HARVESTING REPORT
October 2021

GLENLEA FOREST

Aerial shot of harvest crew working on Landing 43.

Clearfell Harvesting Report – Glenlea – October 2021

Summary

- Gross revenue for the month is **$517,485.91**
- Costs for the month are **$304,573.76**
- Net income for the month is **$212,912.15**
- Tonnes harvested for the month is **3,696.79**
- Net income per tonne for the month is **$57.59**
- Area cleared for the month is **4.4** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$9,370,513.73**
- Project costs to date are **$7,116,374.57**
- Project net income to date is **$2,254,139.16**
- Tonnes harvested to date is **71,411.89**
- Net income per tonne to date is **$31.57**
- Recoverable volume per hectare to date is **744.6** tonnes
- Net income per hectare to date is **$23,505.10**
- Total forest area is **293.80** hectares, approximate hectares cleared to date is **95.9** 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 **$517,485.91** with an average sale price over all grades of **$139.98** 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:

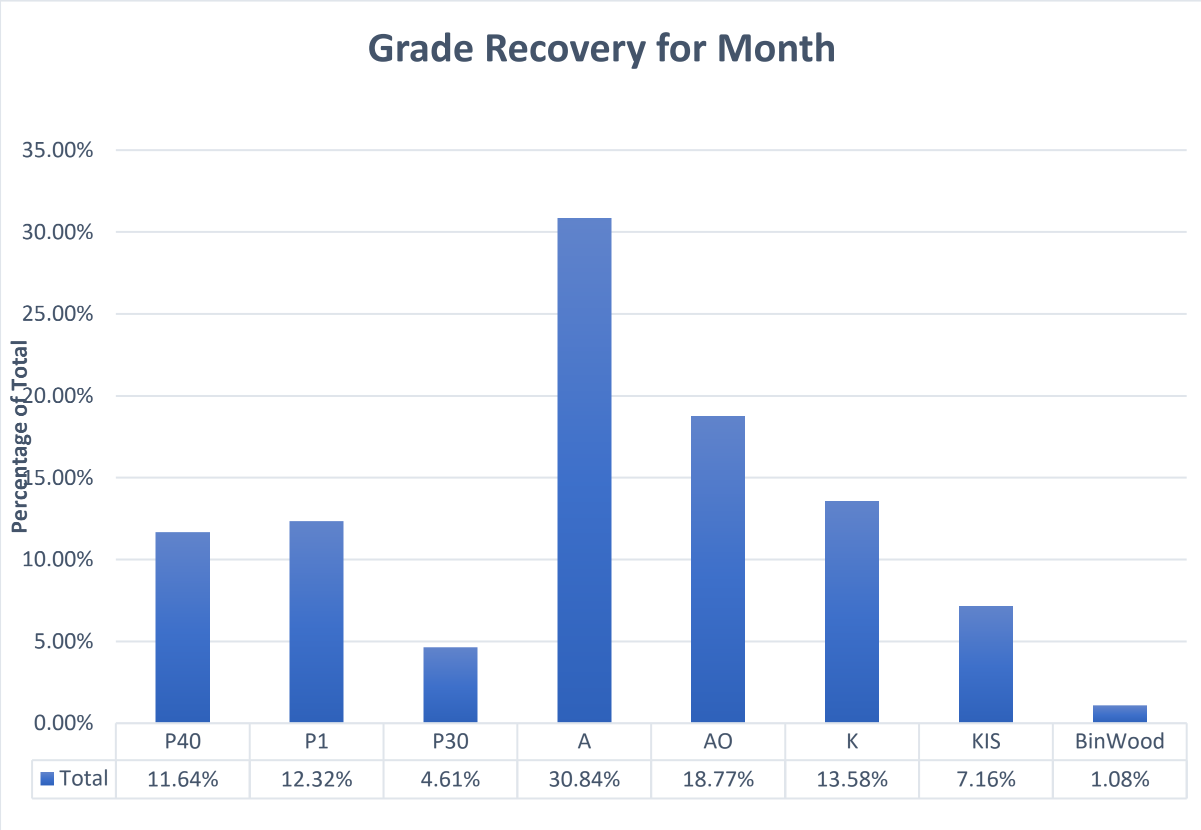


Chart 1: Grade Recovery for Month

Pruned recovery for October comprised 29% of overall sales volume, 12% 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 7% of volume.

