HARVESTING REPORT
November 2021

BRENTWOOD FOREST

Falling in Setting 19.

Clearfell Harvesting Report – Brentwood – November 2021

Summary

- Gross revenue for the month is **$839,624.28**
- Costs for the month are **$746,055.73**
- Net income for the month is **$93,568.56**
- Tonnes harvested for the month is **7,063.95**
- Net income per tonne for the month is **$13.25**
- Area cleared for the month is **7.5** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$3,886,022.72**
- Project costs to date are **$3,976,720.49**
- Project net income to date is **-$90,697.77**
- Tonnes harvested to date is **29,688.02**
- Net income per tonne to date is **-$3.06**
- Recoverable volume per hectare to date is **610.9** tonnes
- Net income per hectare to date is **-$1,866.21**
- Total forest area is **239.5** hectares, approximate hectares cleared to date is **48.60** 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 **$839,624.28** with an average sale price over all grades of **$118.86** per tonne**.**

November 2021 - Log Markets, Gisborne and Hawkes Bay

The November export prices have dropped $27.05/Jas m^3 on average in Gisborne and $13.86/Jas m^3 in Hawkes Bay with the decreases affecting the pruned grades slightly more.

Radiata log inventories on the main Chinese ports we monitor have decreased to 4.60Mm^3, with daily offtake relatively solid at 73Km^3 per day as we head into the Northern Hemisphere's winter. Inventory remains 40% above 2018-2020 levels and this is creating downward pressure on CFR sales price.

As mentioned last month, there has been a structural reset in the Chinese economy with the government looking to slow the property market and reduce debt levels. As is often the case, many believe the market has overcorrected. Several factors have contributed to weaker log demand / usage however, the major reasons are adjustments to the construction market due to high debt ratios of property development companies and the energy crisis limiting factory output. China's zero-tolerance policy towards Covid-19 continues to have impacts as workers in new outbreak regions get sent home to control the spread of the virus.

The freight market has continued to trend downward however, at this stage the Chinese appear to be taking advantage of freight cost gains by lowering the CFR price. Due to the lag time of ship chartering, we expect to see pre-booked vessels in December also affecting AWG prices.

The NZD has continued to slip back against the USD since the end of October. The change has not been enough to add 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 November is as follows:

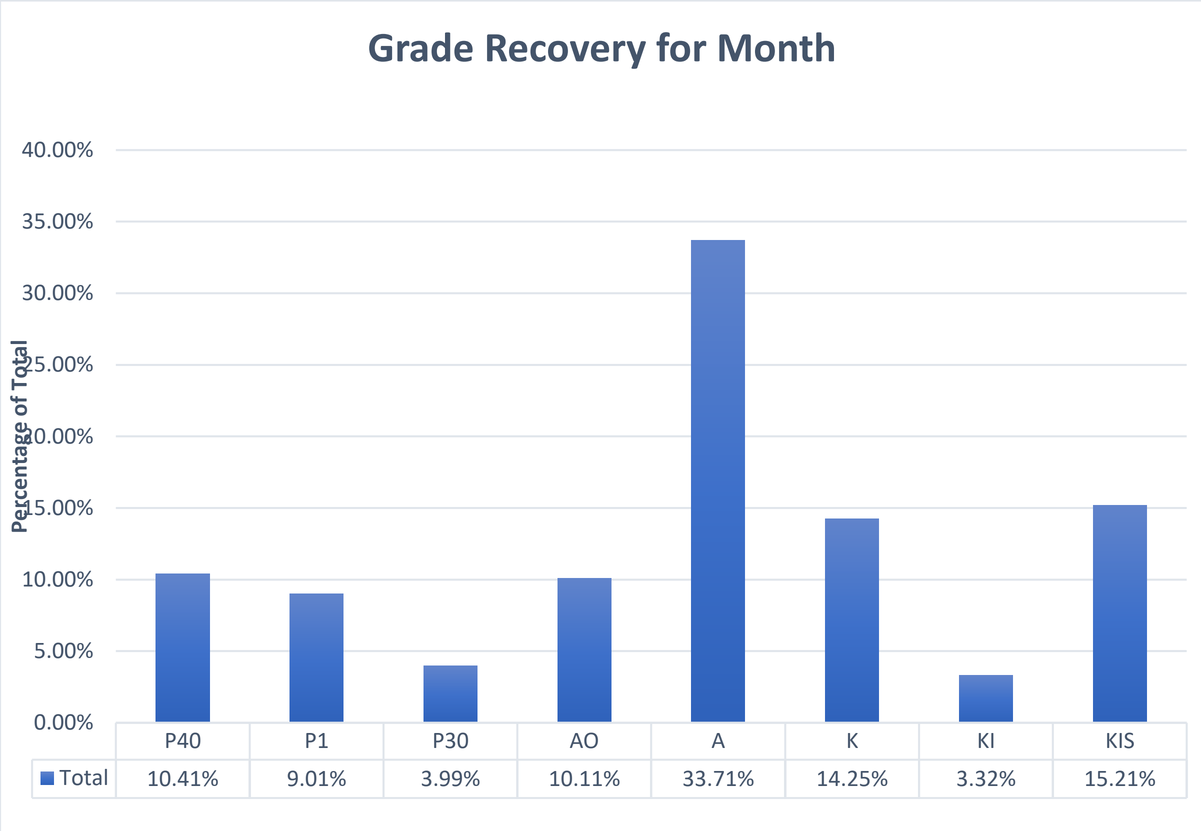


Chart 1: Grade Recovery for Month

Pruned recovery for November comprised 23% of overall sales volume, 9% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 58% of the total production volume, with lower quality export (KI and KIS grades) comprising 19% of volume.

There were no pulp or binwood sales.

Expenditure

Harvesting

The total logging cost for the month was **$288,332.28**, an average of **$40.82** per tonne.

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

LOGGING COSTS		TOTAL
November		$288,332.28
		$288,332.28

Table 1: Logging Costs

During November, Log 19 continued the roadline salvage in Setting 505 from Landing 912 in Zuberi Road and then also cleared the section between Landings 912 and 913 as well as Landing 913 itself.

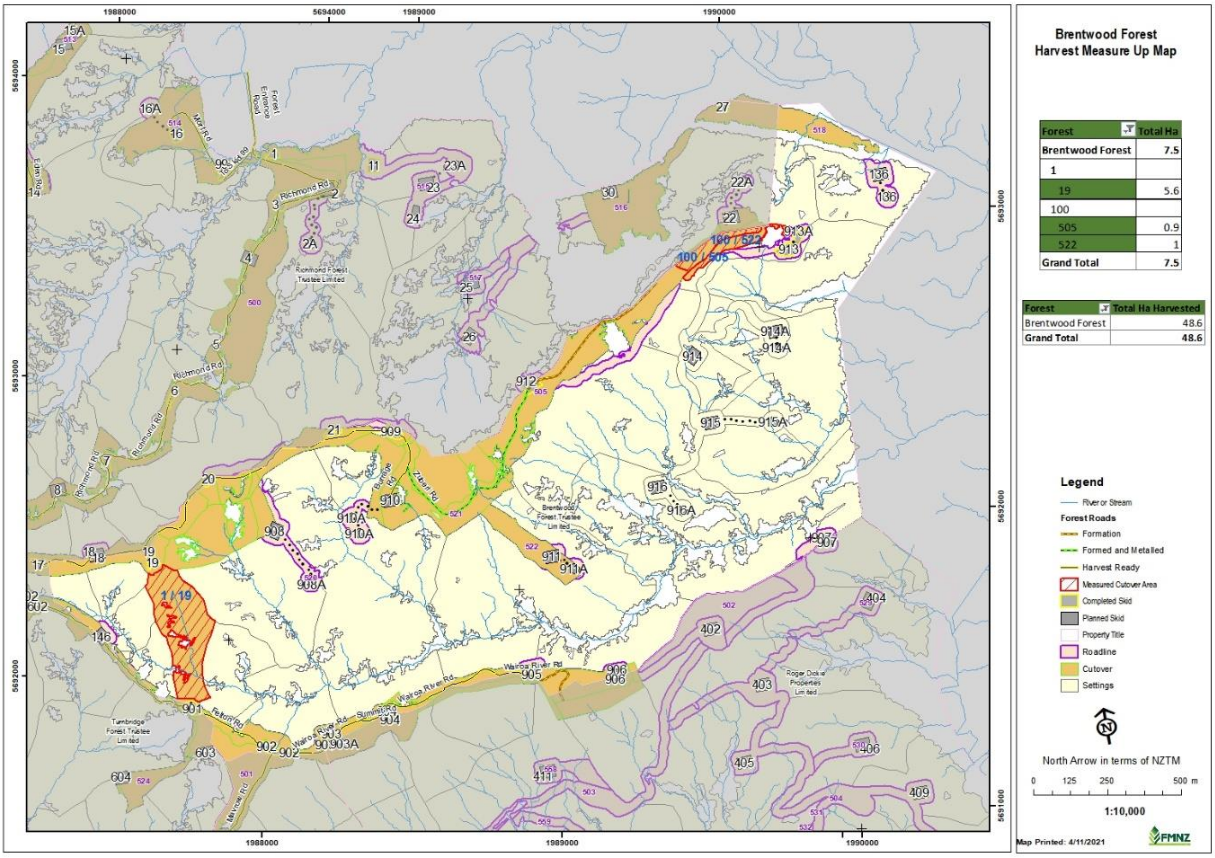
Log 24 spent the month continuing clearfell harvesting of Setting 19 on Zuberi Road all the way through to Felton Road.

