HARVESTING REPORT
December 2021

CRICKLEWOOD FOREST

Looking from Brazier Road to Setting 24.

FMNZ
"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Cricklewood – December 2021

Summary

- Gross revenue for the month is **$270,057.01**
- Costs for the month are **$174,094.72**
- Net income for the month is **$95,962.29**
- Tonnes harvested for the month is **2,263.82**
- Net income per tonne for the month is **$42.39**
- Area cleared for the month is **1.4** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$20,677,126.18**
- Project costs to date are **$13,478,121.03**
- Project net income to date is **$7,199,005.14**
- Tonnes harvested to date is **156,398.46**
- Net income per tonne to date is **$46.03**
- Recoverable volume per hectare to date is **761.4** tonnes
- Net income per hectare to date is **$35,048.71**
- Total forest area is **315.8** hectares, approximate hectares cleared to date is **205.4** 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 **$270,057.01** with an average sale price over all grades of **$119.29** per tonne**.**

December 2021 - Log Markets, Hawkes Bay

The December export prices have slipped $2.64/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 4.54Mm^3, with daily offtake remaining solid at 80Km^3 per day. Inventory is expected to remain elevated through December and into January then move lower as arrivals of New Zealand log cargos diminish.

Over January all major supply sources into China are expected to be down on normal, with a recent ban on Siberian non-containerised logs and lumber and a wider ban on Russian log imports come into force in January 2022. This will remove 3–4Mm^3 from the log market over 2022. Also reports are that the EU beetle damaged spruce volumes will be down significantly as the rate of infestation has decreased along with strong local European demand. We are hoping we have seen the bottom of the market – the China wholesale domestic log market has flattened which is a good signal for short term price stability with the USD CFR sale price and the domestic selling price now closely aligned.

Both the oil and freight markets have made a small recovery over December. Spot rates moved briefly down into the high $30's primarily driven by the huge reduction in harvesting and lack of cargos. Looking forward, the freight rates will be an important driver in our market in 2022. This will be hugely affected by the demand from the iron ore and coal markets dominated by China by the larger Cape and Panamax vessel classes.

The USD has strengthened against the NZD since the end of October and the recent spread of the Omicron variant has intensified fears the world is not out of the Covid woods. This has dampened the demand for riskier currencies and is good news for New Zealand exporters and forest owners.

Domestic pruned log prices have settled flat this quarter due to concerns relating to the slowdown in harvesting affecting production.

Grade Recovery

Grade out turn for December is as follows:

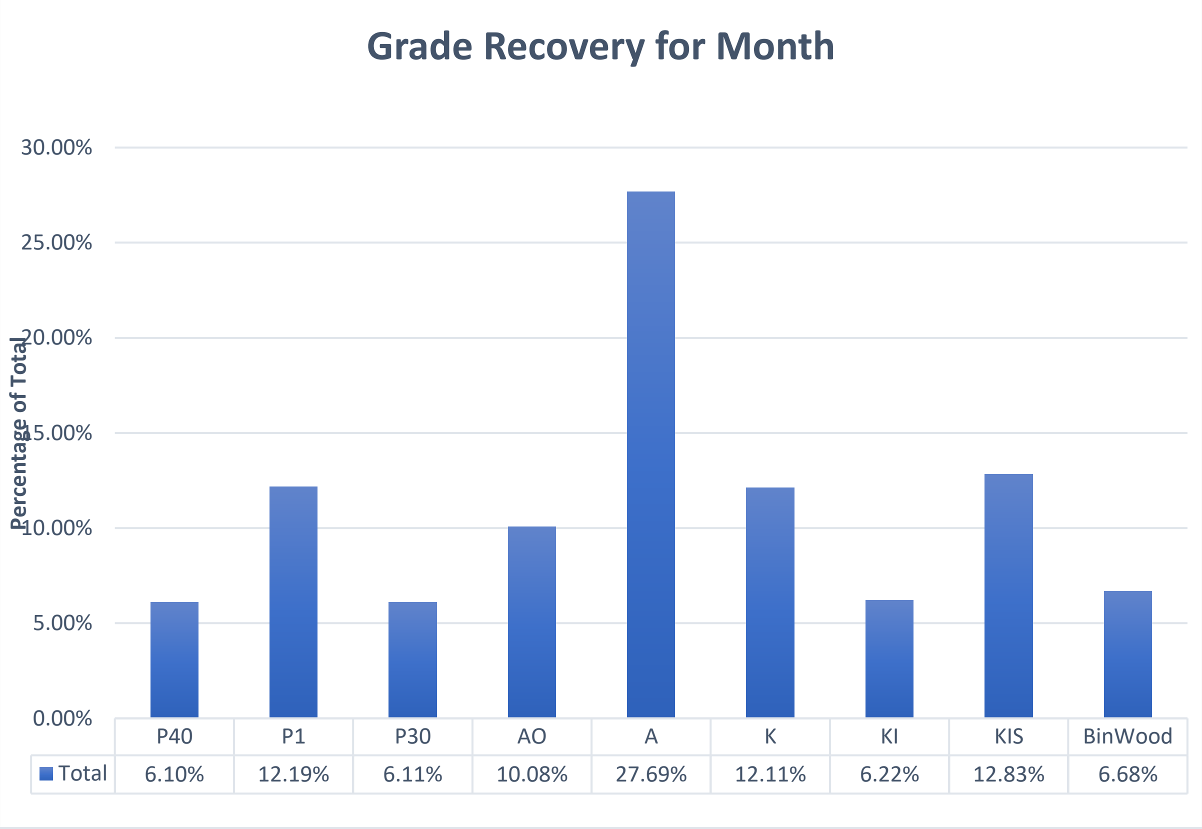


Chart 1: Grade Recovery for Month

Pruned recovery for November comprised 24% of overall sales volume, 12% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 50% of the total production volume, with lower quality export (KI and KIS grades) comprising 19% of volume.

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

Expenditure

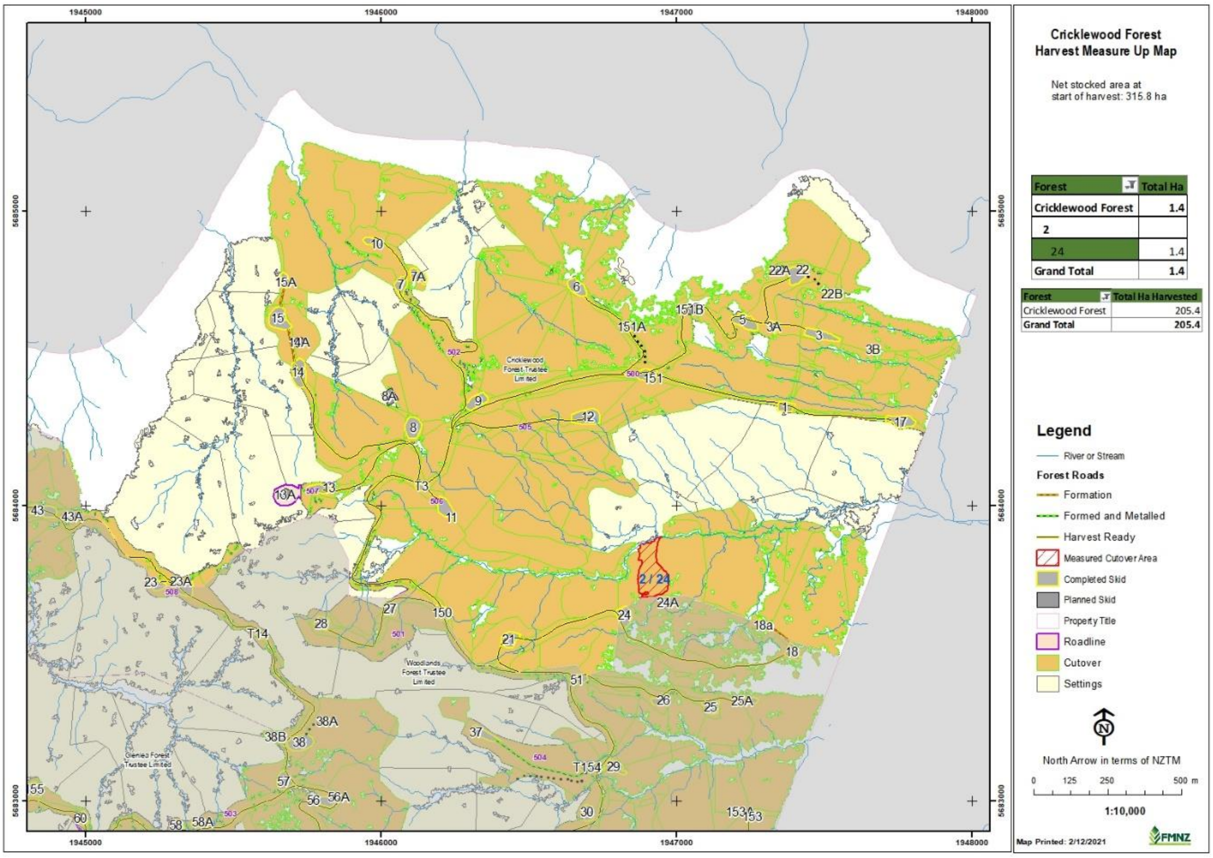
Harvesting

The total logging cost for the month was **$87,528.00**, an average of **$38.66** per tonne.

