



HARVESTING REPORT

November 2021

SADDLEBACK FOREST



Crossing installation between Landings 13 and 14 on Aitken Road.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Saddleback – November 2021

Summary

- Gross revenue for the month is **\$548,138.95**
- Costs for the month are **\$347,870.84**
- Net income for the month is **\$200,268.11**
- Tonnes harvested for the month is **4,803.29**
- Net income per tonne for the month is **\$41.69**
- Area cleared for the month is **5.40** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$14,485,757.69**
- Project costs to date are **\$8,045,577.88**
- Project net income to date is **\$6,440,179.80**
- Tonnes harvested to date is **102,902.02**
- Net income per tonne to date is **\$62.58**
- Recoverable volume per hectare to date is **725.2** tonnes
- Net income per hectare to date is **\$45,385.34**
- Total forest area is **271.38** hectares, approximate hectares cleared to date is **141.9** 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 **\$548,138.95** with an average sale price over all grades of **\$114.12** per tonne.

November 2021 - Log Markets, Hawkes Bay

The November export prices have dropped \$13.86/Jas m³ on average. The decrease has affected the pruned grades slightly more.

Radiata log inventories on the main Chinese ports we monitor have decreased to 4.60Mm³, with daily offtake relatively solid at 73Km³ 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 \$15 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:

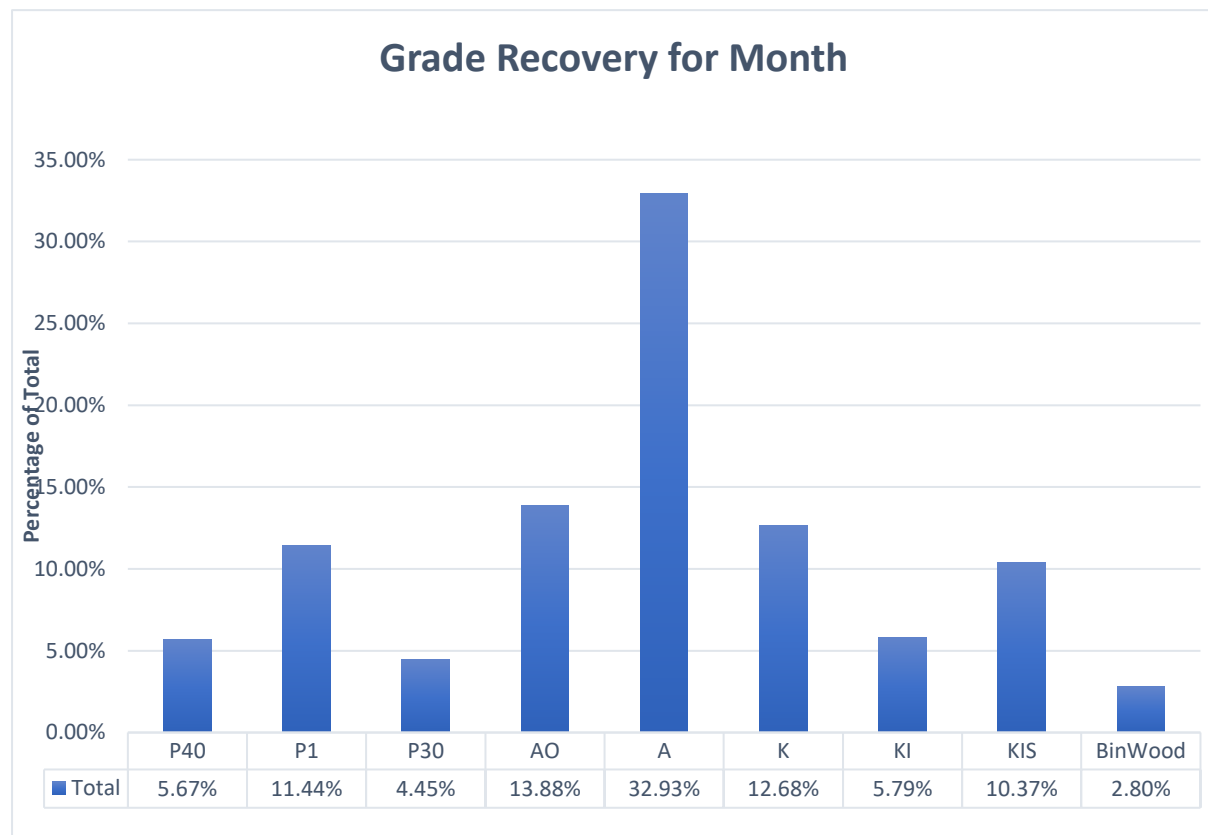


Chart 1: Grade Recovery for Month

Pruned recovery for November comprised 22% of overall sales volume, 11% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 59% of the total production volume, with lower quality export (KI and KIS grades) comprising 16% of volume.

The remaining 3% of production was made up of domestic pulp and binwood.

