HARVESTING REPORT
September 2021

TANGOIO FOREST

Aerial view of K & S Beard logging crew operation in Setting 28.

Clearfell Harvesting Report – Tangoio – September 2021

Summary

- Gross revenue for the month is **$751,113.60**
- Costs for the month are **$313,498.33**
- Net income for the month is **$437,615.27**
- Tonnes harvested for the month is **5,245.35**
- Net income per tonne for the month is **$83.43**
- Area cleared for the month is **11.8** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$34,638,328.93**
- Project costs to date are **$18,823,075.68**
- Project net income to date is **$15,815,253.25**
- Tonnes harvested to date is **249,028.81**
- Net income per tonne to date is **$63.51**
- Recoverable volume per hectare to date is **687.7** tonnes
- Net income per hectare to date is **$43,676.48**
- Total forest area is **538.9** hectares, approximate hectares cleared to date is **362.1** 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 **$751,113.60** with an average sale price over all grades of **$143.20** 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:

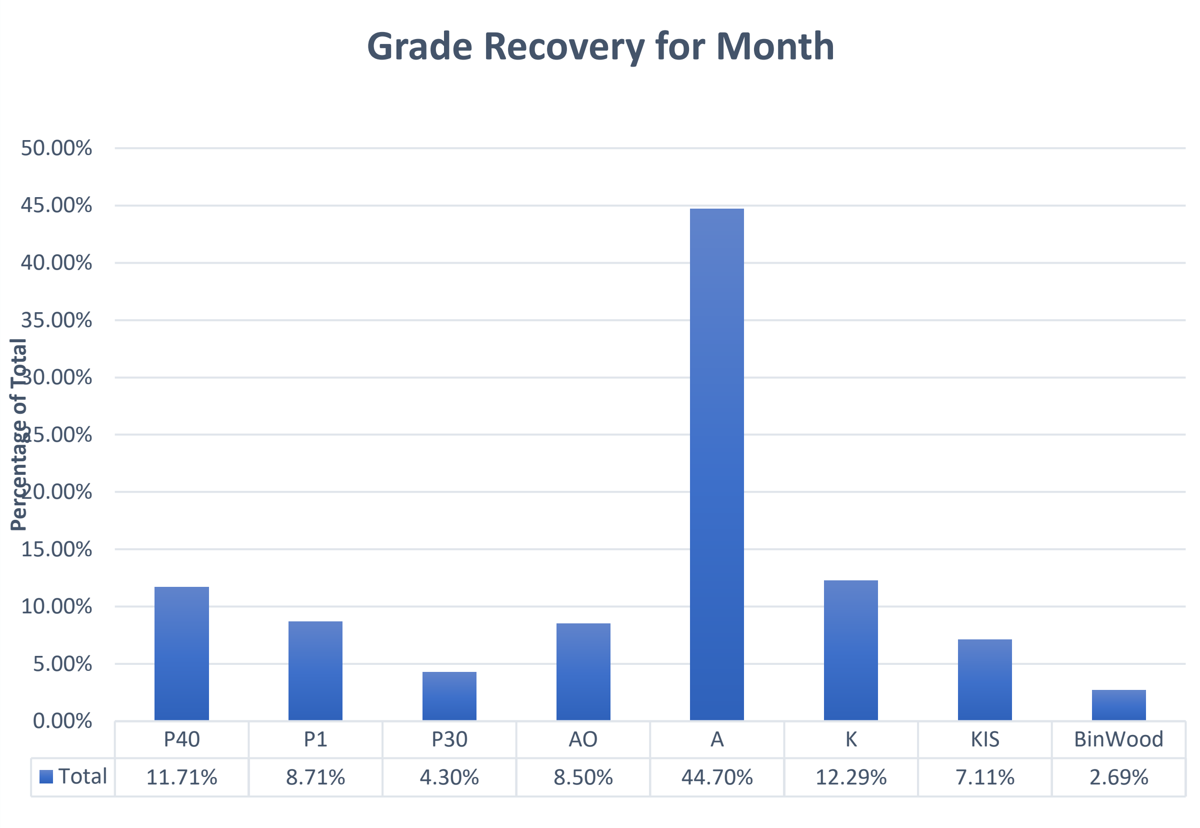


Chart 1: Grade Recovery for Month

Pruned recovery for September comprised 25% of overall sales volume, 9% of which was sold as domestic pruned logs.