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

LOGGING COSTS		TOTAL
December	Logging – tonnes	$87,528.00
		$87,528.00

Table 1: Logging Costs



Pic 1: Progress Map

During December, the harvest crew continued with the clearfell of Setting 24 with the hauler from Landing 24A where they two-staged the front of Setting 24 up to Landing 24 on East Road. The crew only worked the dry days during December as it was not possible to get up the two-stage track from Landing 24A to Landing 24 during wet weather.

Harvesting operations continued to operate at capped harvest production levels in December. Overall caps on production were calculated on the available workdays in December and the crews stopped work for the Christmas break on the 17th of December. Return to work is planned for 17th of January 2022.

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 **$69,917.77** which is an average unit rate of **$30.88** per tonne.

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

CARTAGE COSTS		TOTAL
December	Cartage - Truck	$69,917.77
	Weighbridge	$863.08
	Trailer Lifting	$12.00
		$70,792.85

Table 2: Cartage Costs

The average cart rate for December inclusive of weighbridge and trailer lifting fees is **$31.27** 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
December	Trucks - Cart & Dump	$2,057.03		$2,057.03
	Culvert Installation		$175.00	$175.00
	Grass Seeding		$175.00	$175.00
	R&M - Culverts Maintenance	$100.00		$100.00
	R&M - Metal	$3,063.06		$3,063.06
		$5,220.09	**$350.00**	**$5,570.09**

Table 3: Engineering Costs

During December, remaining grass seeding and fluming was installed on Moonlight Road and red metal was supplied to the forest as maintenance material.

Planned Activities for January 2022

In January the harvest crew will continue to work out of Setting 24 on East Road and then move to Setting 7 on Hunter Road.

Earthworks in January will only be as required for maintenance.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
December	**$95,962.29**	**$7,199,005.14**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$42.39** per tonne, or **$68,544.49** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
December	Management	$10,802.28
	FGC levy	$772.68
		$11,574.96

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
December	Consumables	$41.61
	Other	-$1412.78
		-$1,371.17

Table 6: Miscellaneous Expenses

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

Other costs are for the proportional costs of operating the forest digital radio network and a proportional share of the contractor Christmas BBQ which is held on site at Christmas to thank the harvest crew for their efforts through the very difficult 2021 year.

A credit has been applied for the costs recovered from the logging contractor for the sapstained logs.

Health and Safety

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

Environmental

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

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.

