HARVESTING REPORT
October 2021

BRENTWOOD FOREST

Loaded log truck on Zuberi Road below Landing 19.

FMNZ
"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Brentwood – October 2021

Summary

- Gross revenue for the month is **$874,531.85**
- Costs for the month are **$847,501.67**
- Net income for the month is **$27,030.18**
- Tonnes harvested for the month is **6,683.95**
- Net income per tonne for the month is **$4.04**
- Area cleared for the month is **14.60** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$3,046,398.43**
- Project costs to date are **$3,230,664.76**
- Project net income to date is **-$184,266.33**
- Tonnes harvested to date is **22,624.07**
- Net income per tonne to date is -**$8.14**
- Recoverable volume per hectare to date is **550.5** tonnes
- Net income per hectare to date is **-$4,483.37**
- Total forest area is **239.5** hectares, approximate hectares cleared to date is **41.1** 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 **$874,531.85** with an average sale price over all grades of **$130.84** per tonne**.**

October 2021 - Log Markets, Gisborne and Hawkes Bay

The October export prices have increased $1.30/Jas m^3 on average in Gisborne with the increase affecting all log grades. In Hawkes Bay, 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 $1 in Gisborne and $15 in Hawkes Bay 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:

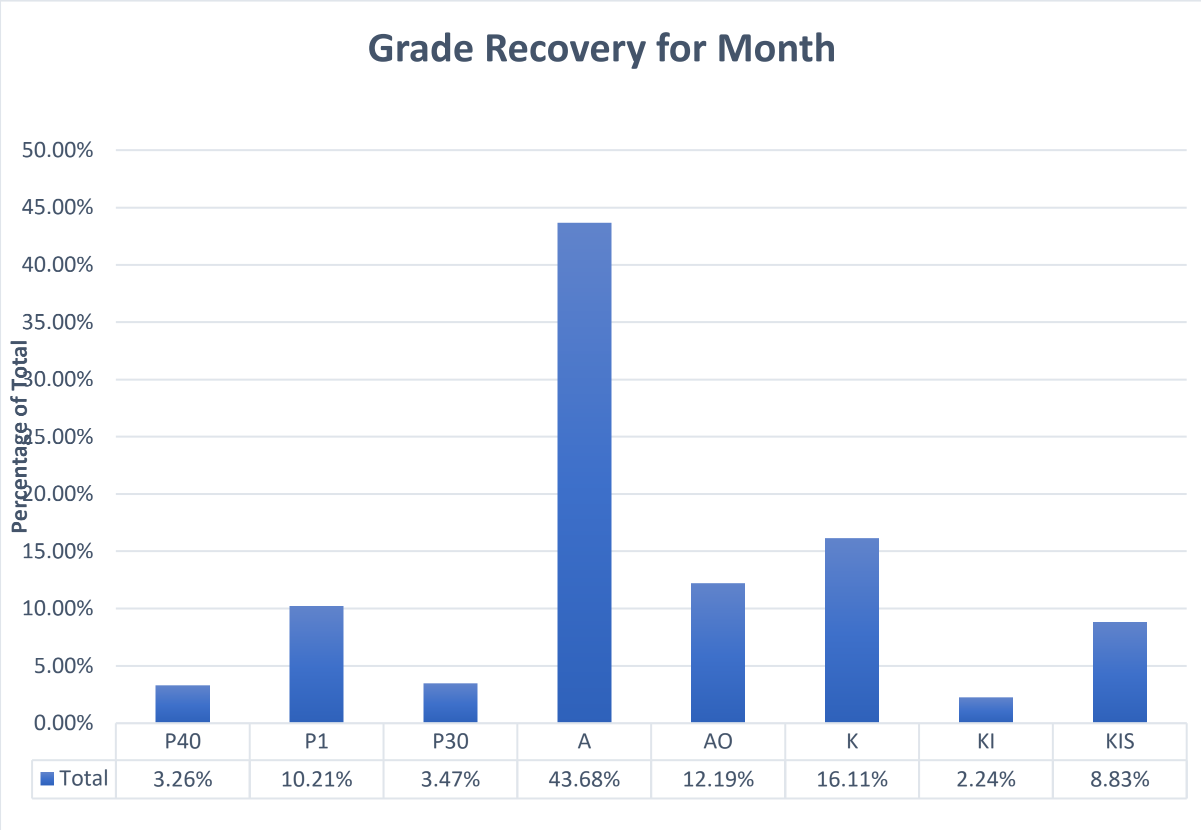


Chart 1: Grade Recovery for Month

Pruned recovery for October comprised 17% of overall sales volume, 10% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 72% of the total production volume, with lower quality export (KI and KIS grades) comprising 11% of volume.

There was no pulp or binwood sales.

Expenditure

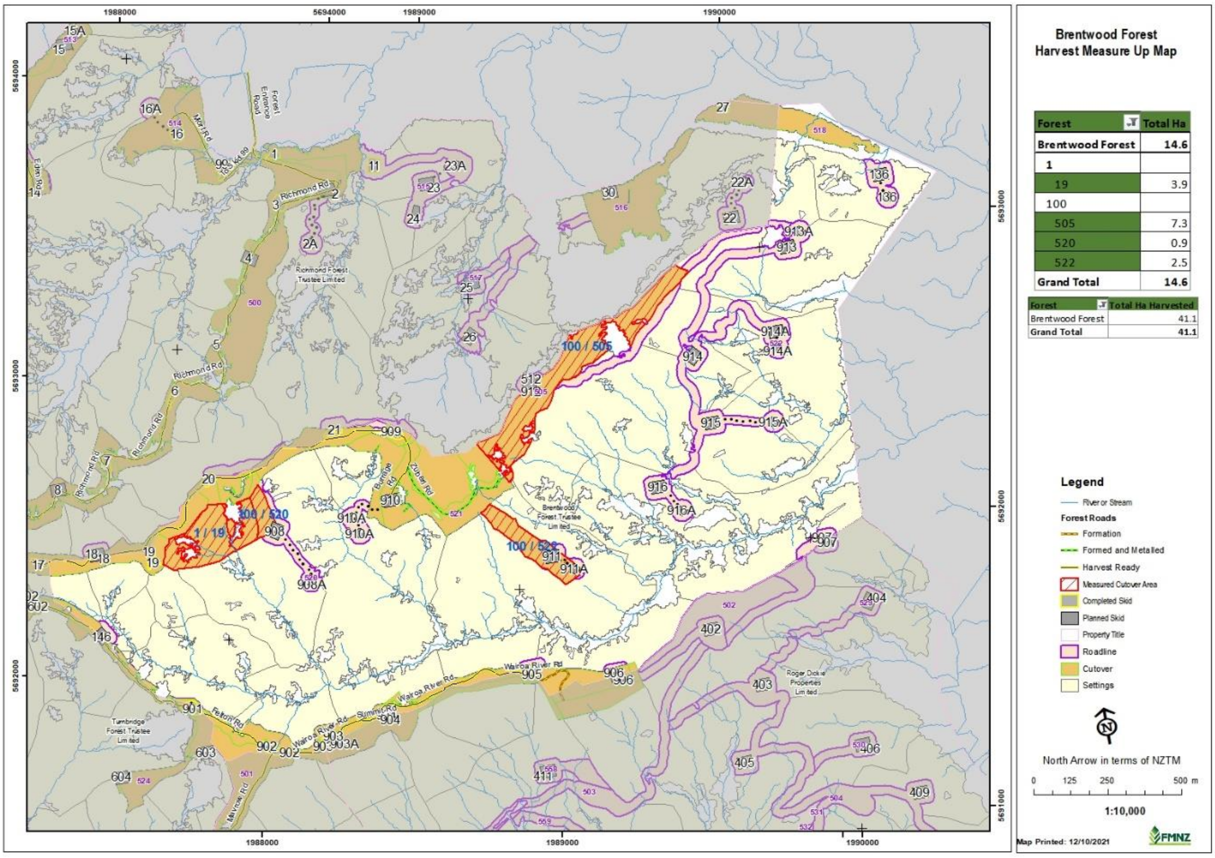
Harvesting

The total logging cost for the month was **$270,423.63**, an average of **$40.46** per tonne.