ADDITIONAL HARVEST COSTS		TOTAL
November	Establishment	$886.55
	Tracking	$1,400.00
		$2,285.55

Table 2: Additional Logging Costs

Establishment costs were for a late invoice for the proportional shared cost for establishment in June and dis-establishment in July of a loader machine in the Ruakituri group of forests.

Tracking costs were for shifting and re-cutting the haul track from Landing 913 to 912.



Pic 1: Progress Map

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 **$294,075.62** which is an average unit rate of **$41.63** per tonne.

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

CARTAGE COSTS		TOTAL
November	Cartage - Truck	$249,950.42
	Cartage – Rail	$44,125.20
	Weighbridge	$2,555.44
	Trans-shipping	$1,350.00
		$297,981.06

Table 3: Cartage Costs

The average cart rate for November inclusive of weighbridge and trans-shipping fees is **$42.18** 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.

Trans-shipping is the accumulating of logs from completed settings which could not be made up into full packets and moving these logs to the current setting for loadout and sale. The logs normally number 10 of this and 12 of that but are still product for sale.

Engineering

ENGINEERING		RL	CF	TOTAL
November	Culvert Installation	$205.00		$205.00
	Establishment - Engineering	$245.00		$245.00
	Landings	$38,670.00		$38,670.00
	Loadout Bay Construction	$420.00		$420.00
	Metal Lime	$18,328.27		$18,328.27
	Pavement	$850.00		$850.00
	R&M	$360.00		$360.00
	R&M - Road Maintenance	$830.00	$263.63	$1,093.63
	Road Formation	$43,950.00		$43,950.00
	Spread from stockpile	$2,940.00		$2,940.00
	Stockpile Works	$3,550.00		$3,550.00
	Trucks - Cart & Dump	$10,233.42		$10,233.42
		$120,581.69	**$263.63**	**$120,845.32**

Table 4: Engineering Costs

Earthworks in November continued along Zuberi Road as far as Landing 913 including the construction of the landing.

Planned Activities for December 2021

Earthworks in December will continue down Zuberi Road to Landing 914.

Log 19 will continue the roadline salvage down Zuberi Road between Landings 913 and 914.

Log 24 will move to neighbouring Hereford Forest.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
November	**$93,568.56**	**-$90,697.77**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$13.25** per tonne, or **$12,475.81** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
November	Management	$33,584.97
	FGC levy	$2,308.92
		$35,893.90

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
November	Consumables	$86.62
		$86.62

Table 7: Miscellaneous Expenses

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

Health and Safety

One property damage incident was reported. It occurred when an operator opened the door of his cab while he was working due to strong fumes giving him a bit of a headache. When he moved a branch, it flicked up and caused damaged to the door of the cab. The operator was reminded to never open the door due to safety issues. He should have opened the window, not the door.

Environmental

ENVIRONMENTAL		TOTAL
November	Environmental Monitoring	$630.00
		$630.00

Table 8: 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 operations.

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.

