HARVESTING REPORT
November 2021

SHERWOOD FOREST

Felling machine in Setting 39.

FMNZ
"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Sherwood – November 2021

Summary

- Gross revenue for the month is **$421,217.15**
- Costs for the month are **$389,993.81**
- Net income for the month is **$31,223.34**
- Tonnes harvested for the month is **3,396.11**
- Net income per tonne for the month is **$9.19**
- Area cleared for the month is **5.90** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$6,410,248.67**
- Project costs to date are **$5,152,400.93**
- Project net income to date is **$1,257,847.74**
- Tonnes harvested to date is **43,543.61**
- Net income per tonne to date is **$28.89**
- Recoverable volume per hectare to date is **777.6** tonnes
- Net income per hectare to date is **$22,461.57**
- Total forest area is **259.14** hectares, approximate hectares cleared to date is **56** 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 **$421,217.15** with an average sale price over all grades of **$124.03** per tonne**.**

November 2021 - Log Markets, Hawkes Bay

The November export prices have dropped $13.86/Jas m^3 on average. The decrease has affected the pruned grades slightly more.

Radiata log inventories on the main Chinese ports we monitor have decreased to $4.60Mm^3$, 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.

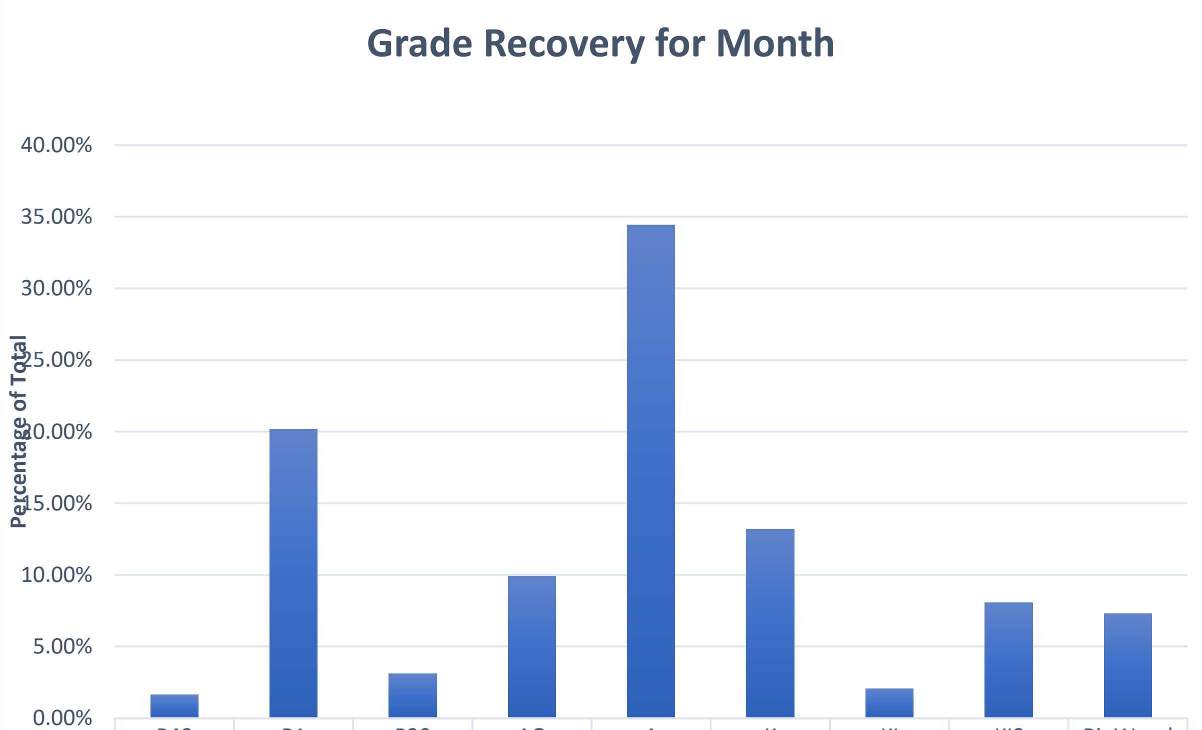
The freight market has continued to trend downward however, at this stage the Chinese appear to be taking advantage of freight cost gains by lowering the CFR price. Due to the lag time of ship chartering, we expect to see pre-booked vessels in December also affecting AWG prices.