High quality export sawlog (AO, A and K grades) made up 65% of the total production volume, with lower quality export (KI and KIS grades) comprising 7% of volume.

The remaining 3% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **$200,049.47**, an average of **$38.14** per tonne.

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

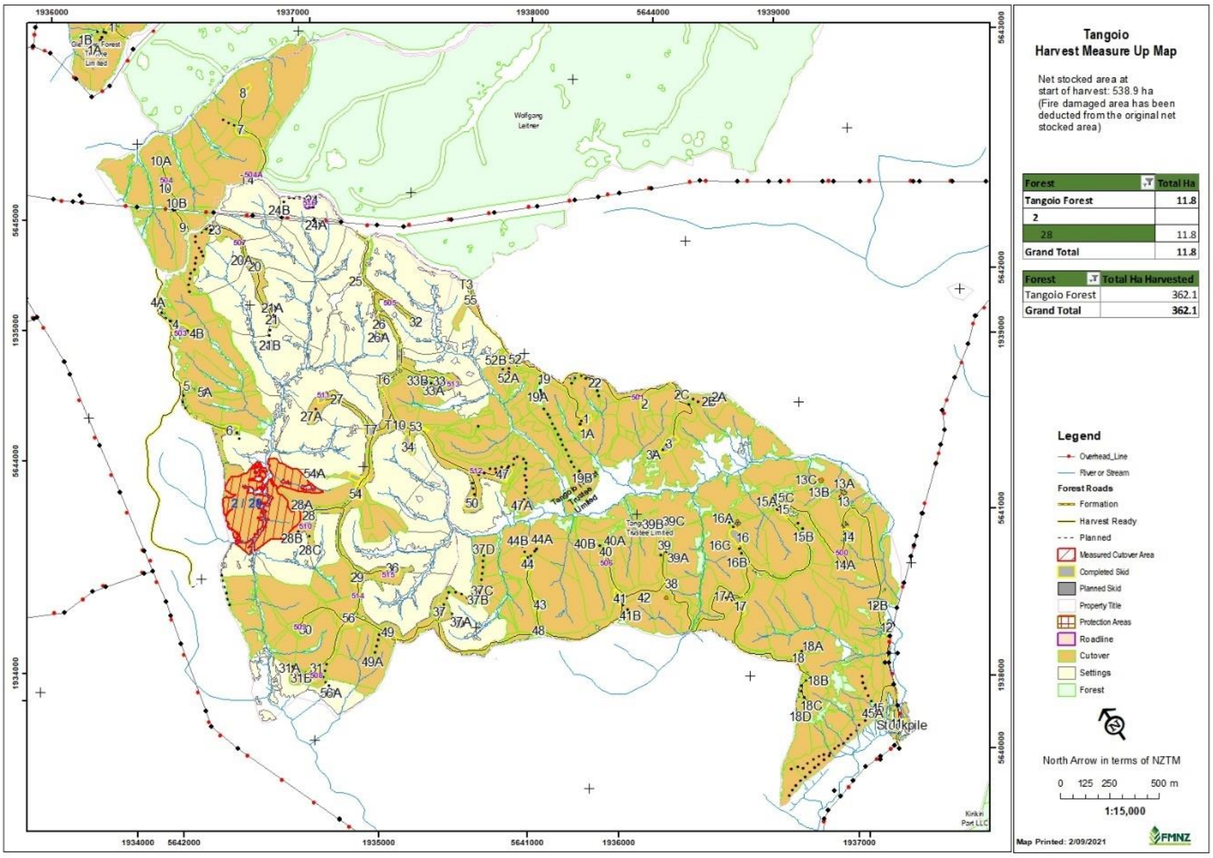
LOGGING COSTS		TOTAL
September		$200,049.47
		$200,049.47

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
September	Establishment	$550.00
		$550.00

Table 2: Additional Logging Costs

Establishment costs are for transporting the CAT 330B Backline machine to HBRC Road for the harvest crew.