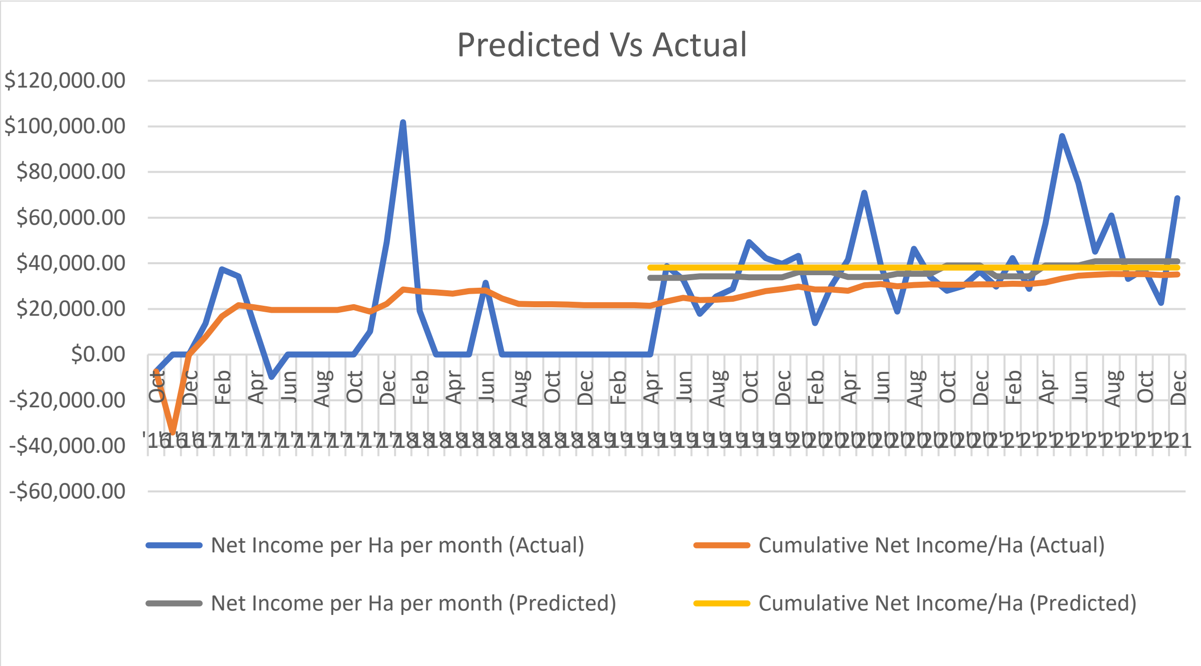


Chart 2: Actual vs Predicted

Net return per tonne to date is **$46.03**, forecast was $50.70.

Gross return per tonne to date is **$132.21**, forecast was $135.61.

Net return per hectare to date is **$35,048.71**, forecast was $38,119.31.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ

Historic Harvesting Financial Summary

Cricklewood Forest Partnership 01/12/2021 to 31/12/2021

Paid to bank account # 02-0792-0001502-000 GST # 61-378-960

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		151.24		$45.50	$6,881.42
TOTAL BINWOOD SALES		**151.24**			**$6,881.42**

Domestic					
Pruned Dom		32.92		$194.50	$6,402.94
Pruned Dom	P1 4.3	17.38		$192.00	$3,336.96
Pruned Dom	P1 4.9	32.98		$182.50	$6,018.85
Pruned Dom	P1 4.9	159.68		$192.00	$30,658.56
TOTAL DOMESTIC SALES		**242.96**			**$46,417.31**

Export					
Pruned Exp	P40 3.9	0.00	105.743	$166.00	$17,553.34
Pruned Exp	P40 5.9	0.00	43.649	$166.00	$7,245.73
Pruned Exp	P30 3.9	0.00	154.557	$130.00	$20,092.41
A40	AO 3.8	0.00	253.785	$114.00	$28,931.49
A30	A 3.8	0.00	244.884	$112.00	$27,427.01
A30	A 5.8	0.00	422.570	$114.00	$48,172.98
K	K 3.8	0.00	142.322	$104.00	$14,801.49
K	K 5.8	0.00	138.531	$106.00	$14,684.29
KI	KI 3.8	0.00	150.418	$95.00	$14,289.71
TOTAL EXPORT SALES		**0.00**	**1,656.459**		**$193,198.45**

Export Pulp					
Export Pulp	KIS 2.9	0.00	181.013	$78.00	$14,119.01
Export Pulp	KIS 3.8	0.00	109.777	$86.00	$9,440.82
TOTAL EXPORT PULP SALES		**0.00**	**290.790**		**$23,559.83**
TOTAL		**394.20**	**1,947.249**		**$270,057.01**

FEES	
FMNZ Management Fee @ %	$10,802.28
TOTAL FEES	**$10,802.28**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$772.68
TOTAL LEVIES	**$772.68**
COSTS	
Harvesting	$87,528.00
Cartage	$69,917.77
Weighbridge	$863.08
Consumables	$41.61
Culvert Installation	$175.00
Grass Seeding	$175.00
Metalling: Cart to stockpile	$2,057.03
Other	-$1,412.78
R&M - Culvert Maintenance	$100.00
R&M - Metal	$3,063.06
Trailer Lifting	$12.00
TOTAL COSTS	**$162,519.77**
TOTAL FEES, LEVIES & COSTS	**$174,094.73**

NET INCOME	**$95,962.28**
GST	**$14,394.34**
NET INCOME (INCLUDING GST)	**$110,356.62**

Photo 1: The last trees in Setting 24.

Photo 2: Setting 12 post-harvest.

Photo 3: Setting 24 extraction.

Photo 4: Setting 24, gully being cleaned out for extraction.