The remaining 1% of production was made up of domestic pulp and binwood.

Expenditure

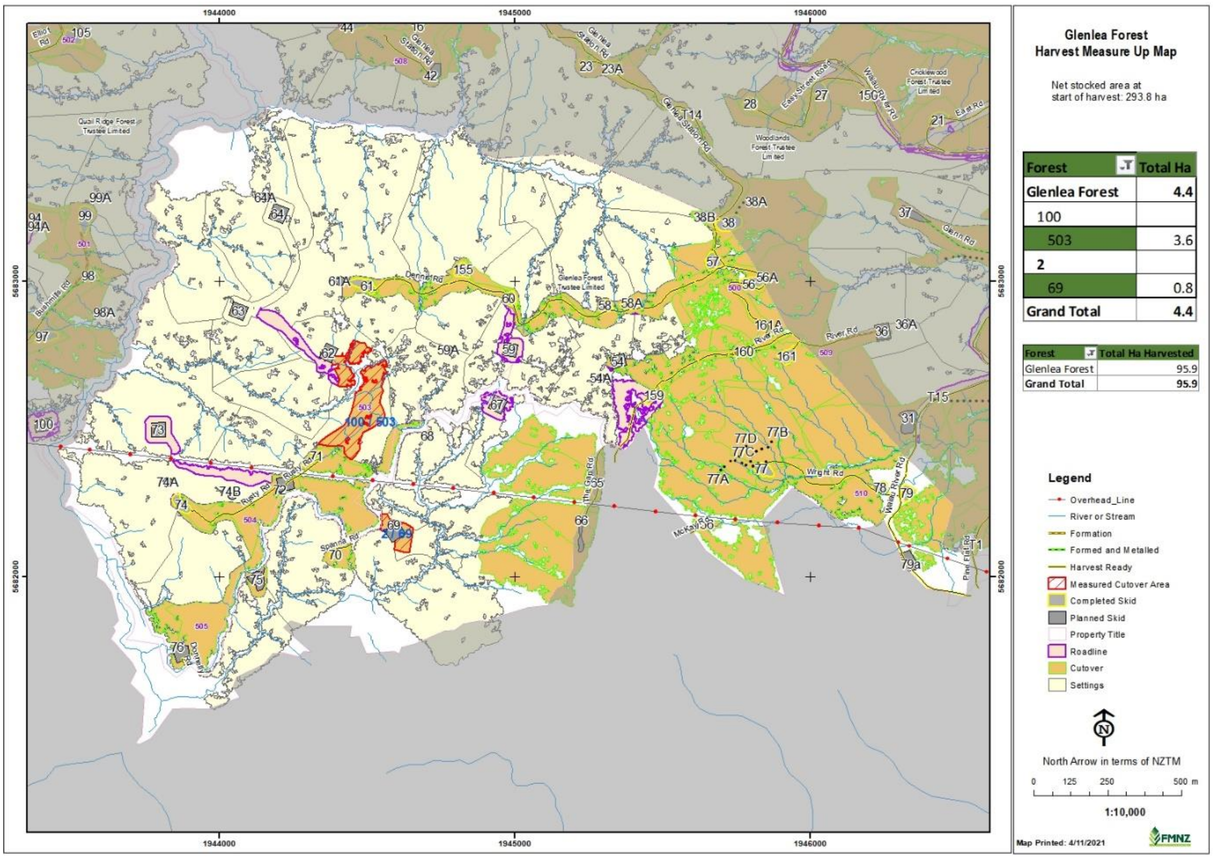
Harvesting

The total logging cost for the month was **$158,047.03**, an average of **$42.75** per tonne.

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

LOGGING COSTS		TOTAL
October	Logging	$158,047.03
		$158,047.03

Table 1: Logging Costs



Pic 1: Progress Map

During October, the ground-base crew moved back to Glenlea Forest to Landing 69 for a few days to process pre-fallen stems and then commenced roadlining on Rusty Road from Landing 71 towards Landing 62. The hauler had a breakdown and remained on Landing 43 while waiting for a part.

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 **$115,653.43** which is an average unit rate of **$31.28** per tonne.