Expenditure

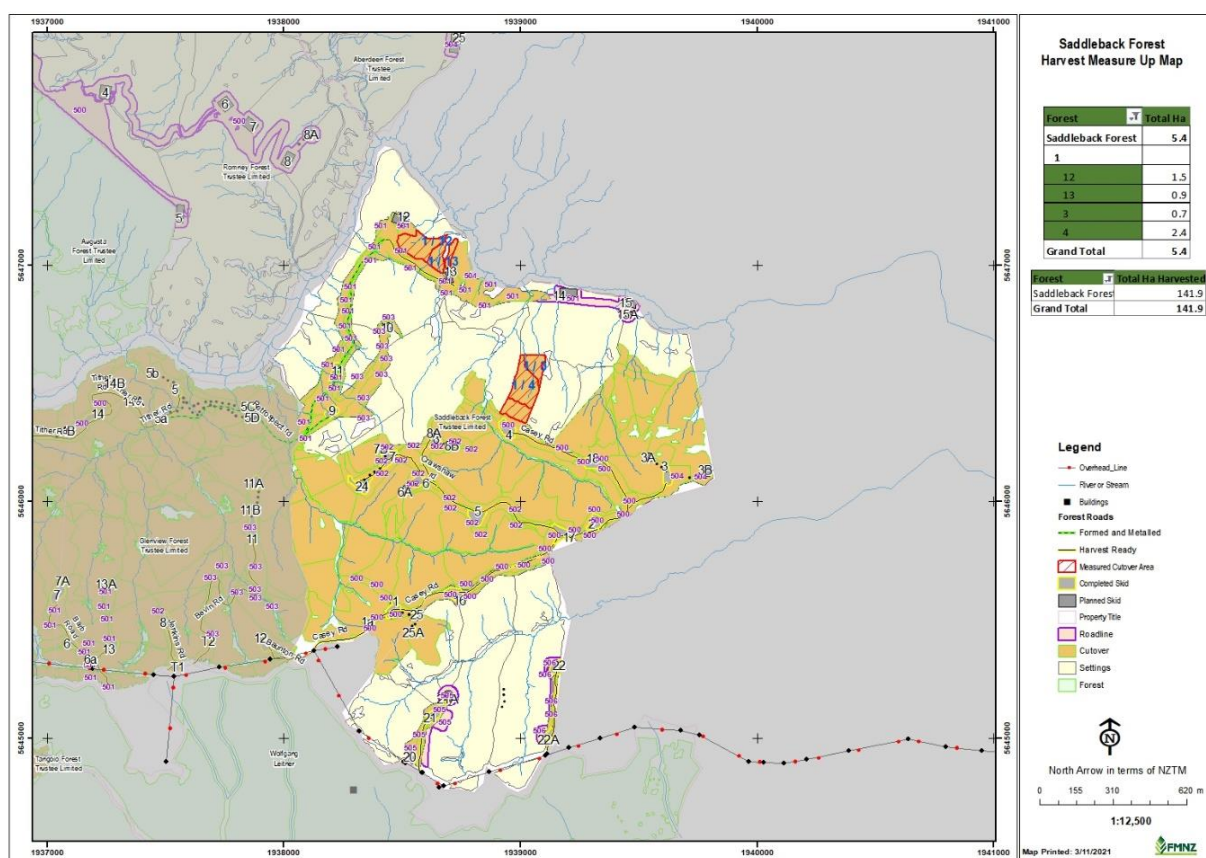
Harvesting

The total logging cost for the month was **\$185,475.81**, an average of **\$38.61** per tonne.

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

LOGGING COSTS		TOTAL
November		\$185,475.81
		\$185,475.81

Table 1: Logging Costs



Pic 1: Progress Map

Log 1 finished shovel logging Setting 13 on Aitken Road and then commenced clearfell harvesting of Setting 12 where they shovel logged a piece back to Landing 12 to square the setting up and protect it from the wind. They also removed hazardous wrenched trees around the Aitken Road edge and salvaged windthrow throughout this thin strip. The crew then moved to another forest, however a skeleton crew remained in Saddleback Forest to clear Setting 501 from Landing 14 to 15 on Aitken Road.

Log 2 completed harvest of Setting 3 on Jackson Road and then moved to Setting 4 on Casey Road pulling left to right using the scab system on the tower.

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 **\$73,035.05** which is an average unit rate of **\$15.21** per tonne.

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

CARTAGE COSTS		TOTAL
November	Cartage - Truck	\$73,035.05
	Weighbridge	\$1,628.53
	Trailer Lifting	\$756.00
		\$75,419.58

Table 2: Cartage Costs

The average cart rate for November inclusive of weighbridge and trailer lifting fees is **\$15.70** per tonne.

The loadout from Saddleback is a swing shift operation so the cartage is out of hours for the normal reloading of trailers which the port supplies. The trailer lifting cost is for the use of the public gantry.

Engineering

ENGINEERING		RL	CF	TOTAL
November	Establishment - Engineering	\$4,867.50	\$210.90	\$5,078.40
	Trucks - Cart & Dump	\$1,200.00	\$1,354.13	\$2,554.13
	Stockpile Works	\$1,582.88	\$1,335.56	\$2,918.44
	Loadout Bay Construction	\$2,315.94		\$2,315.94
	R&M - Road Maintenance	\$5,669.64	\$5,213.09	\$10,882.72
	Rehab	\$1,225.00		\$1,225.00
	Other		\$773.30	\$773.30
	Culvert Installation	\$3,795.00		\$3,795.00
	Culverts	\$4,852.42		\$4,852.42
	Culverts - Freight	\$720.00		\$720.00
	Landings	\$3,447.30		\$3,447.30
	Pavement	\$3,053.94		\$3,053.94
	R&M - Metal		\$2,355.00	\$2,355.00
	Road Formation	\$6,735.40		\$6,735.40
	Spread from stockpile	\$3,780.00		\$3,780.00
	Trucks - Cart & Spread	\$5,498.68		\$5,498.68
	Crossings	\$350.00		\$350.00
	Metal - Stripping	\$2,100.00		\$2,100.00
	Metal - Winning	\$715.99		\$715.99
		\$51,909.69	\$11,241.97	\$63,151.65

Table 3: Engineering Costs

FMNZ removed the earthworks contractor from Saddleback in November due to poor performance. A new contractor moved in from another FMNZ forest and made an immediate positive impact.

A 1.05m crossing was completed on Aitken Road and the road completed up to and including Landing 14. Slips were tidied up on Tither Road and maintenance work completed on Casey Road associated with clearfell harvesting.

Planned Activities for December 2021

Construction of Aitken Road will continue to Landing 15 as well as work on Trumpet Road to Landing 10. Once these sections have been done, the main earthworks in Saddleback will be completed.