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

LOGGING COSTS		TOTAL
October	Logging	$270,423.63
		$270,423.63

Table 1: Logging Costs



Pic 1: Progress Map

During October, Log 19 continued the roadline salvage along Zuberi Road where they loaded out from a temporary landing between Landings 909 and 912. The crew extracted roadline Setting 520 between Landings 20 and 21 and then returned to Landing 912 to continue the roadline salvage of Setting 505 between Landing 912 and 913 on Zuberi Road.

Log 24 commenced clearfell harvesting of Setting 19 on Zuberi Road.

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 **$204,008.58** which is an average unit rate of **$30.52** per tonne.

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

CARTAGE COSTS		TOTAL
October	Cartage - Truck	$157,108.36
	Cartage – Rail	$46,900.22
	Weighbridge	$2,438.98
		$206,447.57

Table 2: Cartage Costs

The average cart rate for October inclusive of weighbridge fees is **$30.89** per tonne.

Some volume was carted to Gisborne Port and some to the Wairoa Rail Head. The "Cartage Rail" is the cost of cartage by rail only.

Engineering

ENGINEERING		RL	CF	TOTAL
October	Culvert Installation	$400.00		$400.00
	Culverts - Freight	$562.50		$562.50
	Grass Seeding	$384.75		$384.75
	Landings	$35,800.00		$35,800.00
	Loadout Bay Construction	$615.00		$615.00
	Metal Lime	$53,119.95		$53,119.95
	Pavement	$5,130.00		$5,130.00
	R&M - Road Maintenance	$8,923.46		$8,923.46
	Road Formation	$135,655.00		$135,655.00
	Spread from stockpile	$14,280.00		$14,280.00
	Stockpile Works	$9,829.87		$9,829.87
	Temp Landings	$9,450.00		$9,450.00
	Trucks - Cart & Dump	$58,137.06		$58,137.06
		$332,287.59		$332,287.59

Table 3: Engineering Costs

A significant amount of earthworks was completed in October. This included construction of Juriss Road to Landing 911 and Zuberi Road as far as a temporary pad midway between Landings 912 and 913. Earthworks also included the construction of Landing 912.

Planned Activities for November 2021

Log 19 will continue the roadline salvage in Setting 505 from Landing 912 in Zuberi Road before moving to Setting 505 to do the section between Landings 912 and 913 as well as clearing of Landing 913.

Log 24 will continue clearfell harvesting of Setting 19 on Zuberi Road where they will be for most of November.

Earthworks in November will be limited due to available funds. Progress will be limited to Zuberi Road as far as Landing 913.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
October	**$27,030.19**	**-$184,266.33**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$4.04** per tonne, or **$1,851.38** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
October	Management	$34,981.27
	FGC levy	$2,264.04
		$37,245.31

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
October	Consumables	$382.57
		$382.57

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during October, log stencils, and antisapstain used to treat the ends of pruned export logs.

Health and Safety

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

Environmental

ENVIRONMENTAL		TOTAL
October	Environmental Monitoring	$715.00
		$715.00

Table 7: Environmental Expenses

A pre-harvest native vegetation assessment was undertaken within Setting 912-913 on Zuberi Road as part of developing a site-specific harvest plan (SSHP) to determine which areas, if any, of native vegetation must be protected from damage during harvesting / earthworks operations.

Financial Performance

Net return per tonne to date is **-$8.14**.

Gross return per tonne to date is **$134.65**.