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

CARTAGE COSTS		TOTAL
October	Cartage - Truck	$115,653.43
	Weighbridge	$1,196.52
	Trailer Lifting	$36.00
		$116,885.94

Table 2: Cartage Costs

The average cart rate for October inclusive of weighbridge and trailer lifting fees is **$31.62** 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

ENGINEERING		RL	CF	TOTAL
October	Establishment - Engineering	$1,760.00		$1,760.00
	Stockpile Works	$768.00		$768.00
	Trucks - Cart & Dump	$55.00		$55.00
	Pavement	$2,075.00		$2,075.00
	Culverts - Freight	$175.00		$175.00
	Loadout Bay Construction	$550.00		$550.00
	Spread from stockpile	$1,540.00		$1,540.00
		$6,923.00		**$6,923.00**

Table 3: Engineering Costs

During October, the Landing 69 loadout bay was metalled to be ready for harvesting. Work was also completed on Rusty Road up to and including Landing 71.

Planned Activities for November 2021

Once the hauler is fixed the harvest crew will finish pulling the windthrow from Setting 43 for another few days before walking the hauler to Landing 69 where they will continue clearfell harvest. An Electrical Hazard Management Plan and traffic management will be organised for felling around the powerlines in Settings 67 and 69.

Work will be completed McDell Road to Landing 75 directly off Putere Road. Rusty Road will be constructed up to a significant crossing between Landings 71 and 62. Fulton Hogan will begin significant earthworks on Putere Road to improve the safety of several corners. Some of this work will include using Landing 67 as a site for fill material. This will be incredibly beneficial to the construction of Landing 67.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
October	**$212,912.13**	**$2,254,139.16**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$57.59** per tonne, or **$48,389.12** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
October	Management	$20,699.44
	FGC levy	$1,214.21
		$21,913.65

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
October	Other	$580.51
	Consumables	$223.64
		$804.15

Table 6: Miscellaneous Expenses

Other costs are for the proportional costs of operating the forest digital radio network and for a Log Value Recovery audit to be carried out..

Consumable costs are for docket books used for the loadout of logs during October, log stencils, and for 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

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.

