then move to Landing 39 to begin clearfell harvest for about a month. There is also one small section of roadline up to Landing 13 to be done.

The harvest crew will leave the forest around late October / November.

Pavement is planned to be completed to Landings 41 and 7 in October. A finishing coat is required for Lambie Road to Landing 39. Construction will also commence on Jones Road to Landing 13 – this requires upgrading of the entranceway onto Ruapapa Road.

The installation of the crossing from Landing 25 to 26 is also upcoming. The pipes have been ordered, however supply issues out of Auckland due to Covid are creating extensive delays. If replacement pipes cannot be sought, this supply issue will severely impact the progress of earthworks in Sherwood Forest.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
September	**$112,806.37**	**$1,236,797.70**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$25.88** per tonne, or **$17,354.83** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
September	Management	$24,512.05
	FGC levy	$1,414.00
		$25,926.05

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
September	Consumables	$110.28
	Power Lines	$8,015.00
	Traffic Management	$10,684.90
		$18,810.18

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.

Power Lines costs are for an arborist to fell trees around the powerlines and for an observer from Eastland Power for this felling which took place in September.

Traffic Management costs are for stop go traffic control while falling within two tree lengths of Ruapapa Road.

Health and Safety

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

Environmental

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

Financial Performance

Net return per tonne to date is **$33.99**.

Gross return per tonne to date is **$151.39**.

Net return per hectare to date is **$26,828.58**.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

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

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

SALES					
Type	**Grade**	**Tonnes**	**Jas (m3)**	**Sales Price**	**Gross Revenue ($)**
Binwood					
Pulp		61.36		$45.50	$2,791.88
TOTAL BINWOOD SALES		**61.36**			**$2,791.88**

Domestic					
Pruned Dom		244.84		$209.50	$51,293.98
Pruned Dom	P1 4.9	236.41		$194.00	$45,863.54
Pruned Dom	P1 4.9	397.70		$207.00	$82,323.90
TOTAL DOMESTIC SALES		**878.95**			**$179,481.42**

Export					
Pruned Exp	P40 3.9	0.00	103.370	$186.00	$19,226.82
Pruned Exp	P40 5.9	0.00	182.422	$186.00	$33,930.49
Pruned Exp	P30 3.9	0.00	141.971	$150.00	$21,295.65
A40	AO 3.8	0.00	513.131	$129.00	$66,193.90
A40	AO 3.9	0.00	47.193	$130.00	$6,135.09
A30	A 3.8	0.00	56.575	$124.00	$7,015.30
A30	A 3.8	0.00	340.718	$127.00	$43,271.19
A30	A 5.8	0.00	99.996	$126.00	$12,599.50
A30	A 5.8	0.00	851.286	$129.00	$109,815.89
K	K 3.8	0.00	177.879	$119.00	$21,167.60
K	K 5.8	0.00	27.828	$119.00	$3,311.53
K	K 5.8	0.00	268.279	$121.00	$32,461.76
KI	KI 3.8	0.00	126.802	$111.00	$14,075.02
TOTAL EXPORT SALES		**0.00**	**2,937.450**		**$390,499.74**

Export Pulp					
Export Pulp	KIS 2.9	0.00	179.906	$93.00	$16,731.26
Export Pulp	KIS 2.9	0.00	14.828	$96.00	$1,423.49
Export Pulp	KIS 3.8	0.00	211.788	$103.00	$21,814.16
Export Pulp	KIS 5.8	0.00	0.564	$105.00	$59.22
TOTAL EXPORT PULP SALES		**0.00**	**407.086**		**$40,028.13**
TOTAL		**940.31**	**3,344.536**		**$612,801.17**

FEES	
FMNZ Management Fee @ %	$24,512.05
TOTAL FEES	**$24,512.05**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,414.00
TOTAL LEVIES	**$1,414.00**
COSTS	
Harvesting	$168,858.95
Cartage	$131,040.27
Weighbridge	$1,443.20
Cartage - Trans Shipping	$277.50
Consumables	$110.28
Culvert Installation	$2,042.50
Culvert Pipes	$6,157.26
Culverts - Freight	$360.00
Establishment	$960.00
Fluming	$3,649.98
Grass Seeding	$256.50
Landings	$45,407.50
Metal Rock m3	$3,882.22
Metalling: Cart to stockpile	$6,720.00
Metalling: Grading & Rolling	$4,260.00
Metalling: Spread from Stockpile	$4,860.00
Powerlines	$8,015.00
R&M - Road Maintenance	$11,975.00
Road Formation	$50,690.00
Stockpile Works	$9,899.69
Tracking	$2,470.00
Traffic Management	$10,684.90
Trailer Lifting	$48.00
TOTAL COSTS	**$474,068.75**
TOTAL FEES, LEVIES & COSTS	**$499,994.80**

NET INCOME	**$112,806.37**
GST	**$16,920.96**
NET INCOME (INCLUDING GST)	**$129,727.33**

Photo 1: Processing and stacking logs on Landing 11.

