HARVESTING REPORT
October 2021

SHERWOOD FOREST

Truck being loaded on Landing 4.

Clearfell Harvesting Report – Sherwood – October 2021

Summary

- Gross revenue for the month is **$481,130.71**
- Costs for the month are **$491,304.02**
- Net income for the month is **-$10,173.30**
- Tonnes harvested for the month is **3,764.18**
- Net income per tonne for the month is **-$2.70**
- Area cleared for the month is **4** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$5,989,031.53**
- Project costs to date are **$4,762,407.12**
- Project net income to date is **$1,226,624.40**
- Tonnes harvested to date is **40,147.50**
- Net income per tonne to date is **$30.55**
- Recoverable volume per hectare to date is **801.3** tonnes
- Net income per hectare to date is **$24,483.52**
- Total forest area is **259.14** hectares, approximate hectares cleared to date is **50.1** 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 **$481,130.71** with an average sale price over all grades of **$127.82** 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.

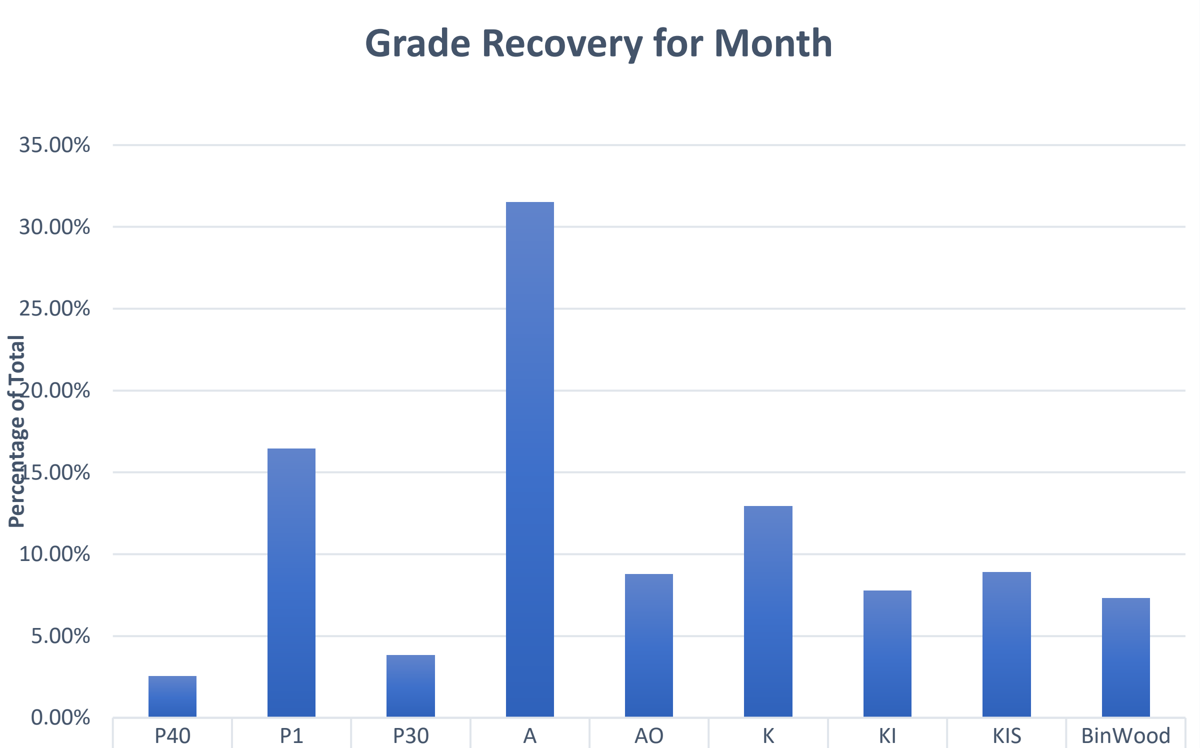
The freight market has had some downward movement in the big Capesize vessels due to less iron ore demand which is expected to flow on in the smaller handy size vessels used in log exports. Congestion times have reduced significantly but this depends on log berths in Lanshan for competing product demands.

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:



	P40	P1	P30	A	AO	K	KI	KIS	BinWood
Total	2.55%	16.45%	3.84%	31.49%	8.78%	12.92%	7.76%	8.91%	7.30%

Chart 1: Grade Recovery for Month

Pruned recovery for October comprised 23% of overall sales volume, 16% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 53% of the total production volume, with lower quality export (KI and KIS grades) comprising 17% of volume.

The remaining 7% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **$141,579.54**, an average of **$37.61** per tonne.