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 $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:



	P40	P1	P30	AO	A	K	KI	KIS	BinWood
Total	1.64%	20.20%	3.12%	9.91%	34.45%	13.21%	2.07%	8.09%	7.32%

Chart 1: Grade Recovery for Month

Pruned recovery for November comprised 25% of overall sales volume, 20% 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 10% 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 **$127,726.41**, an average of **$37.61** per tonne.

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

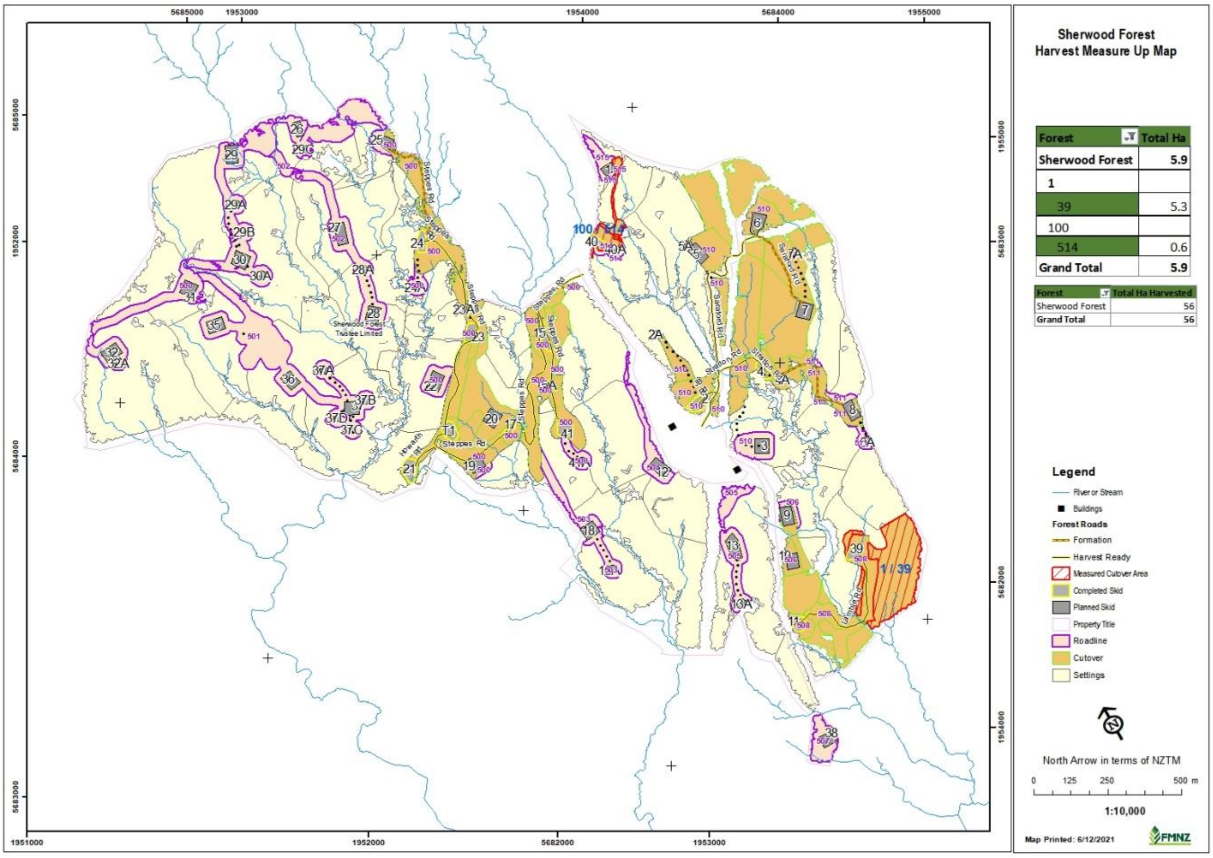
LOGGING COSTS		TOTAL
November		$127,726.41
		$127,726.41

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
November	Tracking	$2,300.00
		$2,300.00

Table 2: Additional Logging Costs

Tracking costs are for extra tracking required by the harvest crew for extraction alongside the power lines in roadline Setting 505.