Planned activities for December are for Log 1 to move to Landing 10, Setting 503 on Retrospect Road.

Log 2 will continue clearfell harvest in Setting 4 from Landing 4 on Casey Road.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
November	\$200,268.11	\$6,440,179.80

Table 4: Total Revenue

The net revenue for the month equates to an average of **\$41.69** per tonne, or **\$37,086.69** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
November	Management	\$21,925.56
	FGC levy	\$1,634.42
		\$23,559.98

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
November	Other	\$87.69
	Consumables	\$176.13
		\$263.82

Table 6: Miscellaneous Expenses

Other costs are for the proportional costs of operating the forest digital radio network.

Consumable costs are for docket books used for the loadout of logs during November and for domestic and export log stencils for the harvest crews.

Health and Safety

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

Environmental

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

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.

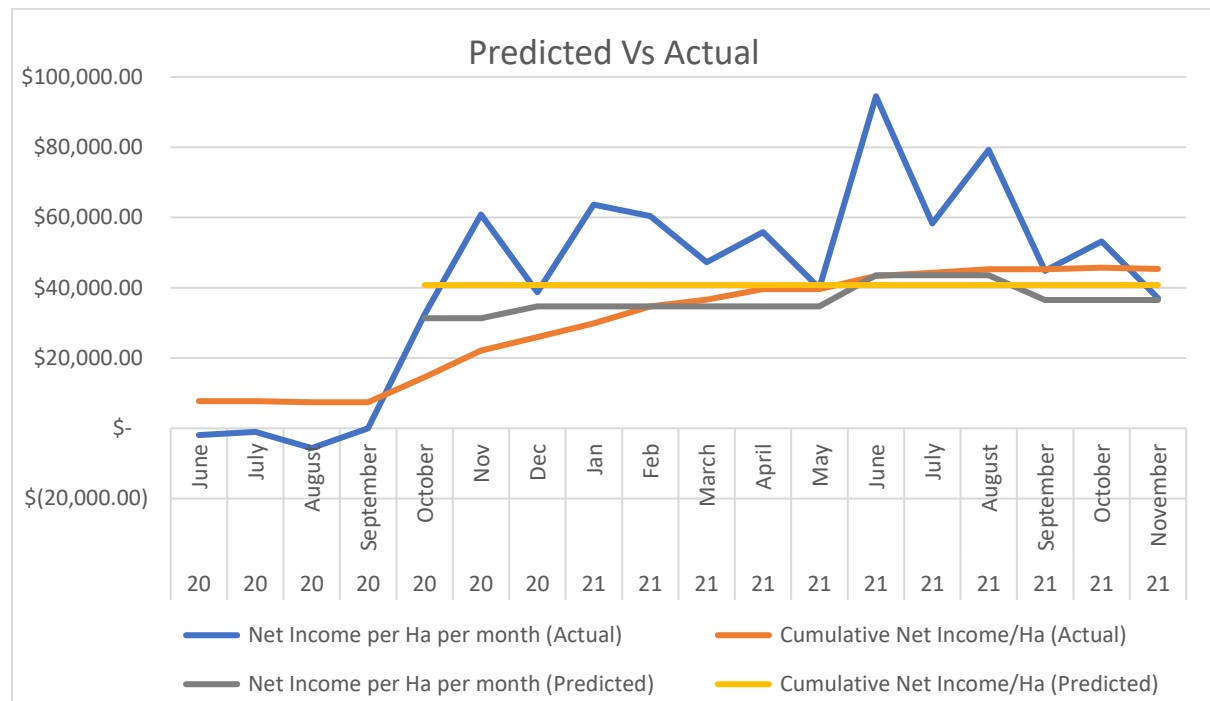


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$62.58**, forecast was \$60.27.

Gross return per tonne to date is **\$140.77**, forecast was \$132.69.