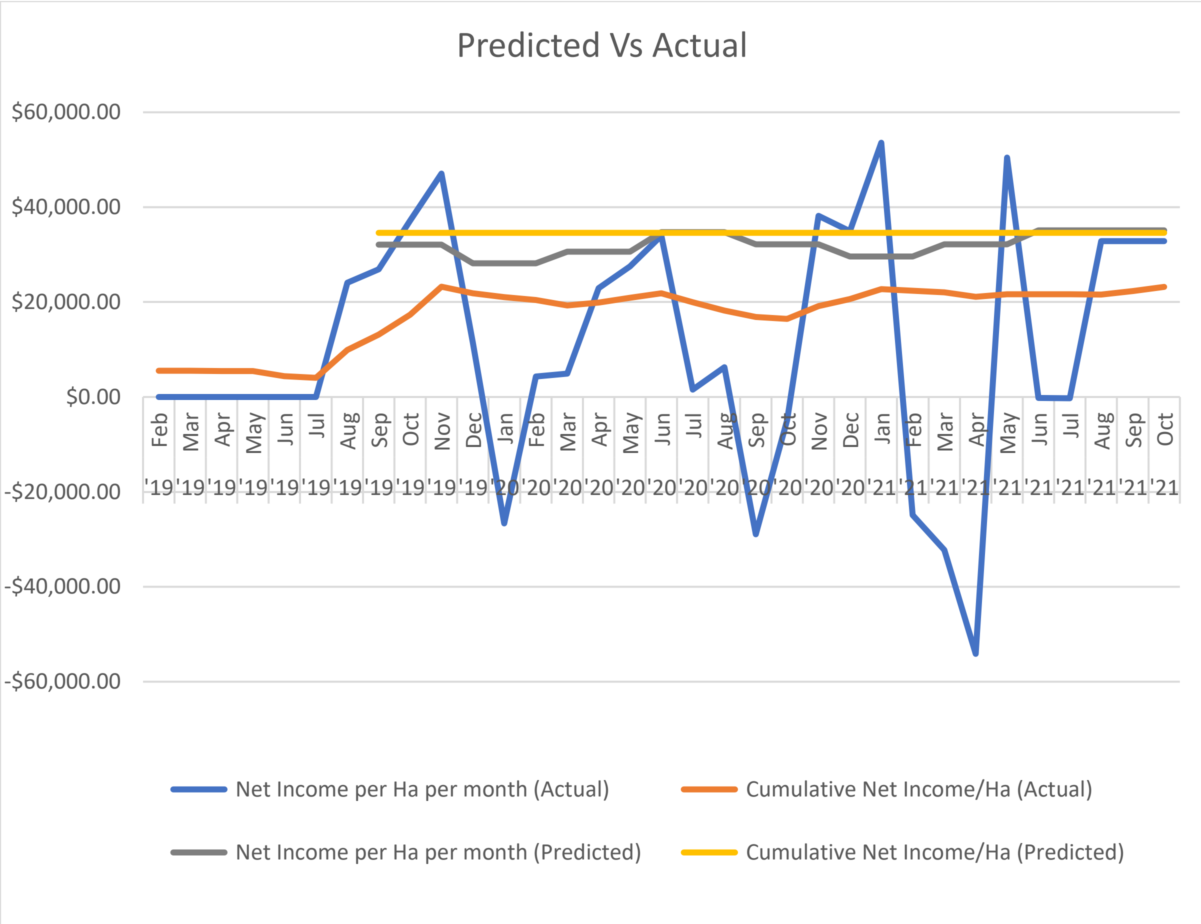


Chart 2: Actual vs Predicted

Net return per tonne to date is **$31.57,** forecast was $46.07.

Gross return per tonne to date is **$131.22**, forecast was $135.42.

Net return per hectare to date is **$23,505.10**, forecast was $34,595.00.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

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

Paid to bank account # 02-0792-0001529-000 GST # 61-378-863

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		39.78		$45.50	$1,809.99
TOTAL BINWOOD SALES		**39.78**			**$1,809.99**

Domestic					
Pruned Dom		32.16		$194.50	$6,255.12
Pruned Dom	P1 4.9	423.18		$192.00	$81,250.56
TOTAL DOMESTIC SALES		**455.34**			**$87,505.68**

Export					
Pruned Exp	P40 3.9	0.00	30.275	$186.00	$5,631.15
Pruned Exp	P40 5.1	0.00	309.451	$186.00	$57,557.89
Pruned Exp	P40 5.9	0.00	109.165	$186.00	$20,304.69
Pruned Exp	P30 3.9	0.00	96.714	$150.00	$14,507.10
Pruned Exp	P30 5.1	0.00	80.900	$150.00	$12,135.00
A40	AO 3.8	0.00	713.439	$129.00	$92,033.63
A30	A 3.8	0.00	283.581	$127.00	$36,014.79
A30	A 5.8	0.00	849.697	$129.00	$109,610.91
K	K 3.8	0.00	173.514	$119.00	$20,648.17
K	K 5.8	0.00	293.463	$121.00	$35,509.02
TOTAL EXPORT SALES		**0.00**	**2,940.199**		**$403,952.35**

Export Pulp					
Export Pulp	KIS 2.9	0.00	92.641	$93.00	$8,615.61
Export Pulp	KIS 3.8	0.00	150.561	$103.00	$15,507.78
Export Pulp	KIS 5.8	0.00	0.900	$105.00	$94.50
TOTAL EXPORT PULP SALES		**0.00**	**244.102**		**$24,217.89**
TOTAL		**495.12**	**3,184.301**		**$517,485.91**

FEES	
FMNZ Management Fee @ %	$20,699.44
TOTAL FEES	**$20,699.44**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,214.21
TOTAL LEVIES	**$1,214.21**
COSTS	
Harvesting	$158,047.03
Cartage	$115,653.43
Weighbridge	$1,196.52
Consumables	$223.64
Culverts - Freight	$175.00
Establishment	$1,760.00
Loadout Bay: Construction	$550.00
Metalling: Cart to stockpile	$55.00
Metalling: Grading & Rolling	$2,075.00
Metalling: Spread from Stockpile	$1,540.00
Other	$580.51
Stockpile Works	$768.00
Trailer Lifting	$36.00
TOTAL COSTS	**$282,660.13**
TOTAL FEES, LEVIES & COSTS	**$304,573.78**

NET INCOME	**$212,912.13**
GST	**$31,936.82**
NET INCOME (INCLUDING GST)	**$244,848.95**

Photo 1: Machines shovelling stems down to the landing.

Photo 2: Wood being processed and stacked on Landing 30.