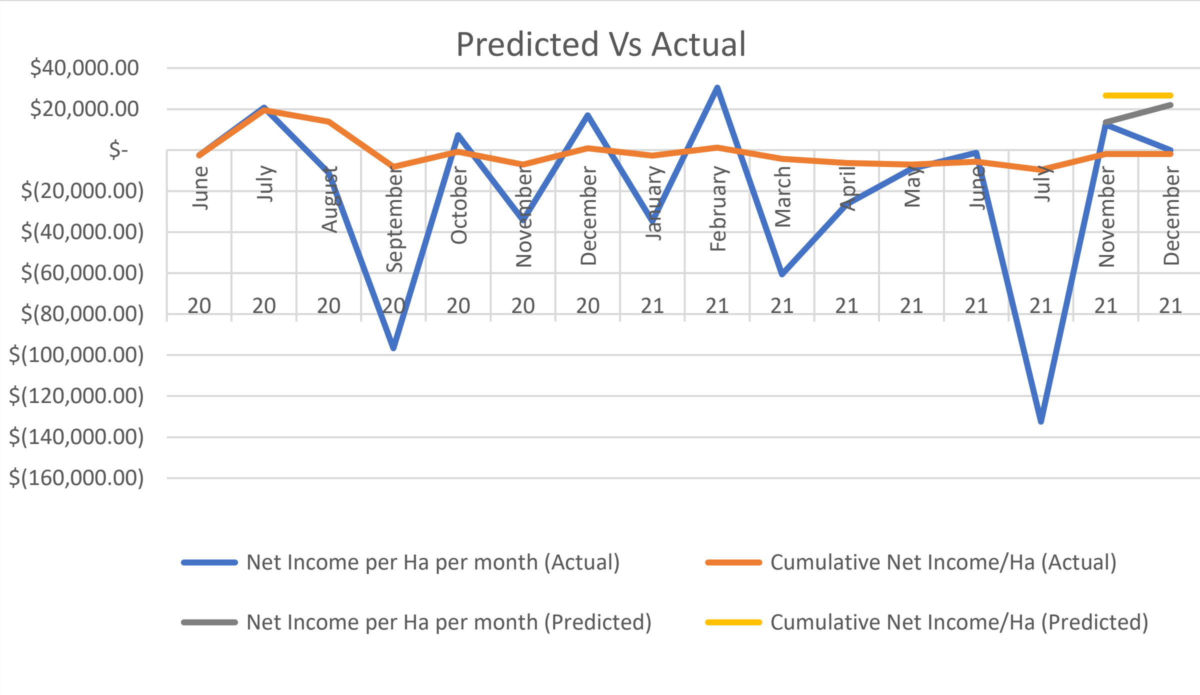


Chart 2: Actual vs Predicted

Net return per tonne to date is **-$3.06**, forecast was $38.63

Gross return per tonne to date is **$130.90**, forecast was $132.96.

Net return per hectare to date is **-$1,866.21**, forecast was $27,024.41.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

FMNZ

Brentwood Forest Partnership 01/11/2021 to 30/11/2021

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 4.3	92.78		$192.00	$17,813.76
Pruned Dom	P1 4.9	34.25		$167.00	$5,719.75
Pruned Dom	P1 4.9	87.38		$192.00	$16,776.96
Pruned Dom	P1 5.5	421.94		$186.99	$78,898.56
TOTAL DOMESTIC SALES		**636.35**			**$119,209.03**

Export					
Pruned Exp	P40 3.9	0.00	148.659	$170.00	$25,272.03
Pruned Exp	P40 5.1	0.00	635.155	$170.00	$107,976.35
Pruned Exp	P30 3.9	0.00	23.714	$114.00	$2,703.40
Pruned Exp	P30 3.9	0.00	150.248	$135.00	$20,283.48
Pruned Exp	P30 5.1	0.00	135.477	$135.00	$18,289.40
A40	AO 3.8	0.00	148.670	$116.00	$17,245.72
A40	AO 5.8	0.00	31.819	$99.00	$3,150.08
A40	AO 5.8	0.00	528.903	$117.00	$61,881.65
A30	A 3.8	0.00	250.897	$93.00	$23,333.42
A30	A 3.8	0.00	653.293	$114.00	$74,475.40
A30	A 5.8	0.00	378.514	$95.00	$35,958.83
A30	A 5.8	0.00	1,105.547	$116.00	$128,243.45
K	K 3.8	0.00	87.042	$86.00	$7,485.61
K	K 3.8	0.00	272.287	$106.00	$28,862.42
K	K 5.8	0.00	157.436	$88.00	$13,854.37
K	K 5.8	0.00	440.116	$108.00	$47,532.53
KI	KI 3.8	0.00	35.722	$77.00	$2,750.59
KI	KI 3.8	0.00	190.298	$97.00	$18,458.91
TOTAL EXPORT SALES		**0.00**	**5,373.797**		**$637,757.64**

Export Pulp					
Export Pulp	KIS 2.9	0.00	210.470	$80.00	$16,837.60
Export Pulp	KIS 3.8	0.00	154.980	$72.00	$11,158.56
Export Pulp	KIS 3.8	0.00	620.617	$88.00	$54,614.30
Export Pulp	KIS 5.8	0.00	0.524	$90.00	$47.16
TOTAL EXPORT PULP SALES		**0.00**	**986.591**		**$82,657.62**
TOTAL		**636.35**	**6,360.388**		**$839,624.29**