Pic 1: Progress Map

During November the harvest crew moved to Landing 39 on Lambie Road and commenced clearfell harvesting.

They then moved to Landing 40 to carry out roadline harvesting of Setting 514 between Landings 1 and 40.

At the end of November they moved to roadline Setting 505 and cleared the roadline to Landing 13.

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 **$100,423.90** which is an average unit rate of **$29.57** per tonne.

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

CARTAGE COSTS		TOTAL
November	Cartage - Truck	$100,423.90
	Weighbridge	$1,017.12
	Trailer Lifting	$6.00
		$101,447.02

Table 3: Cartage Costs

The average cart rate for November inclusive of weighbridge and trailer lifting fees is **$29.87** 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
November	Crossings	$13,955.00		$13,955.00
	Culvert Installation	$2,530.00		$2,530.00
	Culverts	$19,257.64		$19,257.64
	Culverts - Freight	$4,800.00		$4,800.00
	Establishment - Engineering	$1,880.00		$1,880.00
	Fluming	$292.53		$292.53
	Grass Seeding	$171.00		$171.00
	Landings	$31,080.00		$31,080.00
	Loadout Bay Construction	$1,805.00		$1,805.00
	Metal Rock	$2,386.85		$2,386.85
	Pavement	$1,105.00		$1,105.00
	R&M - Road Maintenance		$2,455.00	$2,455.00
	Road Formation	$40,780.00		$40,780.00
	Spread from stockpile	$4,200.00		$4,200.00
	Stockpile Works	$3,610.00	$1,045.00	$4,655.00
	Trucks - Cart & Dump	$5,360.00		$5,360.00
		$133,213.02	**$3,500.00**	**$136,713.02**

Table 4: Engineering Costs

A significant 1050 mm crossing was installed on Steppes Road between Landings 25 and 26 in November. This was a milestone as the crossing now gives access to the western side of the forest.

The short road up to Landing 13, Stratton Road to Landing 8 and Saraford Road to Landing 7 were all completed. All open sites were metalled and stabilised before the earthworks crew vacated the forest late in the month.

Planned Activities for December 2021

The harvest crew will finish processing and loadout from Landing 40 and then move back to Setting 39, Lambie Road.

There will be no more earthworks other than some rehabilitation work for a small machine to complete in December.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
November	**$31,223.34**	**$1,257,847.74**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$9.19** per tonne, or **$5,292.09** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
November	Management	$16,848.69
	FGC levy	$1,135.20
		$17,983.89

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
November	Other	$87.70
	Consumables	$101.38
	Traffic Management	$1,736.40
		$1,925.48

Table 7: 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 antisapstain used to treat the ends of pruned export logs.

Traffic Management costs are for planning, drafting and submission of a Traffic Management Plan and for two way traffic control on 25th November for construction of the entranceway to Landing 13.

Health and Safety

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

Environmental

ENVIRONMENTAL		TOTAL
November	Environmental Monitoring	$1,898.00
		$1,898.00

Table 8: Environmental Expenses

A pre-harvest native vegetation assessment was undertaken within Setting 11 on Lambie 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.

The Hawke's Bay Regional Council visited the forest and assessed both consented and permitted harvesting and earthworks activities as being moderately non-compliant due to a culvert on Lambie Road breaching two NES-PF regulations (height and fish passage provision). These issues are expected to be resolved by December 2021.

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.