GLENLEA 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 21	July 21	Aug 21	Sep 21	Oct 21	Grand Total
Engineering	Borrow Pit					-$196.00									-$196.00
	Crossings					-$701.22									-$701.22
	Culvert Installation			-$1,822.50	-$3,114.00	-$15,718.00		-$100.00							-$20,754.50
	Culverts		-$7,554.36	-$12,616.82	-$9,789.15	-$28,371.12									-$58,331.45
	Culverts - Freight			-$660.00	-$948.75	-$4,250.00		-$50.00						-$175.00	-$6,083.75
	Entranceway - Seal		-$11,963.54	-$156.52	-$336.60	-$2,024.00							-$990.00		-$15,470.66
	Establishment - Engineering		-$2,327.50	-$1,790.50	-$6,057.45	-$15,891.63	-$590.00	-$1,120.00				-$480.00	-$1,040.00	-$1,760.00	-$31,057.08
	Fluming			-$93.90	-$3,225.42	-$6,246.05									-$9,565.37
	Grass Seeding				-$498.33	-$1,653.05	-$190.00	-$1,252.25	-$190.00	-$1,781.25					-$5,564.88
	Landings	-$975.00	-$6,255.00	-$34,775.00	-$66,251.00	-$205,775.00	-$18,680.00	-$40,606.00					-$47,722.00		-$421,039.00
	Loader Hire				-$1,765.57	-$4,908.00									-$6,673.57
	Loadout Bay Construction					-$6,090.00		-$1,975.00				-$970.00	-$341.00	-$550.00	-$9,926.00
	Loadout Bay Metal					-$8,801.00									-$8,801.00
	Metal Rock	-$396.00	-$15,905.80	-$79,070.82	$6,875.74	-$105,402.37		-$9,656.51				-$3,893.32	-$7,439.75		-$214,888.83
	Other				-$1,358.86	-$1,771.91									-$3,130.77
	Pads				-$700.00										-$700.00
	Pavement				-$204.00	-$21,132.80		-$852.00	-$599.70			-$252.00		-$2,075.00	-$25,115.50
	Public Roads		-$2,166.67												-$2,166.67
	R&M			-$15,640.97	-$6,108.90	-$5,176.65	-$495.00					-$24.00			-$27,445.52
	R&M - Culverts Maintenance			-$100.00		-$360.00									-$460.00
	R&M - Metal					-$1,265.00									-$1,265.00
	R&M - Road Maintenance			-$5,597.50	-$330.00	-$999.00		-$1,936.00		-$1,870.00					-$10,732.50
	Rehab			-$1,215.00	-$5,758.21	-$23,059.00	-$6,974.00	-$4,048.00	-$4,026.00				-$3,014.00		-$48,094.21
	Rehab - Skids/Pads					-$100.00									-$100.00
	Road Formation		-$11,195.00	-$90,587.50	-$9,156.00	-$245,916.00							-$196.00		-$357,050.50
	Sediment Control				-$26.87	-$410.61									-$437.48
	Spread from stockpile			-$12,877.09	-$8,272.00	-$28,090.00	-$275.00					-$275.00	-$1,345.00	-$1,540.00	-$52,674.09
	Stockpile Works					-$15,577.78	-$60.00	-$1,822.50				-$682.65	-$144.00	-$768.00	-$19,054.93
	Temp Landings				-$13,346.00	-$2,825.00									-$16,171.00
	Trucks - Cart & Dump		-$11,711.40	-$125,871.68	-$21,772.70	-$64,721.03		-$9,200.00				-$4,320.00	-$9,360.00	-$55.00	-$247,011.81
	Trucks - Cart & Spread	-$765.00	-$9,962.50	-$23,904.00	-$1,071.00										-$35,702.50
	Metal - Stripping						-$1,012.00								-$1,012.00
Engineering Total		**-$2,136.00**	**-$79,041.77**	**-$406,779.80**	**-$153,215.07**	**-$817,432.22**	**-$28,276.00**	**-$72,618.26**	**-$4,815.70**	**-$3,651.25**		**-$10,896.97**	**-$71,591.75**	**-$6,923.00**	**-$1,657,377.79**
Fees	FGC levy	-$436.72	-$399.07	-$1,579.92	-$4,477.51	-$9,625.39	-$33.24	-$269.20	-$325.70	-$6.74		-$360.59	-$1,248.56	-$1,214.21	-$19,976.84