Net return per hectare to date is **-$4,483.37**.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ
MAXIMISING YOUR FOREST VALUE

Historic Harvesting Financial Summary

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

Paid to bank account # 02-0792-0001721-000 GST # 63-386-790

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Domestic					
Pruned Dom	P1 4.9	68.03		$167.00	$11,361.01
Pruned Dom	P1 4.9	118.90		$192.00	$22,828.80
Pruned Dom	P1 5.5	495.68		$186.99	$92,687.20
TOTAL DOMESTIC SALES		**682.61**			**$126,877.01**

Export					
Pruned Exp	P40 3.9	0.00	44.549	$186.00	$8,286.11
Pruned Exp	P40 5.1	0.00	137.279	$186.00	$25,533.89
Pruned Exp	P40 5.9	0.00	36.805	$186.00	$6,845.73
Pruned Exp	P30 3.9	0.00	64.005	$150.00	$9,600.75
Pruned Exp	P30 5.1	0.00	197.746	$150.00	$29,661.90
A40	AO 3.9	0.00	168.437	$118.00	$19,875.57
A40	AO 5.8	0.00	675.989	$130.00	$87,878.57
A30	A 3.8	0.00	485.810	$116.00	$56,353.96
A30	A 3.8	0.00	157.132	$122.00	$19,170.10
A30	A 3.8	0.00	93.404	$127.00	$11,862.31
A30	A 5.8	0.00	1,398.012	$118.00	$164,965.42
A30	A 5.8	0.00	467.509	$124.00	$57,971.12
A30	A 5.8	0.00	461.092	$129.00	$59,480.87
K	K 3.8	0.00	165.319	$108.00	$17,854.45
K	K 3.8	0.00	49.582	$116.00	$5,751.51
K	K 3.8	0.00	29.275	$119.00	$3,483.73
K	K 5.8	0.00	567.738	$110.00	$62,451.18
K	K 5.8	0.00	230.406	$114.00	$26,266.28
K	K 5.8	0.00	49.678	$121.00	$6,011.04
KI	KI 3.8	0.00	20.810	$100.00	$2,081.00
KI	KI 3.8	0.00	61.283	$103.00	$6,312.15
KI	KI 3.8	0.00	65.116	$111.00	$7,227.88
TOTAL EXPORT SALES		**0.00**	**5,626.976**		**$694,925.52**

Export Pulp					
Export Pulp	KIS 2.9	0.00	68.590	$93.00	$6,378.87
Export Pulp	KIS 3.8	0.00	252.744	$93.00	$23,505.19
Export Pulp	KIS 3.8	0.00	137.596	$97.00	$13,346.81
Export Pulp	KIS 3.8	0.00	92.218	$103.00	$9,498.45
TOTAL EXPORT PULP SALES		**0.00**	**551.148**		**$52,729.32**
TOTAL		**682.61**	**6,178.124**		**$874,531.85**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$34,981.27
TOTAL FEES	**$34,981.27**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,264.04
TOTAL LEVIES	**$2,264.04**
COSTS	
Harvesting	$270,423.63
Cartage	$157,108.36
Weighbridge	$2,438.98
Cartage - Rail	$46,900.22
Consumables	$382.57
Culvert Installation	$400.00
Culverts - Freight	$562.50
Environmental Monitoring	$715.00
Grass Seeding	$384.75
Landings	$35,800.00
Loadout Bay: Construction	$615.00
Metal Lime m3	$53,119.95
Metalling: Cart to stockpile	$58,137.06
Metalling: Grading & Rolling	$5,130.00
Metalling: Spread from Stockpile	$14,280.00
R&M - Road Maintenance	$8,923.46
Road Formation	$135,655.00
Stockpile Works	$9,829.87
Temporary Landings	$9,450.00
TOTAL COSTS	**$810,256.35**
TOTAL FEES, LEVIES & COSTS	**$847,501.66**

NET INCOME	**$27,030.19**
GST	**$4,054.53**
NET INCOME (INCLUDING GST)	**$31,084.72**

Photo 1: Landing 19 loadout bay.

Photo 2: Roadline salvage, Setting 520.

Photo 3: Roadline salvage, Setting 520.