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

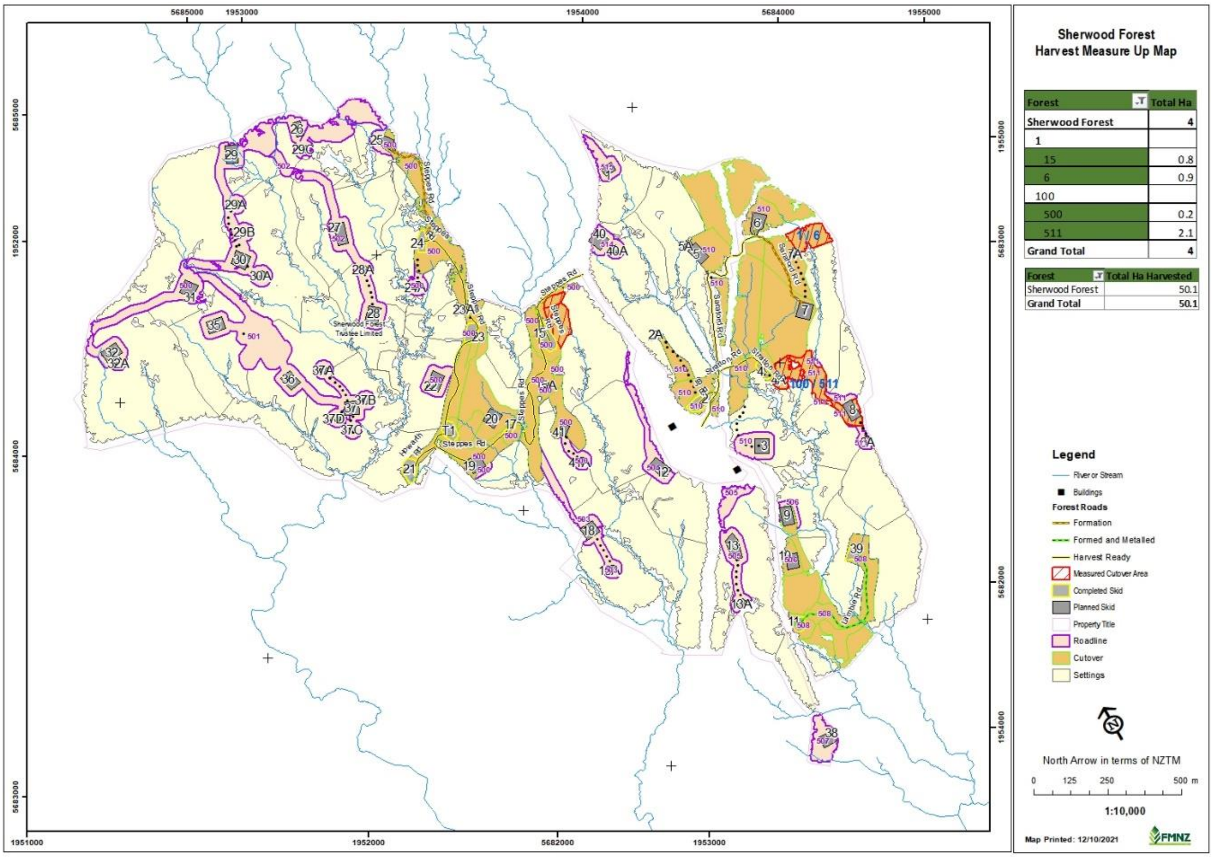
LOGGING COSTS		TOTAL
October	Logging	$141,579.54
		$141,579.54

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
October	Tracking	$2,742.50
		$2,742.50

Table 2: Additional Logging Costs

Tracking costs are for extra tracks required by the harvest crew to enable them to extract trees from the face at the top of Setting 6 below Ruapapa Road.



Pic 1: Progress Map

During October the work around the powerlines in Setting 6 was completed and the harvest crew then cut and shovelled off Landing 40 and a temporary pad at Landing 13 before moving to Setting 15 to remove sections of windthrow and surrounding trees.

The crew then roadline harvested Setting 511, Stratton Road from Landing 8 to Landing 4.

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 **$113,882.07** which is an average unit rate of **$30.25** per tonne.

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

CARTAGE COSTS		TOTAL
October	Cartage - Truck	$113,882.07
	Weighbridge	$1,180.22
	Trailer Lifting	$6.00
		$115,068.29