Net return per hectare to date is **\$45,380.24**, forecast was \$40,777.58.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Saddleback Forest Partnership

01/11/2021 to 30/11/2021

Paid to bank account # 02-0792-0001422-000

GST # 60-562-296

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp		134.36		\$45.50	\$6,113.38
TOTAL BINWOOD SALES		134.36			\$6,113.38

Domestic					
Pruned Dom		282.16		\$194.50	\$54,880.12
Pruned Dom	P1 4.9	267.50		\$192.00	\$51,360.00
TOTAL DOMESTIC SALES		549.66			\$106,240.12

Export					
Pruned Exp	P40 3.9	0.00	89.362	\$141.00	\$12,600.04
Pruned Exp	P40 3.9	0.00	128.361	\$170.00	\$21,821.37
Pruned Exp	P40 5.9	0.00	63.591	\$170.00	\$10,810.47
Pruned Exp	P30 3.9	0.00	34.540	\$114.00	\$3,937.56
Pruned Exp	P30 3.9	0.00	116.627	\$135.00	\$15,744.64
Pruned Exp	P30 5.1	0.00	12.162	\$114.00	\$1,386.47
Pruned Exp	P30 5.1	0.00	63.141	\$135.00	\$8,524.03
A40	AO 3.8	0.00	318.868	\$116.00	\$36,988.69
A40	AO 3.9	0.00	410.439	\$99.00	\$40,633.46
A30	A 3.8	0.00	539.784	\$93.00	\$50,199.91
A30	A 3.8	0.00	89.974	\$114.00	\$10,257.04
A30	A 5.8	0.00	622.882	\$95.00	\$59,173.79
A30	A 5.8	0.00	383.219	\$116.00	\$44,453.40
K	K 3.8	0.00	324.299	\$86.00	\$27,889.71
K	K 3.8	0.00	86.770	\$106.00	\$9,197.62
K	K 5.8	0.00	106.863	\$88.00	\$9,403.94
K	K 5.8	0.00	113.840	\$108.00	\$12,294.72
KI	KI 2.9	0.00	14.326	\$67.00	\$959.84
KI	KI 3.8	0.00	183.843	\$77.00	\$14,155.91
KI	KI 3.8	0.00	93.092	\$97.00	\$9,029.92
TOTAL EXPORT SALES		0.00	3,795.983		\$399,462.53

Export Pulp					
Export Pulp	KIS 2.9	0.00	56.292	\$65.00	\$3,658.98
Export Pulp	KIS 2.9	0.00	71.775	\$80.00	\$5,742.00
Export Pulp	KIS 3.8	0.00	213.495	\$72.00	\$15,371.64
Export Pulp	KIS 3.8	0.00	130.484	\$88.00	\$11,482.59
Export Pulp	KIS 5.8	0.00	0.752	\$90.00	\$67.68
TOTAL EXPORT PULP SALES		0.00	472.798		\$36,322.89

Appendix 1 Harvesting Financial Summary (Continued)

TOTAL	684.02	4,268.781	\$548,138.92
FEES			
FMNZ Management Fee @ %			\$21,925.56
TOTAL FEES			\$21,925.56
LEVIES			
Forest Grower Commodity Levy @ \$0.33			\$1,634.42
TOTAL LEVIES			\$1,634.42
COSTS			
Harvesting			\$185,475.81
Cartage			\$73,035.05
Weighbridge			\$1,628.53
Consumables			\$176.13
Crossings			\$350.00
Culvert Installation			\$3,795.00
Culvert Pipes			\$4,852.42
Culverts - Freight			\$720.00
Establishment			\$5,078.40
Landings			\$3,447.30
Loadout Bay: Construction			\$2,315.94
Metal - Stripping			\$2,100.00
Metal - Winning			\$715.99
Metalling: Cart to road			\$5,498.68
Metalling: Cart to stockpile			\$2,554.13
Metalling: Grading & Rolling			\$3,053.94
Metalling: Spread from Stockpile			\$3,780.00
Other			\$860.99
Post Harvest Rehab			\$1,225.00
R&M - Metal			\$2,355.00
R&M - Road Maintenance			\$10,882.72
Road Formation			\$6,735.40
Stockpile Works			\$2,918.43
Trailer Lifting			\$756.00
TOTAL COSTS			\$324,310.86
TOTAL FEES, LEVIES & COSTS			\$347,870.84
NET INCOME			
NET INCOME			\$200,268.08
GST			\$30,040.21
NET INCOME (INCLUDING GST)			\$230,308.29