Pic 1: Progress Map

The harvest crew spent the month pulling Setting 28 to Landing 28A with full suspension over the stream that flows to the Tangoio Falls. At the end of the month they moved to Landing 28B. The crew will continue to undertake full suspension extraction over the Rauwirikokomuka Stream which flows to the Tangoio Falls.

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 **$77,770.22** which is an average unit rate of **$14.83** per tonne.

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

CARTAGE COSTS		TOTAL
September	Cartage - Truck	$77,770.22
	Weighbridge	$1,751.88
	Trailer Lifting	$36.00
		$79,558.10

Table 3: Cartage Costs

The average cart rate for September inclusive of weighbridge and trailer lifting fees is **$15.17** 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.

Engineering

There were no engineering costs for the month of September.

Planned Activities for October 2021

Planned activities for October are for the harvest crew to continue pulling Setting 28 to Landing 28B for approximately a month or so before moving to Pad 54A.

Maintenance and post-harvest rehabilitation is planned for October on Landings 28 and 30. Two small pads are also planned for construction in to facilitate clearfell operations.

Net Revenue

Net revenue for the project to date excluding GST is shown in Table 4 below:

MONTH	NET MONTH	NET PROJECT
September	**$437,615.27**	**$15,815,253.25**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$83.43** per tonne, or **$37,086.04** per hectare.

Fees and Levies

Management fees and FGC levies are summarised in Table 5 below:

FEES & LEVIES		TOTAL
September	Management	$30,044.54
	FGC levy	$1,809.89
		$31,854.43

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
September	Consumables	$89.69
	Other	$103.63
		$193.32

Table 6: Miscellaneous Expenses

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

Other costs are for the proportional costs of operating the forest digital radio network.

Health and Safety

A near hit incident occurred when a worker greasing the processor in extremely windy conditions was nearly struck by a tree which blew over. The tree hit the boom head, snapped and then flew overhead landing less than one metre from the workers feet. The worker should not have been working anywhere near trees in the extremely windy conditions and particularly within a tree’s length to the machine.

Environmental

ENVIRONMENTAL		TOTAL
September	Environmental Monitoring	$1,293.00
		$1,293.00

Table 7: Environmental Expenses

A post-harvest native vegetation assessment was undertaken within Setting 19 as part of developing and executing a site-specific harvest plan (SSHP) to determine which areas, if any, of native vegetation must be protected from damage during harvesting operations and how they survived the harvesting operations.

Hawke's Bay Regional Council visited the forest on 13th August and assessed both consented and permitted harvesting and earthworks activities as being *fully compliant* and noted "*great care has been taken with construction of the track and the rehabilitation of the track ensuring the banks of the stream have maintained their integrity*".

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.