	Management	-$7,367.89	-$8,934.47	-$35,721.72	-$83,318.90	-$181,500.30	-$183.35	-$5,256.18	-$5,040.77	-$37.16		-$5,821.35	-$20,939.02	-$20,699.44	-$374,820.55
Fees Total		**-$7,804.61**	**-$9,333.54**	**-$37,301.64**	**-$87,796.41**	**-$191,125.68**	**-$216.59**	**-$5,525.38**	**-$5,366.47**	**-$43.90**		**-$6,181.94**	**-$22,187.58**	**-$21,913.65**	**-$394,797.39**
Harvesting	Cartage - Trans Shipping					-$440.00							-$462.50		-$902.50
	Cartage - Truck	-$42,414.61	-$40,004.74	-$158,258.86	-$494,062.45	-$932,207.49	-$2,906.35	-$23,565.81	-$28,602.66	-$589.12		-$33,353.36	-$116,044.97	-$115,653.43	-$1,987,663.82
	Establishment - harvesting	-$1,390.00			-$32,397.50	-$8,019.00						-$10,812.25			-$52,618.75
	Logging	-$61,495.20	-$60,324.88	-$243,005.50	-$646,073.03	-$1,371,533.19	-$2,014.80	-$35,912.30	-$36,272.54	$4,514.18		-$46,771.10	-$157,483.73	-$158,047.03	-$2,814,419.11
	Logging - Hourly				-$4,812.70			-$47,501.25							-$52,313.95
	Tracking					-$4,332.00									-$4,332.00
	Trailer Lifting					-$12.00								-$36.00	-$48.00
	Weighbridge	-$597.87	-$569.39	-$2,270.03	-$5,862.69	-$11,156.53		-$305.46	-$244.75			-$344.48	-$1,039.22	-$1,196.52	-$23,586.94
Harvesting Total		**-$105,897.68**	**-$100,899.01**	**-$403,534.39**	**-$1,183,208.37**	**-$2,327,700.20**	**-$4,921.15**	**-$107,284.81**	**-$65,119.95**	**$3,925.06**		**-$91,281.20**	**-$275,030.41**	**-$274,932.97**	**-$4,935,885.08**
Income	Log Sales	$184,197.20	$223,361.79	$893,042.98	$2,082,972.59	$4,537,507.38	$4,583.67	$131,404.52	$126,019.37	$929.11		$145,533.74	$523,475.46	$517,485.91	$9,370,513.73
Income Total		**$184,197.20**	**$223,361.79**	**$893,042.98**	**$2,082,972.59**	**$4,537,507.38**	**$4,583.67**	**$131,404.52**	**$126,019.37**	**$929.11**		**$145,533.74**	**$523,475.46**	**$517,485.91**	**$9,370,513.73**
Miscellaneous	Arboriculture			-$1,980.00											-$1,980.00
	Consents		-$156.52												-$156.52
	Consultancy Fees			-$165.84			-$720.00								-$885.84
	Consumables		-$84.51	-$243.79	-$626.57	-$1,886.19	-$2.07	-$13.02	-$17.94	-$0.35		-$98.16	-$53.93	-$223.64	-$3,250.16
	Fencing			-$2,298.64											-$2,298.64
	Other		-$123.58	-$4,312.33	-$1,779.12	-$3,672.14	-$2,000.22	-$95.00	-$95.00			-$688.21	-$103.64	-$580.51	-$13,449.75
	Power Lines				-$19,489.60	-$10,562.80						-$2,567.80	-$1,322.10		-$33,942.30
	Royalty payments			-$500.00											-$500.00
	Security			-$287.75	-$2,351.77	-$11,271.60									-$13,911.12
	Traffic Management	-$1,760.00	-$8,370.83	-$189.20	-$43,301.54	-$873.54			-$159.65	-$31.81		-$982.00			-$55,668.57
	Environmental Monitoring						-$679.00			-$1,322.90	-$269.50				-$2,271.40
Miscellaneous Total		**-$1,760.00**	**-$8,735.44**	**-$9,977.55**	**-$67,548.60**	**-$28,266.28**	**-$3,401.29**	**-$108.02**	**-$272.59**	**-$1,355.06**	**-$269.50**	**-$4,336.17**	**-$1,479.67**	**-$804.15**	**-$128,314.31**
Grand Total		**$66,598.91**	**$25,352.04**	**$35,449.60**	**$591,204.14**	**$1,172,983.01**	**-$32,231.36**	**-$54,131.96**	**$50,444.66**	**-$196.04**	**-$269.50**	**$32,837.46**	**$153,186.06**	**$212,912.15**	**$2,254,139.16**