HARVESTING REPORT
October 2021

BAYVIEW FOREST

Swing yarder positioned on pad beside the road extracting last setting in Bayview Forest.

Clearfell Harvesting Report – Bayview – October 2021

Summary

- Gross revenue for the month is **$980,862.77**
- Costs for the month are **$450,471.19**
- Net income for the month is **$530,391.58**
- Tonnes harvested for the month is **7,691.59**
- Net income per tonne for the month is **$68.96**
- Area cleared for the month is **12** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$26,047,975.21**
- Project costs to date are **$13,360,205.16**
- Project net income to date is **$12,687,770.05**
- Tonnes harvested to date is **194,204.53**
- Net income per tonne to date is **$134.12**
- Recoverable volume per hectare to date is **681.2** tonnes
- Net income per hectare to date is **$44,502.88**
- Total forest area is **286.50** hectares, approximate hectares cleared to date is **285.1** 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 **$980,862.77** with an average sale price over all grades of **$127.52** per tonne**.**

October 2021 - Log Markets, Hawkes Bay

The October export prices have remained flat with no change to prices.

Radiata log inventories on the main Chinese ports we monitor have increased to 4.77Mm^3, with daily offtake in the 79Km^3 per day range. While demand has slightly increased from last month, all indicators are that the China economy is slowing with less construction activity.

China is in a state of "Structural Reset". The Chinese Government has been concerned about the growing gap between the wealthy and the poor in China as this leads to social unrest. They are undertaking wealth redistribution strategies (tax the wealthy etc.) trying to improve the income / lifestyle of the middle class along with reduced property prices.

Credit tightening policies due to large debts in property development as well as property tax changes has seen a lot of new construction stall. Evergrande has restarted some projects as they have bought time to repay some creditors, but still face significant challenges ahead.

The energy crisis in China will have a positive long-term effect on timber demand as China is aware of the higher energy costs of steel and concrete. They are already mandating the use of more wood in their buildings. In the short term this maybe negative, as electricity supply is rationed. The main log processing area affected to date is Taicang, which had already been affected by the Government wanting to repurpose the land these mills occupy.

The freight market has had some downward movement in the big Capesize vessels due to less iron ore demand which is expected to flow on in the smaller handy size vessels used in log exports. Congestion times have reduced significantly but this depends on log berths in Lanshan for competing product demands.

The NZD has continued to rise against the USD since the end of September. This has eroded some AWG value for forest owners.

Domestic pruned log prices have fallen $15 this quarter due to weaker AWG export pricing and factoring in the spring effects on Jas conversions.

Grade Recovery

Grade out turn for October is as follows:

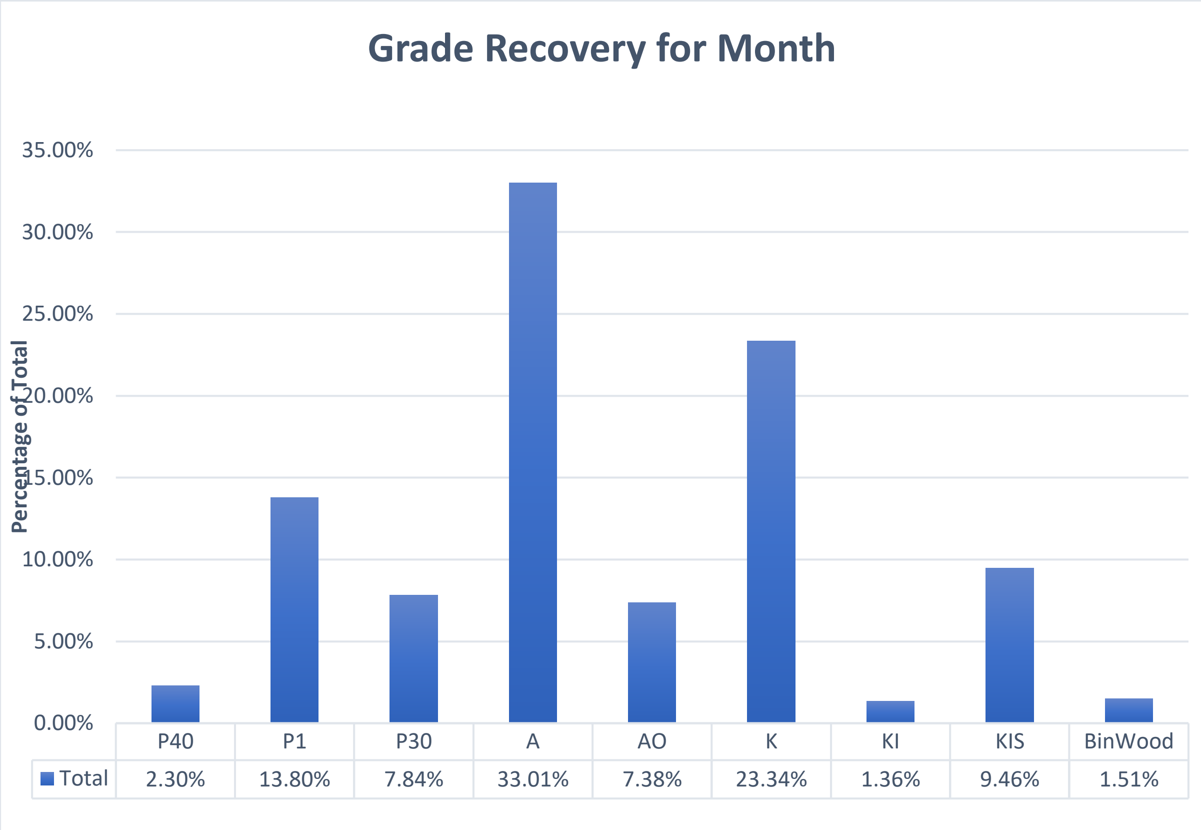


Chart 1: Grade Recovery for Month

Pruned recovery for October comprised 24% of overall sales volume, 14% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 63% of the total production volume, with lower quality export (KI and KIS grades) comprising 11% of volume.

The remaining 2% of production was made up of domestic pulp and binwood.