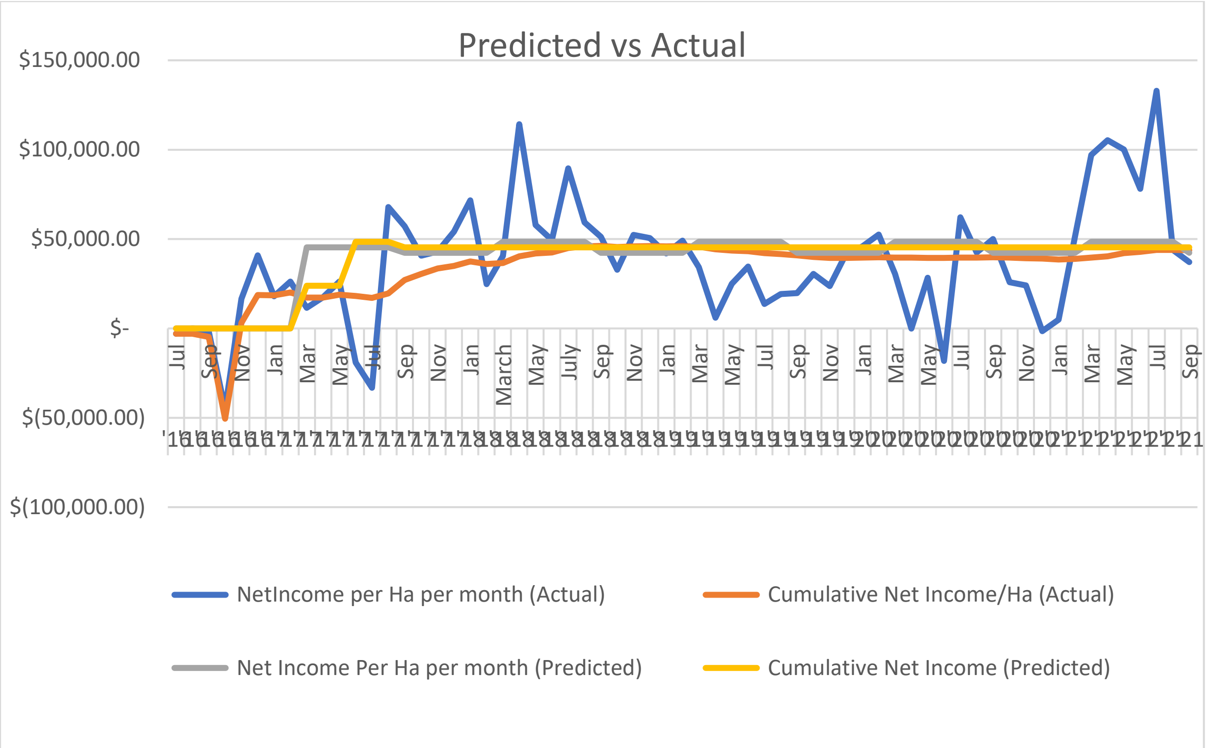


Chart 2: Actual vs Predicted

Net return per tonne to date is **$63.51**, forecast was $66.81.

Gross return per tonne to date is **$139.09**, forecast was $126.50.

Net return per hectare to date is **$43,676.48**, forecast was $45,373.11.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ

Historic Harvesting Financial Summary

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

Paid to bank account # 02-0792-0001473-000 GST # 56-852-220

Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
SALES					
Binwood					
Pulp		141.14		$45.50	$6,421.87
TOTAL BINWOOD SALES		**141.14**			**$6,421.87**
Domestic					
Pruned Dom		87.64		$209.50	$18,360.58
Pruned Dom	P1 4.9	369.40		$207.00	$76,465.80
TOTAL DOMESTIC SALES		**457.04**			**$94,826.38**
Export					
Pruned Exp	P40 3.9	0.00	176.807	$186.00	$32,886.10
Pruned Exp	P40 5.9	0.00	466.718	$186.00	$86,809.55
Pruned Exp	P30 3.9	0.00	239.056	$150.00	$35,858.40
A40	AO 3.8	0.00	235.712	$129.00	$30,406.85
A40	AO 3.9	0.00	252.679	$130.00	$32,848.27
A30	A 3.8	0.00	655.505	$124.00	$81,282.62
A30	A 3.8	0.00	422.678	$127.00	$53,680.11
A30	A 5.8	0.00	715.519	$126.00	$90,155.39
A30	A 5.8	0.00	685.614	$129.00	$88,444.21
K	K 3.8	0.00	211.521	$117.00	$24,747.96
K	K 3.8	0.00	147.357	$119.00	$17,535.48
K	K 5.8	0.00	79.193	$119.00	$9,423.97
K	K 5.8	0.00	223.674	$121.00	$27,064.55
TOTAL EXPORT SALES		**0.00**	**4,512.033**		**$611,143.46**
Export Pulp					
Export Pulp	KIS 2.9	0.00	108.181	$93.00	$10,060.83
Export Pulp	KIS 2.9	0.00	57.111	$96.00	$5,482.66
Export Pulp	KIS 3.8	0.00	208.822	$103.00	$21,508.67
Export Pulp	KIS 5.8	0.00	0.188	$105.00	$19.74
TOTAL EXPORT PULP SALES		**0.00**	**374.302**		**$37,071.90**
Firewood					
Firewood		165.00		$10.00	$1,650.00
TOTAL FIREWOOD SALES		**165.00**			**$1,650.00**
TOTAL		**763.18**	**4,886.335**		**$751,113.61**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$30,044.54
TOTAL FEES	**$30,044.54**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,809.89
TOTAL LEVIES	**$1,809.89**
COSTS	
Harvesting	$200,049.47
Cartage	$77,770.22
Weighbridge	$1,751.88
Consumables	$89.69
Environmental Monitoring	$1,293.00
Establishment	$550.00
Other	$103.63
Trailer Lifting	$36.00
TOTAL COSTS	**$281,643.89**
TOTAL FEES, LEVIES & COSTS	**$313,498.32**