Photos 1 & 2: Crossing installation.



SADDLEBACK CUMULATIVES

Categories	Descriptions	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	Nov 21	Grand Total
Engineering	Culvert Installation	-\$600.00	-\$8,818.87	-\$2,855.00	-\$6,698.07	-\$656.10	-\$729.00		-\$2,241.40		-\$3,280.50	-\$492.10	-\$3,795.00	-\$30,166.04
	Culverts	-\$3,070.50	-\$12,077.32	-\$2,846.34	-\$34,316.84	-\$2,846.34	-\$3,240.00		-\$2,846.34		-\$6,157.26	-\$7,779.03	-\$4,852.42	-\$80,032.39
	Culverts - Freight	-\$325.00	-\$600.00	-\$300.00	-\$2,430.00	-\$1,249.71	-\$1,895.40		-\$1,458.00		-\$1,177.34	-\$312.43	-\$720.00	-\$10,467.87
	Entranceway - Seal		-\$129.47	-\$1,190.00										-\$1,319.47
	Establishment - Engineering	-\$1,420.00	-\$7,695.00	-\$7,241.90	-\$4,742.50	-\$350.00	-\$1,982.10	-\$795.00	-\$1,568.10	-\$291.60			-\$5,078.40	-\$31,164.60
	Fluming		-\$8,347.42	-\$1,640.93	-\$1,815.50	-\$4,758.00	-\$380.14		-\$1,671.00		-\$292.53			-\$18,905.52
	Geotextiles		-\$420.00					-\$4,565.38						-\$4,985.38
	Grass Seeding		-\$2,330.08	-\$1,638.55		-\$1,449.75					-\$927.50			-\$6,345.88
	Landings	-\$46,640.00	-\$219,420.00	-\$38,720.00	-\$26,316.42	-\$10,247.40	-\$13,522.56	-\$2,395.20	-\$15,120.24	-\$583.20	-\$2,114.10		-\$3,447.30	-\$378,526.42
	Loader Hire		-\$5,040.00	-\$1,080.00										-\$6,120.00
	Loadout Bay Construction			-\$1,770.54			-\$624.85				-\$2,634.78		-\$2,315.94	-\$7,346.11
	Loadout Bay Metal			-\$3,733.98	-\$583.20									-\$4,317.18
	Metal - Winning	-\$3,180.30		-\$1,895.40					-\$13,408.54				-\$715.99	-\$19,200.23
	Metal Lime	-\$9,241.90	-\$11,449.25	-\$2,218.75										-\$22,909.90
	Metal Rock	-\$16,603.77	-\$53,360.44	-\$414.60	-\$497.25	-\$3,766.60		-\$9,121.00	-\$4,996.00					-\$88,759.66
	Other		-\$2,710.00										-\$773.30	-\$3,483.30
	Pads			-\$21,352.70	-\$3,592.80	-\$1,197.60	-\$1,676.64			-\$2,000.00	-\$6,040.20			-\$35,859.94
	Pavement	-\$12,680.00	-\$24,645.00	-\$5,695.00	-\$3,494.00	-\$5,103.00	-\$3,393.82	-\$3,717.90	-\$19,052.87	-\$2,405.70			-\$3,053.94	-\$83,241.23
	R&M	-\$4,100.00	-\$4,765.00							-\$1,749.59	-\$11,132.83			-\$21,747.42
	R&M - Event Cleanup			-\$6,490.00							-\$364.50			-\$6,854.50
	R&M - Metal			-\$180.00						-\$3,349.75		-\$3,337.42	-\$2,355.00	-\$9,222.17
	Rehab			-\$1,615.00			-\$718.56			-\$2,364.00	-\$9,789.24	-\$843.60	-\$1,225.00	-\$16,555.40