Expenditure

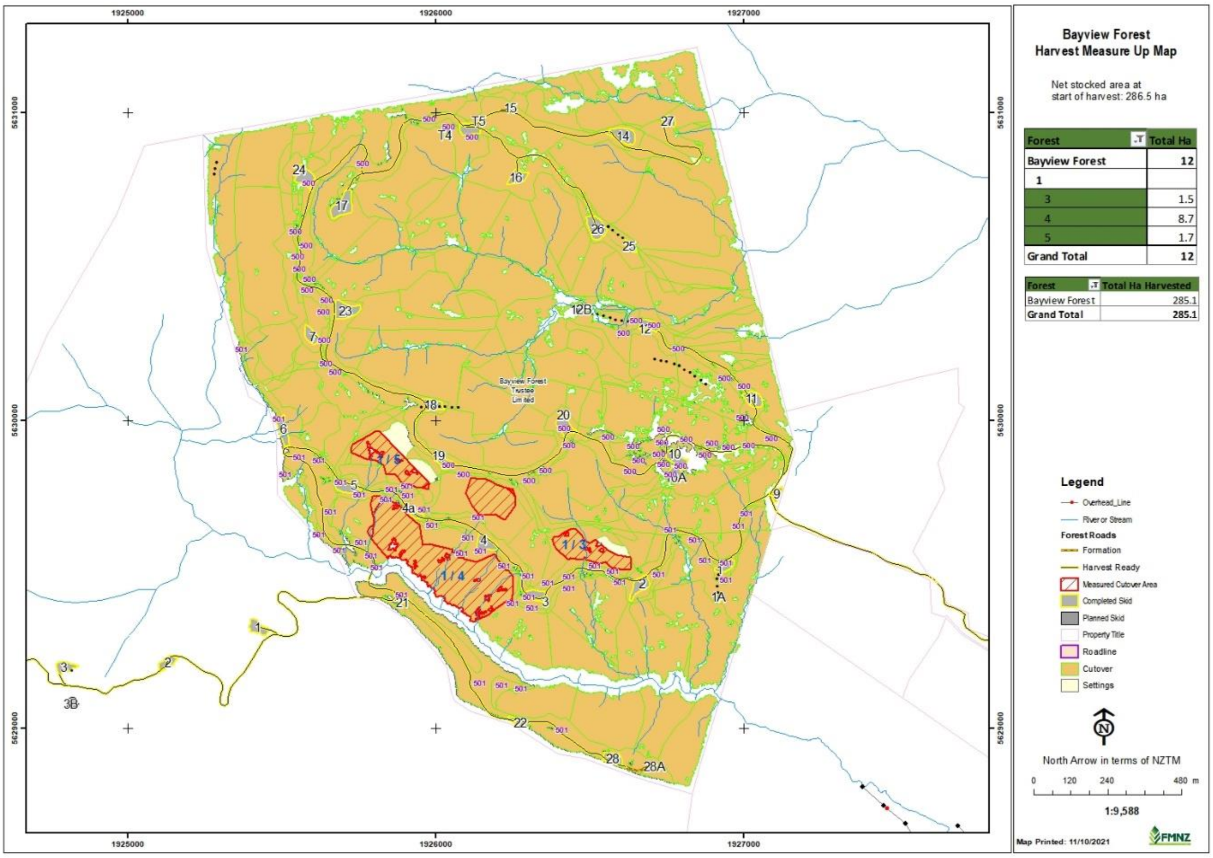
Harvesting

The total logging cost for the month was **$290,191.34**, an average of **$37.73** per tonne.

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

LOGGING COSTS		TOTAL
October	Logging	$290,191.34
		$290,191.34

Table 1: Logging Costs



Pic 1: Progress Map

During the month of October, Log 9 moved the swing yarder to Landing 4A where they two-staged the volume down to Landing 4. They then pulled the last of Setting 4 above Holden Road and two-staged it down to Landing 3 where it was processed and loaded out. This happened due to the large amount of boulders that could possibly be dislodged and roll down onto the crew if left to work on Landing 4. While on Landing 3 they pulled the last small amount of volume from Setting 2. The crew then moved to and completed harvest of Setting 5 which was the last setting before they moved out of the forest.

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 **$108,359.52** which is an average unit rate of **$14.09** per tonne.

Cartage expenditure for the month is summarised below in Table 2:

CARTAGE COSTS		TOTAL
October	Cartage - Truck	$108,359.52
	Weighbridge	$2,481.06
	Trailer Lifting	$12.00
		$110,852.58

Table 2: Cartage Costs

The average cart rate for October inclusive of weighbridge and trailer lifting fees is **$14.41** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
October	Establishment - Engineering		$400.00	$400.00
	Metal Rock	$1,080.75		$1,080.75
	R&M - Road Maintenance		$5,025.00	$5,025.00
	Trucks - Cart & Dump		$840.00	$840.00
		$1,080.75	**$6,265.00**	**$7,345.75**

Table 3: Engineering Costs

Engineering in October was associated with maintaining the road for clearfell harvesting. A small CAT digger was brought into the forest to aid in maintenance and load the metal truck. This machine will also complete post-harvest rehabilitation.

Planned Activities for November 2021

The remainder of the harvested volume will be moved from the forest.

Following the completion of harvest activities, some rehabilitation will be required - opening up tracking to enable complete forest access, culverts on Bayview Forest Road require attention, and ensuring water controls throughout the forest are functioning correctly. The temporary crossing on Arnott Road will also require removal before winter. This work should be completed by the end of February.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
October	**$530,391.58**	**$12,687,770.05**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$68.96** per tonne, or **$44,199.30** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
October	Management	$39,234.51
	FGC levy	$2,566.27
		$41,800.78

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
October	Consumables	$177.09
	Other	$103.64
		$280.73

Table 6: Miscellaneous Expenses

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

Two property damage incidents and one near hit incident was reported in Bayview Forest during October.