NET INCOME	**$437,615.29**
GST	**$65,642.29**
NET INCOME (INCLUDING GST)	**$503,257.58**

Photo 1: Quick snapshot of the current harvest area being worked.

Photo 2: Well-oiled operation with machines all in sync keeping wood flowing.

Photo 3: Processor cutting logs on Landing 28.

Photo 4: Loading out logs on Landing 28.

Photo 5: Processed logs being stacked into relevant grade piles.

Photo 6: The two-stage set up where logs are moved from the swing yarder to the processor.

Photo 7: Aerial view of the swing yarder on Pad 28.

TANGOIO CUMULATIVES

Categories	Descriptions	May 13 - Feb 17	Mar 17 - Feb 18	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 2021	July 2021	Aug 2021	Sep 2021	Grand Total
Engineering	Borrow Pit		-$20,357.50	-$1,454.50										-$21,812.00
	Corduroy		-$6,300.00											-$6,300.00
	Crossings	-$58,907.68	-$4,360.00	-$25,775.00										-$89,042.68
	Culvert Installation			-$16,722.40	-$21,177.48	-$4,233.25								-$42,133.13
	Culverts	-$20,104.76	-$54,985.33	-$26,207.09	-$31,004.01	-$5,692.68								-$137,993.87
	Culverts - Freight	-$642.50	-$690.00	-$120.00	-$450.00	-$437.40	-$212.50							-$2,552.40
	Entranceway - Seal		-$2,166.96	-$2,504.31										-$4,671.27
	Establishment - Engineering	-$7,000.00	-$20,311.50	-$14,052.99	-$10,962.86	-$8,472.20	-$798.00	-$976.00	-$1,040.00	-$1,672.00		-$640.00		-$65,925.55
	Fluming	-$4,879.50	-$1,461.14	-$4,994.92	-$32,916.51	-$3,624.96	-$3,379.01							-$51,256.04
	Geotextiles	-$9,343.47	-$32,584.60	-$8,636.20	-$20,584.28									-$71,148.55
	Grass Seeding				-$9,741.70	-$617.50		-$683.75						-$11,042.95
	Landings	-$76,908.00	-$82,325.50	-$69,335.80	-$202,975.10	-$67,431.17								-$498,975.57
	Loader Hire				-$4,226.40									-$4,226.40
	Loadout Bay Construction			-$165.00	-$3,085.50	-$3,501.95		-$882.00	-$240.00	-$280.00				-$8,154.45
	Loadout Bay Metal	-$1,755.00		-$5,907.46	-$10,687.84	-$5,570.95					-$112.00			-$24,033.25
	Metal - Winning			-$20,835.21										-$20,835.21
	Metal Lime	-$36,216.75	-$78,590.25	-$23,426.10	-$124,475.85	-$47,299.07								-$310,008.02
	Metal Rock	-$11,122.45	-$49,244.51	-$28,746.17	-$109,257.21	-$32,532.87			-$2,174.30					-$233,077.51
	Other		-$118.60	-$3,168.90	-$21,746.07	$2,680.30				-$35.00	-$50.00			-$22,438.27
	Pads			-$20,919.07	-$15,698.71	-$6,933.20	-$8,212.00	-$5,558.00				-$960.00		-$58,280.98
	Pavement			-$67,698.33	-$147,984.16	-$2,835.89		-$196.00						-$218,714.38
	R&M		-$10,522.50	-$30,551.07	-$36,331.53	-$17,811.76				-$812.00	-$280.00	-$2,542.50		-$98,851.35