FEES	
FMNZ Management Fee @ %	$33,584.97
TOTAL FEES	**$33,584.97**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,308.93
TOTAL LEVIES	**$2,308.93**
COSTS	
Harvesting	$288,332.28
Cartage	$249,950.42
Weighbridge	$2,555.44
Cartage - Rail	$44,125.20
Cartage - Trans Shipping	$1,350.00
Consumables	$86.62
Culvert Installation	$205.00
Environmental Monitoring	$630.00
Establishment	$1,131.55
Landings	$38,670.00
Loadout Bay: Construction	$420.00
Metal Lime m3	$18,328.27
Metalling: Cart to stockpile	$10,233.42
Metalling: Grading & Rolling	$850.00
Metalling: Spread from Stockpile	$2,940.00
R&M - Road Maintenance	$1,093.63
Repairs & Maintenance	$360.00
Road Formation	$43,950.00
Stockpile Works	$3,550.00
Tracking	$1,400.00
TOTAL COSTS	**$710,161.83**
TOTAL FEES, LEVIES & COSTS	**$746,055.73**

NET INCOME	**$93,568.56**
GST	**$14,035.28**
NET INCOME (INCLUDING GST)	**$107,603.84**

Photo 1: Setting 19, grapple yarding.

Photo 2: Log 24 in Setting 19.

Photo 3: Loading truck off Landing 912.

Photo 4: Zuberi Road o the Brentwood and Richmond Forests boundary.

Photo 5: Log 19 on temporary landing on Zuberi Road.

BRENTWOOD CUMULATIVES

Categories	Descriptions	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Aug 21	Sep 21	Oct 21	Nov 21	Grand Total
Engineering	Culvert Installation	-$928.01		-$512.50		-$512.50			-$1,770.00	-$400.00	-$205.00	-$4,328.01
	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				-$245.00	-$1,680.09
	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	-$38,670.00	-$256,972.79
	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	-$850.00	-$20,902.95
	R&M	-$2,711.89	-$36.75	-$8.99			-$1,753.68		-$36.90		-$360.00	-$4,908.22
	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	-$1,093.63	-$58,735.18
	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	-$43,950.00	-$574,631.92
	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	-$2,940.00	-$48,255.45
	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	-$3,550.00	-$27,928.52
	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	-$10,233.42	-$224,837.14
	Trucks - Cart & Spread	-$546.73										-$546.73
	Loadout Bay Construction		-$315.00		-$65.00			-$1,435.00	-$1,640.00	-$615.00	-$420.00	-$4,490.00
	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	-$18,328.27	-$160,079.88
	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**	**-$120,845.32**	**-$1,603,062.47**
Fees	FGC levy	-$2,034.46	-$75.92	-$126.00	-$203.71	-$335.15	-$107.75	-$1,036.01	-$971.73	-$2,264.04	-$2,308.92	-$9,463.71
	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	-$33,584.97	-$155,440.91
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**	**-$35,893.90**	**-$164,904.62**
Harvesting	Cartage - Rail	-$19,332.62	-$20.14			-$971.81	-$5,451.01	-$20,112.78	-$10,829.83	-$46,900.22	-$44,125.20	-$147,743.63
	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	-$249,950.42	-$801,149.57
	Establishment - harvesting	-$3,895.00	-$210.00				-$840.00				-$886.55	-$5,831.55
	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	-$288,332.28	-$1,193,355.11
	Tracking	-$18,265.00	-$2,940.00			-$1,067.50		-$980.00	-$2,870.00		-$1,400.00	-$27,522.50
	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	-$2,555.44	-$11,006.82
	Logging - Hourly					-$3,427.20						-$3,427.20
	Cartage - Trans Shipping								-$323.75		-$1,350.00	-$1,673.75
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**	**-$588,599.89**	**-$2,192,527.69**
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	$839,624.28	$3,886,022.72
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**	**$839,624.28**	**$3,886,022.72**
Miscellaneous	Consumables	-$568.61	-$4.57	-$18.63	-$24.42	-$55.06	-$6.62	-$83.31	-$49.65	-$382.57	-$86.62	-$1,280.06
	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	-$630.00	-$2,072.45
	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**	**-$716.62**	**-$16,225.72**
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**	**$93,568.56**	**-$90,697.77**