The first property damage incident occurred when it was noticed that the fuel cap was missing on the excavator, most likely not replaced by the operator. A new one was purchased.

The second property damage incident was noticed some time after it occurred. The door of the excavator would not close due to it being damaged. When the operator did not know how it happened, it was concluded that the door must have been hit by something. The operator was reminded to complete daily pre-starts including checking for damage.

The near hit incident occurred when a loaded logging truck travelling out of the forest had to stop suddenly due to a straw line blocking the road. The crew setting up the straw line had not been informed there was a truck leaving the back skid while the hauler was setting up another skid and running the straw line out across the road and up to the new setting. The road should have been shut off between crews. It was planned but not implemented, possibly due to the yarder having broken down earlier, halfway between the straw line and everyone had been focused on fixing the yarder. The direct cause was a lack of communication between everyone and the Traffic Management Plan (TMP) was not implemented.

Environmental

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

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.

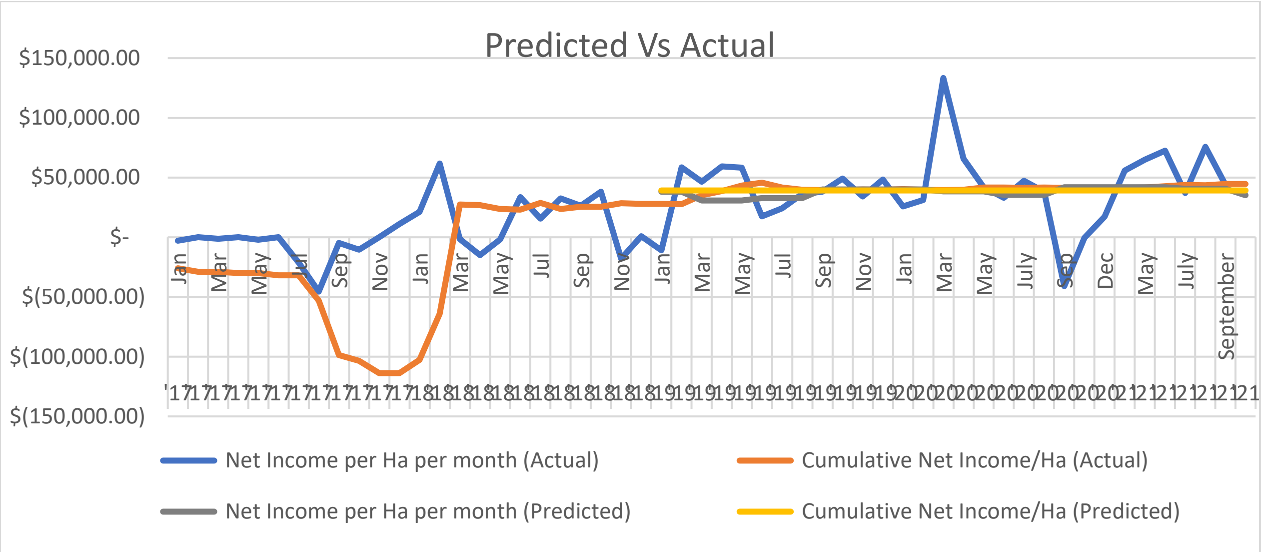


Chart 2: Actual vs Predicted

Net return per tonne to date is **$65.33,** forecast was $60.76.

Gross return per tonne to date is **$134.12,** forecast was $123.57.