Photo 2: Skidder pulling stems to Landing 11.

Photo 3: Logs ready for loadout on Landing 6.

Photo 4: Waireka Road staircase switchback improvements by Wairoa District Council.

Photo 5: Waireka Road staircase switchback improvements by Wairoa District Council.

Photo 6: Construction of road to Landing 7.

SHERWOOD CUMULATIVES

Categories	Descriptions	Mar 20 -Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Aug 21	Sep 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	-$2,042.50	-$85,992.50
	Culverts	-$53,430.87	-$370.00	-$15,773.78			-$8,539.02		-$6,157.26	-$84,270.93
	Culverts - Freight	-$8,150.00	-$540.00	-$780.00		-$180.00	-$540.00		-$360.00	-$10,550.00
	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	-$960.00	-$17,728.75
	Fluming	-$8,846.25	-$7,278.68	-$3,206.83	-$82.34	-$673.98	-$1,922.99		-$3,649.98	-$25,661.05
	Landings	-$72,747.50	-$18,577.50	-$45,605.00	-$36,452.50	-$37,515.00	-$14,545.00	-$5,920.00	-$45,407.50	-$276,770.00
	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	-$3,882.22	-$148,782.31
	Other		-$49.30	-$275.00						-$324.30
	Pavement	-$2,265.00	-$3,527.50	-$780.00	-$5,035.00	-$1,430.00			-$4,260.00	-$17,297.50
	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			-$11,975.00	-$30,430.00
	Road Formation	-$180,140.00	-$41,012.50	-$54,067.50	-$39,332.50	-$43,135.00	-$71,707.50	-$29,442.50	-$50,690.00	-$509,527.50
	Spread from stockpile	-$4,980.00	-$6,660.00	-$3,780.00	-$660.00	-$960.00		-$6,000.00	-$4,860.00	-$27,900.00
	Stockpile Works	-$3,267.50	-$6,247.50	-$2,490.00	-$3,635.00	-$954.75	-$2,454.75	-$5,604.30	-$9,899.69	-$34,553.49
	Trucks - Cart & Dump	-$27,600.76	-$16,648.71	-$29,746.46	-$6,722.59	-$9,781.18	-$18,501.43	-$19,980.44	-$6,720.00	-$135,701.57
	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		-$256.50	-$5,146.25
	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**	**-$151,120.65**	**-$1,486,895.10**
Fees	FGC levy	-$2,730.95	-$1,163.61	-$1,201.90	-$1,272.60	-$1,523.16	-$1,758.26	-$795.02	-$1,414.00	-$11,859.50
	Management	-$49,682.03	-$20,508.05	-$22,069.37	-$24,244.92	-$30,709.09	-$36,047.31	-$12,543.22	-$24,512.05	-$220,316.03
Fees Total		**-$52,412.98**	**-$21,671.67**	**-$23,271.27**	**-$25,517.52**	**-$32,232.24**	**-$37,805.57**	**-$13,338.24**	**-$25,926.05**	**-$232,175.53**
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	-$131,040.27	-$1,035,033.86
	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	-$168,858.95	-$1,385,152.28
	Tracking	-$22,135.00	-$645.00		-$950.00			-$4,910.00	-$2,470.00	-$31,110.00
	Weighbridge	-$2,741.05	-$1,118.34	-$1,024.82	-$1,170.26	-$1,294.04	-$1,682.50	-$764.23	-$1,443.20	-$11,238.44
	Trailer Lifting		-$6.00			-$6.00	-$66.00		-$48.00	-$126.00
	Cartage - Trans Shipping			-$742.50					-$277.50	-$1,020.00
Harvesting Total		**-$589,980.54**	**-$227,939.18**	**-$238,799.64**	**-$262,149.92**	**-$311,615.10**	**-$373,176.47**	**-$174,702.60**	**-$304,137.92**	**-$2,482,501.37**
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	$612,801.17	$5,507,900.81
Income Total		**$1,242,050.76**	**$512,701.34**	**$551,734.14**	**$606,123.00**	**$767,727.17**	**$901,182.70**	**$313,580.53**	**$612,801.17**	**$5,507,900.81**
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	-$110.28	-$1,063.26
	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	-$10,684.90	-$28,139.72
	Power Lines		-$2,439.20		-$4,458.40	-$8,575.10			-$8,015.00	-$23,487.70
Miscellaneous Total		**-$7,957.92**	**-$3,593.51**	**-$795.97**	**-$8,468.15**	**-$14,749.10**	**-$3,748.52**	**-$11,407.75**	**-$18,810.18**	**-$69,531.11**
Grand Total		**$146,944.07**	**$99,862.35**	**$74,535.30**	**$200,224.98**	**$270,104.58**	**$317,078.04**	**$15,242.00**	**$112,806.37**	**$1,236,797.70**