Photo 4: Native area prior to harvesting.

Photos 5 & 6: Landing 912, Zuberi Road on the boundary of Brentwood and Richmond Forests.


Photo 7: Location of temporary landing between Landings 912 and 913.


Photo 8: Boundary between Brentwood and Richmond Forests.

Photo 9: Native area post-harvest.

BRENTWOOD CUMULATIVES

Categories	Descriptions	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Aug 21	Sep 21	Oct 21	Grand Total
Engineering	Culvert Installation	-$928.01		-$512.50		-$512.50			-$1,770.00	-$400.00	-$4,123.01
	Culverts	-$2,846.34	-$2,213.82	-$2,846.34					-$6,841.40		-$14,747.90
	Culverts - Freight	-$1,020.00	-$507.50	-$382.50						-$562.50	-$2,472.50
	Entranceway - Seal	-$254.58							-$7,033.51		-$7,288.09
	Establishment - Engineering	-$1,197.49				-$57.60	-$180.00				-$1,435.09
	Fluming	-$1,712.25	-$1,268.80	-$1,707.60		-$67.40			-$3,430.60		-$8,186.65
	Grass Seeding	-$332.50	-$552.50	-$475.00						-$384.75	-$1,744.75
	Landings	-$79,985.29	-$25,937.50	-$28,897.50	-$13,805.00	-$922.50	-$350.00	-$25,445.00	-$7,160.00	-$35,800.00	-$218,302.79
	Metal Rock	-$41,585.12	-$8,614.97	-$5,177.05	-$13,036.87	-$26,382.18					-$94,796.19
	Other		-$11.20			-$2.50	-$6.25	-$75.56			-$95.51
	Pavement	-$8,822.33	-$1,002.50	-$342.50	-$1,040.00	-$875.00	-$65.63		-$2,775.00	-$5,130.00	-$20,052.95
	R&M	-$2,711.89	-$36.75	-$8.99			-$1,753.68		-$36.90		-$4,548.22
	R&M - Culverts Maintenance	-$210.90									-$210.90
	R&M - Event Cleanup	-$43.69			-$196.00	-$7,407.22	-$12,482.44				-$20,129.35
	R&M - Road Maintenance	-$7,852.75	-$423.80	-$148.90	-$1,493.00	-$3,053.03	-$5,959.60	-$16,144.00	-$13,643.02	-$8,923.46	-$57,641.56
	Rehab	-$4,336.08									-$4,336.08
	Road Formation	-$164,661.92	-$26,242.50	-$14,177.50	-$21,845.00	-$19,982.50	-$20,457.50	-$28,215.00	-$99,445.00	-$135,655.00	-$530,681.92
	Sediment Control	-$628.71									-$628.71
	Spread from stockpile	-$15,144.70	-$525.00	-$735.00	-$840.00	-$3,675.00	-$35.75		-$10,080.00	-$14,280.00	-$45,315.45
	Stockpile Works	-$1,934.34	-$750.34	-$98.55	-$70.49	-$1,171.09	-$2,435.34	-$4,858.00	-$3,230.50	-$9,829.87	-$24,378.52
	Trucks - Cart & Dump	-$31,626.94	-$7,632.51	-$4,208.76	-$9,076.47	-$26,775.08	-$16,820.40	-$11,800.16	-$48,526.34	-$58,137.06	-$214,603.71
	Trucks - Cart & Spread	-$546.73									-$546.73
	Loadout Bay Construction		-$315.00		-$65.00			-$1,435.00	-$1,640.00	-$615.00	-$4,070.00
	Public Roads					-$22.15					-$22.15
	R&M - Metal					-$3,283.28		-$19,486.28	-$11,022.25		-$33,791.81
	Metal Lime						-$21,093.75		-$67,537.91	-$53,119.95	-$141,751.61
	Temp Landings								-$16,865.00	-$9,450.00	-$26,315.00