	R&M - Culverts Maintenance			-$325.00										-$325.00
	R&M - Event Cleanup		-$12,642.50											-$12,642.50
	R&M - Metal			-$804.49	-$7,355.02	-$11,123.52			-$720.00	-$2,228.75	-$4,057.00	-$2,365.50		-$28,654.27
	R&M - Road Maintenance		-$9,978.00	-$5,889.76	-$2,879.38	-$12,342.19	-$1,748.00		-$4,980.00	-$9,404.00	-$8,354.00			-$55,575.33
	Rehab			-$24,205.90	-$59,315.73	-$18,647.96	-$6,305.00	-$756.00	-$4,725.00	-$420.00	-$854.00			-$115,229.59
	Rehab - Drainage		-$2,380.00											-$2,380.00
	Rehab - Environmental		-$3,112.50	-$14,590.00	-$181.29							-$1,120.00		-$19,003.79
	Rehab - Skids/Pads		-$6,034.70	-$2,254.63	-$9,720.00	-$2,310.00								-$20,319.33
	Road Formation	-$98,830.90	-$321,820.48	-$105,020.88	-$203,417.90	-$43,244.81								-$772,334.96
	Sediment Control				-$1,933.50	-$662.45								-$2,595.95
	Spread from stockpile	-$2,500.00	-$26,035.00	-$95,728.41	-$324,870.46	-$5,706.97								-$454,840.83
	Stockpile Works					-$4,290.18		-$770.00						-$5,060.18
	Temp Landings			-$2,678.00	-$18,427.33									-$21,105.33
	Trucks - Cart & Dump	-$28,877.40	-$109,542.65	-$76,933.20	-$658,455.50	-$49,981.73								-$923,790.48
	Trucks - Cart & Spread	-$8,567.50	-$102,150.00	-$251,339.55	-$137,535.33	-$20,956.83				-$800.00	-$440.00			-$521,789.21
	Two Stage			-$555.00										-$555.00
Engineering Total		**-$365,655.91**	**-$957,714.22**	**-$951,545.32**	**-$2,227,396.63**	**-$373,581.17**	**-$20,654.51**	**-$9,821.75**	**-$13,879.30**	**-$15,651.75**	**-$14,147.00**	**-$7,628.00**		**-$4,957,675.55**
Fees	FGC levy	-$2,397.64	-$11,567.17	-$18,594.56	-$18,833.32	-$7,176.78	-$1,496.01	-$1,472.82	-$2,139.15	-$1,615.08	-$1,749.69	-$934.82	-$1,809.89	-$69,786.93
	Management	-$45,716.12	-$236,093.74	-$394,616.83	-$356,533.85	-$131,290.14	-$26,819.21	-$27,372.96	-$40,917.48	-$32,736.46	-$34,900.14	-$15,242.53	-$30,044.54	-$1,372,284.00
Fees Total		**-$48,113.76**	**-$247,660.91**	**-$413,211.38**	**-$375,367.17**	**-$138,466.92**	**-$28,315.22**	**-$28,845.78**	**-$43,056.63**	**-$34,351.54**	**-$36,649.84**	**-$16,177.36**	**-$31,854.43**	**-$1,442,070.93**
Harvesting	Cartage - Trans Shipping			-$1,430.00	-$1,618.83	-$150.00								-$3,198.83
	Cartage - Truck	-$97,496.80	-$460,197.01	-$829,360.11	-$894,768.90	-$313,821.47	-$58,078.63	-$57,098.29	-$81,656.73	-$67,864.84	-$76,987.64	-$41,375.18	-$77,770.22	-$3,056,475.82
	Establishment - harvesting	-$8,396.50	-$8,862.60	-$10,029.50	-$5,360.00	-$3,468.75	-$840.00			-$1,920.00	-$550.00		-$550.00	-$39,977.35