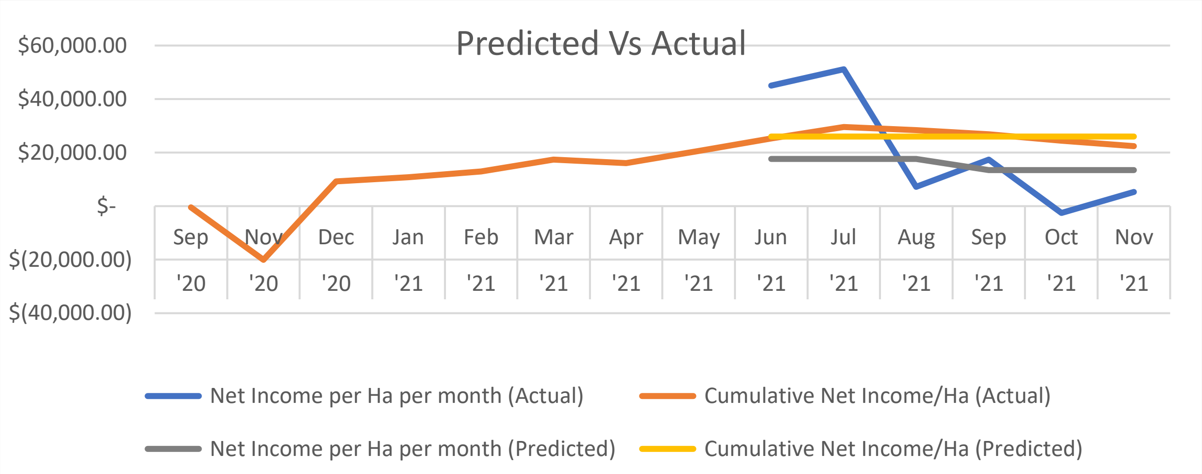


Chart 2: Actual vs Predicted

Net return per tonne to date is **$28.89** forecast was $33.41.

Gross return per tonne to date is **$147.21**, forecast was $131.73.

Net return per hectare to date is **$22,461.57**, forecast was $26,007.28.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ
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Historic Harvesting Financial Summary

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

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

SALES					
Type	**Grade**	**Tonnes**	**Jas (m3)**	**Sales Price**	**Gross Revenue ($)**
Binwood					
Pulp		248.52		$45.50	$11,307.66
TOTAL BINWOOD SALES		**248.52**			**$11,307.66**

Domestic					
Pruned Dom		34.50		$194.50	$6,710.25
Pruned Dom	P1 4.3	129.26		$192.00	$24,817.92
Pruned Dom	P1 4.9	253.06		$179.00	$45,297.74
Pruned Dom	P1 4.9	269.36		$192.00	$51,717.12
TOTAL DOMESTIC SALES		**686.18**			**$128,543.03**

Export					
Pruned Exp	P40 3.9	0.00	43.879	$170.00	$7,459.43
Pruned Exp	P40 5.9	0.00	13.587	$170.00	$2,309.79
Pruned Exp	P30 3.9	0.00	115.800	$135.00	$15,633.00
A40	AO 3.8	0.00	361.636	$116.00	$41,949.78
A30	A 3.8	0.00	466.054	$114.00	$53,130.16
A30	A 5.8	0.00	33.614	$95.00	$3,193.33
A30	A 5.8	0.00	720.995	$116.00	$83,635.42
K	K 3.8	0.00	153.791	$106.00	$16,301.85
K	K 5.8	0.00	273.921	$108.00	$29,583.47
KI	KI 3.8	0.00	67.121	$97.00	$6,510.74
TOTAL EXPORT SALES		**0.00**	**2,250.398**		**$259,706.97**

Export Pulp					
Export Pulp	KIS 2.9	0.00	96.666	$80.00	$7,733.28
Export Pulp	KIS 3.8	0.00	157.868	$88.00	$13,892.38
Export Pulp	KIS 5.8	0.00	0.376	$90.00	$33.84
TOTAL EXPORT PULP SALES		**0.00**	**254.910**		**$21,659.50**
TOTAL		**934.70**	**2,505.308**		**$421,217.16**