	Rehab - Environmental		-\$432.16											-\$432.16
	Road Formation	-\$88,910.00	-\$169,316.50	-\$31,222.06	-\$47,834.18	-\$39,568.20	-\$26,738.04	-\$2,395.20	-\$3,926.16		-\$5,175.90	-\$12,970.35	-\$6,735.40	-\$434,791.99
	Sediment Control		-\$100.00											-\$100.00
	Spread from stockpile	-\$23,230.00	-\$50,877.50	-\$15,777.24	-\$10,107.05	-\$15,058.89	-\$4,124.01	-\$5,998.56	-\$2,166.13	-\$4,998.80			-\$3,780.00	-\$136,118.16
	Stockpile Works			-\$11,966.64	-\$8,120.55	-\$7,680.62	-\$7,508.72	-\$2,843.10	-\$520.72				-\$2,918.44	-\$41,558.79
	Trucks - Cart & Dump	-\$37,277.71	-\$90,217.50	-\$8,558.50	-\$11,179.43	-\$19,158.62	-\$3,780.37	-\$4,753.98	-\$11,439.02				-\$2,554.13	-\$188,919.24
	Trucks - Cart & Spread	-\$19,332.30	-\$7,857.75	-\$2,847.34	-\$13,689.28	-\$7,873.11	-\$9,919.53		-\$41,039.57			-\$6,435.96	-\$5,498.68	-\$114,493.49
	Crossings					-\$2,950.00							-\$350.00	-\$3,300.00
	Temp Landings					-\$1,916.16								-\$1,916.16
	R&M - Road Maintenance						-\$9,744.00	-\$2,749.34	-\$5,837.12	-\$2,051.61		-\$2,358.76	-\$10,882.72	-\$33,623.55
	Metal - Stripping												-\$2,100.00	-\$2,100.00
Engineering Total		-\$266,611.48	-\$680,609.26	-\$173,250.46	-\$175,417.05	-\$125,830.09	-\$89,977.73	-\$39,334.65	-\$127,291.20	-\$19,794.25	-\$49,086.68	-\$34,529.64	-\$63,151.65	-\$1,844,884.11
Fees	FGC levy	-\$799.06	-\$3,103.57	-\$7,799.76	-\$2,554.38	-\$2,948.15	-\$2,577.11	-\$2,268.50	-\$1,678.66	-\$1,343.08	-\$2,809.40	-\$2,177.68	-\$1,634.42	-\$31,693.79
	Management	-\$16,716.66	-\$63,881.72	-\$144,404.48	-\$45,623.26	-\$54,985.13	-\$49,382.15	-\$46,135.06	-\$33,508.40	-\$22,112.36	-\$45,873.97	-\$34,881.55	-\$21,925.56	-\$579,430.31
Fees Total		-\$17,515.72	-\$66,985.29	-\$152,204.24	-\$48,177.65	-\$57,933.28	-\$51,959.27	-\$48,403.57	-\$35,187.06	-\$23,455.44	-\$48,683.37	-\$37,059.23	-\$23,559.98	-\$611,124.09
Harvesting	Cartage - Truck	-\$43,101.27	-\$164,624.78	-\$348,619.47	-\$104,579.58	-\$119,780.80	-\$106,557.37	-\$99,158.44	-\$78,936.17	-\$61,143.41	-\$130,961.32	-\$100,435.55	-\$73,035.05	-\$1,430,933.21
	Establishment - harvesting	-\$7,222.00		-\$16,172.50	-\$2,295.00		-\$3,010.00	-\$3,245.00		-\$5,860.00	-\$3,060.00			-\$40,864.50