Net return per hectare to date is **$44,502.88** forecast was $39,198.21.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ
MAXIMISING YOUR FOREST VALUE

Historic Harvesting Financial Summary

Bayview Forest Partnership 01/10/2021 to 31/10/2021

Paid to bank account # 02-0792-0001377-000 GST # 59-186-078

SALES					
Type	**Grade**	**Tonnes**	**Jas (m3)**	**Sales Price**	**Gross Revenue ($)**
Binwood					
Pulp		116.06		$45.50	$5,280.73
TOTAL BINWOOD SALES		**116.06**			**$5,280.73**

Domestic					
Pruned Dom		191.48		$194.50	$37,242.86
Pruned Dom	P1 4.9	869.96		$192.00	$167,032.32
TOTAL DOMESTIC SALES		**1,061.44**			**$204,275.18**

Export					
Pruned Exp	P40 3.9	0.00	182.892	$186.00	$34,017.91
Pruned Exp	P30 3.9	0.00	392.993	$150.00	$58,948.95
Pruned Exp	P30 5.1	0.00	226.625	$150.00	$33,993.75
A40	AO 3.8	0.00	89.141	$129.00	$11,499.19
A40	AO 3.9	0.00	536.755	$120.00	$64,410.60
A30	A 3.8	0.00	440.195	$114.00	$50,182.23
A30	A 3.8	0.00	0.264	$127.00	$33.53
A30	A 5.8	0.00	1,992.143	$116.00	$231,088.59
A30	A 5.8	0.00	75.375	$129.00	$9,723.38
K	K 3.8	0.00	468.233	$107.00	$50,100.93
K	K 3.8	0.00	33.975	$119.00	$4,043.02
K	K 5.8	0.00	1,281.406	$109.00	$139,673.25
K	K 5.8	0.00	94.247	$121.00	$11,403.89
KI	KI 3.8	0.00	105.875	$98.00	$10,375.75
TOTAL EXPORT SALES		**0.00**	**5,920.119**		**$709,494.97**

Export Pulp					
Export Pulp	KIS 2.9	0.00	192.020	$86.00	$16,513.72
Export Pulp	KIS 2.9	0.00	29.242	$93.00	$2,719.51
Export Pulp	KIS 3.8	0.00	456.457	$93.00	$42,450.50
Export Pulp	KIS 3.8	0.00	0.861	$103.00	$88.68
Export Pulp	KIS 5.8	0.00	0.376	$105.00	$39.48
TOTAL EXPORT PULP SALES		**0.00**	**678.956**		**$61,811.89**
TOTAL		**1,177.50**	**6,599.075**		**$980,862.77**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$39,234.51
TOTAL FEES	**$39,234.51**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,566.27
TOTAL LEVIES	**$2,566.27**
COSTS	
Harvesting	$290,191.34
Cartage	$108,359.52
Weighbridge	$2,481.06
Consumables	$177.09
Establishment	$400.00
Metal Rock m3	$1,080.75
Metalling: Cart to stockpile	$840.00
Other	$103.64
R&M - Road Maintenance	$5,025.00
Trailer Lifting	$12.00
TOTAL COSTS	**$408,670.40**
TOTAL FEES, LEVIES & COSTS	**$450,471.18**

NET INCOME	**$530,391.59**
GST	**$79,558.74**
NET INCOME (INCLUDING GST)	**$609,950.33**

Photo 1: T-bar tail hold repositioned and ready for next haul section.

Photo 2: Last few stems being hauled to the landing.