FEES	
FMNZ Management Fee @ %	$16,848.69
TOTAL FEES	**$16,848.69**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,135.21
TOTAL LEVIES	**$1,135.21**
COSTS	
Harvesting	$127,726.41
Cartage	$100,423.90
Weighbridge	$1,017.12
Consumables	$101.38
Crossings	$13,955.00
Culvert Installation	$2,530.00
Culvert Pipes	$19,257.64
Culverts - Freight	$4,800.00
Environmental Monitoring	$1,898.00
Establishment	$1,880.00
Fluming	$292.53
Grass Seeding	$171.00
Landings	$31,080.00
Loadout Bay: Construction	$1,805.00
Metal Rock m3	$2,386.84
Metalling: Cart to stockpile	$5,360.00
Metalling: Grading & Rolling	$1,105.00
Metalling: Spread from Stockpile	$4,200.00
Other	$87.70
R&M - Road Maintenance	$2,455.00
Road Formation	$40,780.00
Stockpile Works	$4,655.00
Tracking	$2,300.00
Traffic Management	$1,736.40
Trailer Lifting	$6.00
TOTAL COSTS	**$372,009.93**
TOTAL FEES, LEVIES & COSTS	**$389,993.83**

NET INCOME	**$31,223.33**
GST	**$4,683.50**
NET INCOME (INCLUDING GST)	**$35,906.83**

Photo 1: Sorting logs on Landing 40.

Photo 2: Installation of culvert above Landing 25.

Photos 3 & 4: Loadout on Landing 40.

SHERWOOD 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	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	-$2,530.00	-$91,792.50
	Culverts	-$53,430.87	-$370.00	-$15,773.78			-$8,539.02		-$6,157.26	-$6,157.26	-$19,257.64	-$109,685.83
	Culverts - Freight	-$8,150.00	-$540.00	-$780.00		-$180.00	-$540.00		-$360.00	-$540.00	-$4,800.00	-$15,890.00
	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	-$1,880.00	-$20,568.75
	Fluming	-$8,846.25	-$7,278.68	-$3,206.83	-$82.34	-$673.98	-$1,922.99		-$3,649.98	-$3,430.60	-$292.53	-$29,384.18
	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	-$31,080.00	-$358,500.00
	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	-$2,386.85	-$160,817.62
	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	-$1,105.00	-$23,262.50
	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	-$2,455.00	-$33,525.00
	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	-$40,780.00	-$575,180.00
	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	-$4,200.00	-$41,195.00
	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	-$4,655.00	-$46,771.39
	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	-$5,360.00	-$180,185.31
	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		-$171.00	-$5,317.25
	Loadout Bay Construction		-$780.00	-$940.00	-$420.00	-$3,080.00		-$540.00		-$760.00	-$1,805.00	-$8,325.00
	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					-$13,955.00	-$22,530.00
	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**	**-$136,713.02**	**-$1,828,799.79**
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	-$1,135.20	-$14,213.00
	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	-$16,848.69	-$256,409.95
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**	**-$17,983.89**	**-$270,622.95**
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	-$100,423.90	-$1,249,339.83
	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	-$127,726.41	-$1,654,458.23
	Tracking	-$22,135.00	-$645.00		-$950.00			-$4,910.00	-$2,470.00	-$2,742.50	-$2,300.00	-$36,152.50
	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	-$1,017.12	-$13,435.78
	Trailer Lifting		-$6.00			-$6.00	-$66.00		-$48.00	-$6.00	-$6.00	-$138.00
	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**	**-$231,473.43**	**-$2,973,365.12**
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	$421,217.15	$6,410,248.67
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**	**$421,217.15**	**$6,410,248.67**
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	-$101.38	-$1,227.41
	Environmental Monitoring	-$193.00	-$144.75	-$290.75	-$869.75	-$280.00	-$3,431.75				-$1,898.00	-$7,108.00
	Other	-$253.89			-$185.00	-$2,000.00		-$571.42			-$87.70	-$3,098.01
	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	-$1,736.40	-$35,983.22
	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**	**-$3,823.48**	**-$79,613.08**
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**	**$31,223.34**	**$1,257,847.74**