	Logging	-\$121,076.22	-\$469,139.60	-\$1,021,771.72	-\$301,029.48	-\$348,537.24	-\$306,780.63	-\$277,362.43	-\$202,700.48	-\$172,375.24	-\$358,798.34	-\$255,316.89	-\$185,475.81	-\$4,020,364.07
	Tracking			-\$5,389.32	-\$3,280.44			-\$364.50		-\$4,728.00		-\$351.50		-\$14,113.76
	Trailer Lifting			-\$486.00	-\$1,332.00	-\$414.00	-\$588.00	-\$738.00	-\$606.00		-\$1,032.00	-\$480.00	-\$756.00	-\$6,432.00
	Weighbridge	-\$1,124.55	-\$3,685.21	-\$8,991.44	-\$2,529.15	-\$3,010.75	-\$2,660.26	-\$2,441.43	-\$1,788.32	-\$1,390.16	-\$3,000.03	-\$2,256.17	-\$1,628.53	-\$34,506.01
	Cartage - Trans Shipping			-\$675.00										-\$675.00
Harvesting Total		-\$172,524.03	-\$637,449.59	-\$1,401,430.44	-\$415,720.66	-\$471,742.79	-\$419,596.25	-\$383,309.80	-\$284,030.97	-\$245,496.81	-\$496,851.69	-\$358,840.11	-\$260,895.39	-\$5,547,888.55
Income	Log Sales	\$417,916.59	\$1,597,043.01	\$3,610,111.97	\$1,140,581.62	\$1,374,628.26	\$1,234,553.85	\$1,153,376.57	\$837,710.01	\$552,808.96	\$1,146,849.14	\$872,038.78	\$548,138.95	\$14,485,757.69
Income Total		\$417,916.59	\$1,597,043.01	\$3,610,111.97	\$1,140,581.62	\$1,374,628.26	\$1,234,553.85	\$1,153,376.57	\$837,710.01	\$552,808.96	\$1,146,849.14	\$872,038.78	\$548,138.95	\$14,485,757.69
Miscellaneous	Consents	\$5,010.00												\$5,010.00
	Consultancy Fees	-\$68.87		-\$639.00										-\$707.87
	Consumables	-\$118.50	-\$295.56	-\$833.47	-\$265.51	-\$224.38	-\$254.68	-\$222.34	-\$95.65	-\$181.90	-\$293.91	-\$133.69	-\$176.13	-\$3,095.73
	Environmental Monitoring			-\$386.00			-\$542.01		-\$354.75		-\$222.00			-\$1,504.76
	Other	-\$190.51	-\$875.47	-\$792.75	-\$95.00	-\$432.04	-\$280.00	-\$95.00	-\$114.00	-\$2,473.63	-\$103.63	-\$103.64	-\$87.69	-\$5,643.36
	Power Lines	-\$3,627.24												-\$3,627.24
	Security	-\$68.87	-\$33.71											-\$102.58
	Traffic Management	-\$178.42	-\$8,004.07	-\$3,608.50			-\$75.00	-\$107.39						-\$11,973.38
	Royalty payments					-\$9,359.85	-\$9,881.25	-\$1,519.00						-\$20,760.10
Miscellaneous Total		\$757.59	-\$9,208.81	-\$6,259.72	-\$360.51	-\$10,016.27	-\$11,032.94	-\$1,943.73	-\$564.40	-\$2,655.53	-\$619.54	-\$237.33	-\$263.82	-\$42,405.02
Grand Total		-\$37,977.05	\$202,790.06	\$1,876,967.11	\$500,905.76	\$709,105.83	\$661,987.66	\$680,384.82	\$390,636.38	\$261,406.93	\$551,607.86	\$441,372.46	\$200,268.11	\$6,439,455.92