BAYVIEW

	Descriptions	Nov 16 - Feb 17	Mar 17 - Feb 18	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 -Feb 21	Apr 21	May 21	June 21	July 21	Aug 21	Sep 21	Oct 21	Net Income
Income	Log Sales		$59,390.87	$2,925,114.64	$12,262,989.57	$5,391,059.49		$468,791.27	$1,080,947.52	$1,081,336.07	$667,527.11	$1,111,095.76	$980,862.77	$26,029,115.06
	Other Income						$16,965.00							$16,965.00
	Royalty						$1,895.15							$1,895.15
Income Total			**$59,390.87**	**$2,925,114.64**	**$12,262,989.57**	**$5,391,059.49**	**$18,860.15**	**$468,791.27**	**$1,080,947.52**	**$1,081,336.07**	**$667,527.11**	**$1,111,095.76**	**$980,862.77**	**$26,047,975.21**
Engineering	Corduroy			-$1,815.00										-$1,815.00
	Culvert Installation			-$24,265.00	-$22,662.50	-$2,930.00								-$49,857.50
	Culverts		-$3,637.64	-$22,392.18	-$35,745.38	-$12,971.36						-$684.14		-$75,430.70
	Culverts - Freight				-$623.00									-$623.00
	Entranceway - Seal			-$299.26										-$299.26
	Establishment - Engineering		-$1,561.00	-$3,137.50	-$10,687.50	-$5,350.00		-$807.50	-$500.00		-$880.00	-$400.00	-$400.00	-$23,723.50
	Fluming			-$5,214.07	-$13,461.31	-$3,339.93								-$22,015.31
	Grass Seeding				-$4,619.53	-$2,032.62		-$367.50				-$141.00		-$7,160.65
	Landings		-$2,750.16	-$208,740.00	-$134,057.50	-$54,797.50			-$1,350.00			-$1,260.00		-$402,955.16
	Loader Hire				-$960.00	-$4,275.00								-$5,235.00
	Loadout Bay Construction				-$1,600.00			-$1,132.50	-$840.00		-$1,020.00			-$4,592.50
	Loadout Bay Metal				-$660.00	-$1,470.00						-$1,089.00		-$3,219.00
	Metal - Winning			-$5,572.50		-$19,545.00				-$675.00				-$25,792.50
	Metal Lime		-$18,815.50		-$41,368.04									-$60,183.54
	Metal Rock		-$119.70	-$32,394.06	-$49,118.13	-$49,549.61							-$1,080.75	-$132,262.25
	Other			-$1,797.50		-$1,475.00		-$412.50						-$3,685.00
	Pads				-$3,830.00	-$8,520.00						-$450.00		-$12,800.00
	Pavement			-$47,108.75	-$19,470.00	-$23,660.00								-$90,238.75
	Polycom			-$89.49										-$89.49
	R&M			-$31,177.50	-$28,650.00	-$23,862.50				-$2,480.00	-$825.00	-$5,160.00		-$92,155.00
	R&M - Culverts Maintenance					-$232.50						-$375.00		-$607.50
	R&M - Event Cleanup					-$1,320.00								-$1,320.00
	R&M - Metal					-$5,046.35			-$3,124.75	-$5,755.00	-$2,319.00			-$16,245.10
	R&M - Road Maintenance					-$1,500.00		-$1,500.00	-$15,440.00	-$1,980.00	-$900.00		-$5,025.00	-$26,345.00
	Rehab			-$2,970.00	-$60,462.50	-$44,340.00		-$1,785.00		-$9,075.00	-$600.00	-$3,075.00		-$122,307.50
	Rehab - Drainage			-$877.50	-$195.00									-$1,072.50
	Rehab - Environmental			-$80.19										-$80.19
	Rehab - Skids/Pads					-$1,515.00		-$1,485.00						-$3,000.00
	Road Formation		-$41,237.07	-$272,141.11	-$375,725.00	-$74,607.50				-$910.00		-$1,425.00		-$766,045.68
	Sediment Control				-$2,030.24	-$189.52								-$2,219.76
	Spread from stockpile			-$63,977.50	-$51,640.00	-$44,850.00								-$160,467.50
	Temp Landings			-$16,075.00								-$1,575.00		-$17,650.00