Engineering Total		**-$368,382.56**	**-$76,034.70**	**-$59,718.70**	**-$61,467.83**	**-$94,189.01**	**-$81,640.33**	**-$107,459.00**	**-$301,037.43**	**-$332,287.59**	**-$1,482,217.15**
Fees	FGC levy	-$2,034.46	-$75.92	-$126.00	-$203.71	-$335.15	-$107.75	-$1,036.01	-$971.73	-$2,264.04	-$7,154.78
	Management	-$37,201.68	-$1,445.62	-$2,332.73	-$3,988.85	-$6,781.92	-$1,848.04	-$16,742.85	-$16,532.98	-$34,981.27	-$121,855.94
Fees Total		**-$39,236.14**	**-$1,521.54**	**-$2,458.73**	**-$4,192.56**	**-$7,117.08**	**-$1,955.79**	**-$17,778.86**	**-$17,504.72**	**-$37,245.32**	**-$129,010.72**
Harvesting	Cartage - Rail	-$19,332.62	-$20.14			-$971.81	-$5,451.01	-$20,112.78	-$10,829.83	-$46,900.22	-$103,618.42
	Cartage - Truck	-$160,155.32	-$5,963.03	-$9,784.26	-$16,784.27	-$24,338.10	-$8,370.96	-$85,182.58	-$83,512.28	-$157,108.36	-$551,199.15
	Establishment - harvesting	-$3,895.00	-$210.00				-$840.00				-$4,945.00
	Logging	-$291,525.40	-$9,691.20	-$14,943.80	-$26,050.40	-$42,350.40	-$14,011.60	-$122,902.40	-$113,124.00	-$270,423.63	-$905,022.83
	Tracking	-$18,265.00	-$2,940.00			-$1,067.50		-$980.00	-$2,870.00		-$26,122.50
	Trailer Lifting	-$613.04	-$23.28	-$31.84	-$39.80	-$55.72	-$23.88		-$30.00		-$817.56
	Weighbridge	-$2,792.40	-$94.49	-$144.33	-$253.99	-$404.04	-$134.04	-$1,138.81	-$1,050.30	-$2,438.98	-$8,451.38
	Logging - Hourly					-$3,427.20					-$3,427.20
	Cartage - Trans Shipping								-$323.75		-$323.75
Harvesting Total		**-$496,578.78**	**-$18,942.14**	**-$24,904.23**	**-$43,128.46**	**-$72,614.77**	**-$28,831.49**	**-$230,316.57**	**-$211,740.15**	**-$476,871.19**	**-$1,603,927.79**
Income	Log Sales	$930,041.97	$36,140.38	$58,318.19	$99,721.31	$169,548.11	$46,200.93	$418,571.16	$413,324.52	$874,531.85	$3,046,398.43
Income Total		**$930,041.97**	**$36,140.38**	**$58,318.19**	**$99,721.31**	**$169,548.11**	**$46,200.93**	**$418,571.16**	**$413,324.52**	**$874,531.85**	**$3,046,398.43**
Miscellaneous	Consumables	-$568.61	-$4.57	-$18.63	-$24.42	-$55.06	-$6.62	-$83.31	-$49.65	-$382.57	-$1,193.43
	Other	-$51.67									-$51.67
	Power Lines	-$5,713.81									-$5,713.81
	Traffic Management	-$6,974.00		-$12.50							-$6,986.50
	Consultancy Fees		-$78.75	-$25.31							-$104.06
	Environmental Monitoring		-$158.88	-$203.57					-$365.00	-$715.00	-$1,442.45
	Security		-$0.94	-$16.23							-$17.17
Miscellaneous Total		**-$13,308.09**	**-$243.14**	**-$276.24**	**-$24.42**	**-$55.06**	**-$6.62**	**-$83.31**	**-$414.65**	**-$1,097.57**	**-$15,509.09**
Grand Total		**$12,536.40**	**-$60,601.14**	**-$29,039.70**	**-$9,091.96**	**-$4,427.80**	**-$66,233.30**	**$62,933.43**	**-$117,372.43**	**$27,030.18**	**-$184,266.33**