Table 3: Cartage Costs

The average cart rate for October inclusive of weighbridge and trailer lifting fees is **$30.57** 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	R&M - Road Maintenance		$640.00	$640.00
	Culvert Installation	$3,270.00		$3,270.00
	Culverts	$6,157.26		$6,157.26
	Culverts - Freight	$540.00		$540.00
	Rehab		$4,180.00	$4,180.00
	Road Formation	$24,872.50		$24,872.50
	Establishment - Engineering	$960.00		$960.00
	Fluming	$3,430.60		$3,430.60
	Landings	$50,650.00		$50,650.00
	Loadout Bay Construction	$760.00		$760.00
	Metal Lime	$26,746.20		$26,746.20
	Metal Rock	$9,648.47		$9,648.47
	Pavement	$4,860.00		$4,860.00
	R&M		$4,202.50	$4,202.50
	Spread from stockpile	$9,095.00		$9,095.00
	Stockpile Works	$7,562.90		$7,562.90
	Temp Landings	$8,492.50		$8,492.50
	Trucks - Cart & Dump	$39,123.74		$39,123.74
		$196,169.17	**$9,022.50**	**$205,191.67**

Table 4: Engineering Costs

A considerable amount of earthworks was undertaken during October. Work was completed on Landing 5 on Fiona Road, on Jones Road out to Landing 13, Landing 40 and the entranceway on Roland Road was constructed, work was completed on Stratton Road towards Landing 8 and the road from Landing 15 to 41 was constructed.

Landing 40 on Roland Road was particularly expensive due to the significant volume of earth requiring cutting. This landing also included some tracking which negates the requirement for Landing 1 and the road to the landing.

Work was also required on Lambie Road to tidy up and finish the road to final pavement thickness to facilitate harvest from Landing 39.

Planned Activities for November 2021

Planned activities for November are for the harvest crew to move to Landing 39 on Lambie Road to begin clearfell harvesting. They will be there close to a month and will then go to roadline Setting 514, Landing 40 and Setting 505 and work off a temporary landing to extract the roadline up to Landing 13. The work on Setting 505 will carry over into December.

In November, work will continue on Stratton Road, including a large river crossing. A significant (1050mm culvert) river crossing will be installed on Steppes Road between Landings 25 and 26.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
October	**-$10,173.30**	**$1,226,624.40**

Table 5: Total Revenue

The net revenue for the month equates to an average of **-$2.70** per tonne, or **-$2,543.33** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
October	Management	$19,245.23
	FGC levy	$1,218.29
		$20,463.52

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
October	Traffic Management	$6,107.10
	Consumables	62.77
	Security	$88.62
		$6,258.49

Table 7: Miscellaneous Expenses

Traffic Management costs are for a faller, observer and stop/go traffic control for felling near powerlines in Setting 6 and for stop/go traffic control on 6th and 7th October on Otoi Road while felling close to the road reserve on Landing 40.

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

Security costs are for a new padlock for the front gate to replace the faulty one.

Health and Safety

One property damage incident was reported in the forest during October.

This incident occurred when a skidder operator was pulling trees down a forest skid track when the edge of the track gave way causing the skidder's back tyres to slide off the track. The skidder operator is a competent operator with over 30 years experience and the incident was caused by the recent rain making the track very wet and slippery and it had become wider with each drag. There was no support on the edge of the widened track and the operator misjudged where the edge was.

The remedial action was to have the digger make the track wider and a tree was placed along the edge.

Environmental

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

Financial Performance

Net return per tonne to date is **$30.55.**

Gross return per tonne to date is **$149.18**.

Net return per hectare to date is **$24,483.52**.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ

Historic Harvesting Financial Summary

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

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

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		274.92		$45.50	$12,508.86
TOTAL BINWOOD SALES		**274.92**			**$12,508.86**

Domestic					
Pruned Dom		163.66		$194.50	$31,831.87
Pruned Dom	P1 4.9	156.07		$179.00	$27,936.53
Pruned Dom	P1 4.9	299.48		$192.00	$57,500.16
TOTAL DOMESTIC SALES		**619.21**			**$117,268.56**

Export					
Pruned Exp	P40 3.9	0.00	100.453	$186.00	$18,684.26
Pruned Exp	P30 3.9	0.00	151.641	$150.00	$22,746.15
A40	AO 3.8	0.00	335.265	$129.00	$43,249.18
A30	A 3.8	0.00	416.479	$127.00	$52,892.83
A30	A 5.8	0.00	771.155	$129.00	$99,478.99
K	K 3.8	0.00	163.699	$119.00	$19,480.18
K	K 5.8	0.00	288.137	$121.00	$34,864.58
KI	KI 3.8	0.00	275.778	$111.00	$30,611.36
TOTAL EXPORT SALES		**0.00**	**2,502.607**		**$322,007.53**

Export Pulp					
Export Pulp	KIS 2.9	0.00	104.669	$93.00	$9,734.22
Export Pulp	KIS 3.8	0.00	190.020	$103.00	$19,572.06
Export Pulp	KIS 5.8	0.00	0.376	$105.00	$39.48
TOTAL EXPORT PULP SALES		**0.00**	**295.065**		**$29,345.76**
TOTAL		**894.13**	**2,797.672**		**$481,130.71**