	Logging	-$351,873.48	-$1,446,472.98	-$2,405,674.60	-$2,647,474.74	-$932,190.66	-$158,517.66	-$165,613.80	-$232,686.08	-$188,989.57	-$196,891.15	-$106,602.46	-$200,049.47	-$9,033,036.65
	Tracking			-$24,452.98	-$10,170.38	-$14,030.70	-$3,360.00					-$800.00		-$52,814.06
	Trailer Lifting	-$954.47	-$1,734.25			-$18.00	-$42.00	-$60.00	-$12.00	-$6.00	-$12.00		-$36.00	-$2,874.72
	Weighbridge	-$2,661.09	-$12,833.32	-$22,127.63	-$22,648.44	-$8,505.50	-$1,471.10	-$1,471.19	-$2,007.46	-$1,579.97	-$1,602.27	-$956.73	-$1,751.88	-$79,616.59
Harvesting Total		**-$461,382.34**	**-$1,930,100.17**	**-$3,293,074.83**	**-$3,582,041.27**	**-$1,272,185.08**	**-$222,309.39**	**-$224,243.28**	**-$316,362.28**	**-$260,360.38**	**-$276,043.06**	**-$149,734.37**	**-$280,157.57**	**-$12,267,994.02**
Income	Log Sales	$1,142,902.94	$5,902,343.56	$9,865,421.91	$8,913,346.28	$3,282,253.45	$670,480.17	$684,324.04	$1,022,936.93	$818,511.56	$872,503.56	$381,063.34	$751,113.60	$34,307,201.34
	Other Income								$331,127.59					$331,127.59
Income Total		**$1,142,902.94**	**$5,902,343.56**	**$9,865,421.91**	**$8,913,346.28**	**$3,282,253.45**	**$670,480.17**	**$684,324.04**	**$1,354,064.52**	**$818,511.56**	**$872,503.56**	**$381,063.34**	**$751,113.60**	**$34,638,328.93**
Miscellaneous	Arboriculture			-$4,590.00										-$4,590.00
	Consents	-$1,853.00												-$1,853.00
	Consultancy Fees	-$3,313.75	-$1,247.50	-$2,972.83	-$386.36							-$614.39		-$8,534.83
	Consumables	-$451.79	-$1,641.19	-$4,368.35	-$2,168.32	-$2,005.08	-$71.42	-$101.14	-$179.99	-$80.48	-$122.54	-$47.40	-$89.69	-$11,327.38
	Fencing		-$17,722.12											-$17,722.12
	Other	-$6,668.96	-$6,550.13	-$4,870.97	-$2,553.93	-$3,359.50		-$115.00	-$95.00	-$95.00	-$114.00	-$103.63	-$103.63	-$24,629.75
	Power Lines			-$1,299.49	-$8,579.24	-$9,390.00								-$19,268.73
	Royalty payments			-$9,024.15										-$9,024.15
	Security		-$212.65	-$864.31	-$8,095.49	-$5,521.20								-$14,693.65
	Traffic Management	-$4,124.02	-$7,200.00	-$16,075.72	-$12,703.25	-$535.83								-$40,638.82
	Environmental Monitoring						-$979.00	-$76.00		-$350.00	-$354.75		-$1,293.00	-$3,052.75
Miscellaneous Total		**-$16,411.52**	**-$34,573.59**	**-$44,065.82**	**-$34,486.59**	**-$20,811.61**	**-$1,050.42**	**-$292.14**	**-$274.99**	**-$525.48**	**-$591.29**	**-$765.42**	**-$1,486.32**	**-$155,335.18**
Grand Total		**$251,339.41**	**$2,732,294.67**	**$5,163,524.56**	**$2,694,054.62**	**$1,477,208.68**	**$398,150.65**	**$421,121.09**	**$980,491.33**	**$507,622.40**	**$545,072.38**	**$206,758.20**	**$437,615.27**	**$15,815,253.25**