	Trucks - Cart & Dump			-$6,115.00	-$27,176.00	-$22,996.00				-$1,320.00	-$1,260.00	-$420.00	-$840.00	-$60,127.00
	Trucks - Cart & Spread		-$12,055.00	-$16,165.00	-$7,710.00	-$8,220.00								-$44,150.00
	Upgrade Roads	-$26,051.84	-$465.00											-$26,516.84
	Stockpile Works					-$9,870.00		-$165.00			-$900.00			-$10,935.00
	Borrow Pit								-$2,175.00					-$2,175.00
Engineering Total		**-$26,051.84**	**-$80,641.07**	**-$762,404.11**	**-$892,451.63**	**-$428,465.39**		**-$7,655.00**	**-$23,429.75**	**-$22,195.00**	**-$8,704.00**	**-$16,054.14**	**-$7,345.75**	**-$2,275,397.68**
Harvesting	Cartage - Trans Shipping				-$638.00	-$1,412.50								-$2,050.50
	Cartage - Truck		-$4,446.52	-$248,962.78	-$1,185,146.82	-$511,692.76		-$36,248.66	-$86,913.81	-$91,724.39	-$70,640.79	-$110,748.31	-$108,359.52	-$2,454,884.36
	Establishment - harvesting		-$1,067.50	-$7,200.00	-$13,512.50	-$3,782.50		-$5,647.00	-$375.00					-$31,584.50
	Logging		-$15,615.60	-$811,545.86	-$3,615,043.04	-$1,549,011.72		-$107,463.62	-$252,803.80	-$246,075.88	-$189,505.78	-$297,871.66	-$290,191.34	-$7,375,128.30
	Logging - Hourly					-$1,109.75								-$1,109.75
	Tracking				-$14,052.50	-$21,235.00								-$35,287.50
	Weighbridge		-$136.43	-$6,999.81	-$29,174.82	-$12,609.75		-$784.26	-$2,093.28	-$1,991.74	-$1,569.91	-$2,437.07	-$2,481.06	-$60,278.11
	Trailer Lifting							-$6.00	-$30.00	-$60.00		-$36.00	-$12.00	-$144.00
Harvesting Total			**-$21,266.04**	**-$1,074,708.45**	**-$4,857,567.68**	**-$2,100,853.98**		**-$150,149.53**	**-$342,215.89**	**-$339,852.01**	**-$261,716.47**	**-$411,093.04**	**-$401,043.93**	**-$9,960,467.03**
Fees	FGC levy		-$105.56	-$5,433.69	-$25,300.81	-$11,043.17		-$915.31	-$2,150.60	-$2,152.23	-$1,660.96	-$2,623.98	-$2,566.27	-$53,952.57
	Management		-$2,375.63	-$117,004.55	-$490,519.58	-$215,642.38		-$18,751.65	-$43,237.90	-$43,253.44	-$26,701.08	-$44,443.83	-$39,234.51	-$1,041,164.57
Fees Total			**-$2,481.20**	**-$122,438.24**	**-$515,820.39**	**-$226,685.54**		**-$19,666.96**	**-$45,388.50**	**-$45,405.67**	**-$28,362.04**	**-$47,067.82**	**-$41,800.78**	**-$1,095,117.14**
Miscellaneous	Consultancy Fees	-$2,737.00	-$3,165.46		-$1,492.71						-$614.38			-$8,009.55
	Consumables		-$14.51	-$617.45	-$2,008.34	-$1,655.06		-$81.44	-$153.12	-$228.50	-$81.85	-$166.18	-$177.09	-$5,183.54
	Environmental Monitoring					-$350.00	-$1,352.13		-$543.00					-$2,245.13
	Other			-$4,413.48	-$1,071.55	-$99.09			-$95.00	-$114.00	-$103.63	-$103.63	-$103.64	-$6,104.02
	Security			-$166.95	-$6,297.21									-$6,464.16
	Traffic Management				-$842.91	-$40.00	-$160.00		-$174.00					-$1,216.91
Miscellaneous Total		**-$2,737.00**	**-$3,179.97**	**-$5,197.88**	**-$11,712.72**	**-$2,144.15**	**-$1,512.13**	**-$81.44**	**-$965.12**	**-$342.50**	**-$799.86**	**-$269.81**	**-$280.73**	**-$29,223.31**
Net Income		**-$28,788.84**	**-$48,177.41**	**$960,365.96**	**$5,985,437.15**	**$2,632,910.42**	**$17,348.02**	**$291,238.34**	**$668,948.26**	**$673,540.89**	**$367,944.73**	**$636,610.96**	**$530,391.58**	**$12,687,770.05**