FEES	
FMNZ Management Fee @ %	$19,245.23
TOTAL FEES	**$19,245.23**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,218.29
TOTAL LEVIES	**$1,218.29**
COSTS	
Harvesting	$141,579.54
Cartage	$113,882.07
Weighbridge	$1,180.22
Consumables	$62.77
Culvert Installation	$3,270.00
Culvert Pipes	$6,157.26
Culverts - Freight	$540.00
Establishment	$960.00
Fluming	$3,430.60
Landings	$50,650.00
Loadout Bay: Construction	$760.00
Metal Lime m3	$26,746.20
Metal Rock m3	$9,648.47
Metalling: Cart to stockpile	$39,123.74
Metalling: Grading & Rolling	$4,860.00
Metalling: Spread from Stockpile	$9,095.00
Post Harvest Rehab	$4,180.00
R&M - Road Maintenance	$640.00
Repairs & Maintenance	$4,202.50
Road Formation	$24,872.50
Security	$88.62
Stockpile Works	$7,562.90
Temporary Landings	$8,492.50
Tracking	$2,742.50
Traffic Management	$6,107.10
Trailer Lifting	$6.00
TOTAL COSTS	**$470,840.49**
TOTAL FEES, LEVIES & COSTS	**$491,304.01**

NET INCOME	**-$10,173.30**
GST	**-$1,525.99**
NET INCOME (INCLUDING GST)	**-$11,699.29**

Photo 1: Felling windthrown trees at Landing 15.

Photo 2: Loadout machine on Landing 15.

Photos 3 & 4: Manual processing of edge trees on Landing 4.

SHERWOOD 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	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	-$3,270.00	-$89,262.50
	Culverts	-$53,430.87	-$370.00	-$15,773.78			-$8,539.02		-$6,157.26	-$6,157.26	-$90,428.19
	Culverts - Freight	-$8,150.00	-$540.00	-$780.00		-$180.00	-$540.00		-$360.00	-$540.00	-$11,090.00
	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	-$960.00	-$18,688.75
	Fluming	-$8,846.25	-$7,278.68	-$3,206.83	-$82.34	-$673.98	-$1,922.99		-$3,649.98	-$3,430.60	-$29,091.65
	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	-$50,650.00	-$327,420.00
	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	-$9,648.47	-$158,430.78
	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	-$4,860.00	-$22,157.50
	R&M	-$1,300.00				-$925.00	-$7,006.28	-$4,587.50		-$4,202.50	-$18,021.28
	R&M - Road Maintenance	-$195.00	-$537.50	-$5,110.00	-$5,295.00	-$7,317.50			-$11,975.00	-$640.00	-$31,070.00
	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	-$24,872.50	-$534,400.00
	Spread from stockpile	-$4,980.00	-$6,660.00	-$3,780.00	-$660.00	-$960.00		-$6,000.00	-$4,860.00	-$9,095.00	-$36,995.00
	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	-$7,562.90	-$42,116.39
	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	-$39,123.74	-$174,825.31
	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		-$760.00	-$6,520.00
	Sediment Control		-$318.25								-$318.25
	Temp Landings		-$6,232.50							-$8,492.50	-$14,725.00
	R&M - Metal			-$414.40		-$2,071.75	-$1,225.35				-$3,711.50
	Rehab			-$9,250.00		-$2,152.50		-$2,070.00		-$4,180.00	-$17,652.50
	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		-$26,746.20	-$37,072.80
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**	**-$205,191.67**	**-$1,692,086.77**
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	-$1,218.29	-$13,077.80
	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	-$19,245.23	-$239,561.26
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**	**-$20,463.52**	**-$252,639.06**
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	-$113,882.07	-$1,148,915.93
	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	-$141,579.54	-$1,526,731.82
	Tracking	-$22,135.00	-$645.00		-$950.00			-$4,910.00	-$2,470.00	-$2,742.50	-$33,852.50
	Weighbridge	-$2,741.05	-$1,118.34	-$1,024.82	-$1,170.26	-$1,294.04	-$1,682.50	-$764.23	-$1,443.20	-$1,180.22	-$12,418.66
	Trailer Lifting		-$6.00			-$6.00	-$66.00		-$48.00	-$6.00	-$132.00
	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**	**-$259,390.33**	**-$2,741,891.70**
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	$481,130.71	$5,989,031.53
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**	**$481,130.71**	**$5,989,031.53**
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	-$62.77	-$1,126.03
	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				-$88.62	-$6,821.65
	Traffic Management	-$3,941.29			-$2,852.10	-$286.30	-$193.13	-$10,182.00	-$10,684.90	-$6,107.10	-$34,246.82
	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**	**-$6,258.49**	**-$75,789.60**
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**	**-$10,173.30**	**$1,226,624.40**