CRICKLEWOOD 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	Nov 21	Dec 21	Grand Total
Engineering	Corduroy					-$385.00											-$385.00
	Crossings	-$2,080.00															-$2,080.00
	Culvert Installation			-$510.30	-$2,712.00	-$882.00	-$5,316.00								-$1,120.00	-$175.00	-$10,715.30
	Culverts	-$14,035.61	-$21,380.60	-$4,748.27	-$7,394.51	-$17,359.39	-$2,846.34			$3,795.12							-$63,969.60
	Culverts - Freight		-$624.00	-$2,660.00	-$680.00	-$2,790.00	-$640.00					-$50.00			-$225.00		-$7,669.00
	Entranceway - Seal	-$2,497.47			-$73.70												-$2,571.17
	Establishment - Engineering	-$4,302.60	-$2,160.00	-$1,187.35	-$3,477.40	-$7,067.43	-$1,680.00	-$1,832.00	-$60.00	-$960.00	-$610.00		-$320.00	-$560.00	-$416.80		-$24,633.58
	Fluming		-$5,942.75	-$1,076.20	-$893.00	-$7,119.27	-$1,586.00			$1,586.00					-$235.50		-$15,266.72
	Grass Seeding				-$436.15	-$1,842.41	-$285.00	-$585.50	-$380.00				-$75.00			-$175.00	-$3,779.06
	Landings	-$18,280.00	-$24,067.50	-$33,180.44	-$27,456.00	-$46,300.00	-$3,591.00					-$7,824.00	-$1,596.00	-$9,861.00	-$4,424.00		-$176,579.94
	Loader Hire				-$1,950.64	-$3,327.00											-$5,277.64
	Loadout Bay Construction					-$2,486.65		-$1,471.00		-$1,650.00	-$2,015.00	-$110.00			-$440.00		-$8,172.65
	Loadout Bay Metal	-$1,292.83			-$280.00	-$2,879.00	-$385.00										-$4,836.83
	Metal Lime					-$912.00											-$912.00
	Metal Rock	-$119,579.52	-$124,267.33	-$30,222.35	-$39,243.06	-$63,221.76	-$28,110.49				-$5,276.90	-$3,362.67					-$413,284.08
	Other				-$801.67	-$1,474.79											-$2,276.46
	Pads		-$3,555.00			-$8,031.00	-$1,296.00					-$27,896.00	-$16,030.00	-$4,576.00			-$61,384.00
	Pavement			-$11,603.72	-$876.00	-$5,902.30	-$748.90	-$1,962.60		-$432.00	-$2,244.00			-$2,565.00	-$276.00		-$26,610.52
	Public Roads		-$2,166.67														-$2,166.67
	R&M		-$4,145.00	-$10,492.20	-$40,460.70	-$10,359.10	-$4,334.00	-$1,540.58		-$3,385.40	-$290.00						-$75,006.98
	R&M - Metal		-$2,040.00			-$1,045.00	-$742.31						-$3,684.25	-$11,511.72		-$3,063.06	-$22,086.34
	R&M - Road Maintenance	-$6,905.00	-$52,336.05	-$2,135.00		-$1,265.00	-$3,335.10	-$6,084.40	-$1,656.60	-$3,630.00		-$220.00	-$899.40	-$1,523.90	-$1,151.00		-$81,141.45
	Rehab				-$10,187.21	-$26,016.00	-$7,547.00		-$2,562.00	-$8,162.00	-$4,884.00		-$2,754.00	-$5,180.00			-$67,292.21
	Rehab - Skids/Pads		-$1,235.00														-$1,235.00
	Road Formation	-$58,574.50	-$127,867.31	-$76,797.90	-$9,150.60	-$132,481.00	-$24,714.00					-$4,051.00	-$600.00	-$6,312.00	-$1,120.00		-$441,668.31
	Sediment Control				-$26.88	-$390.61											-$417.49
	Spread from stockpile		-$5,165.91	-$41,780.72	-$24,922.97	-$20,187.50	-$4,400.00	-$1,980.00			-$6,124.00						-$104,561.11
	Stockpile Works					-$15,195.13	-$4,815.30	-$1,209.00		-$204.00	-$1,011.30	-$609.90	-$252.00	-$156.00	-$564.00		-$24,016.63
	Temp Landings					-$12,333.00											-$12,333.00
	Trucks - Cart & Dump		-$27,194.82	-$14,400.45	-$43,249.62	-$58,804.12	-$27,520.00	-$1,680.00				-$3,760.00	-$5,280.00	-$2,640.00	-$1,352.35	-$2,057.03	-$187,938.40
	Trucks - Cart & Spread	-$43,665.93	-$59,790.58		-$2,559.00	-$3,905.00											-$109,920.51
	Upgrade Roads	-$12,687.42															-$12,687.42
	R&M - Culverts Maintenance									-$75.00	-$500.00	-$75.00				-$100.00	-$750.00
	R&M - Event Cleanup									-$1,650.00							-$1,650.00
Engineering Total		**-$283,900.88**	**-$463,938.52**	**-$230,794.90**	**-$216,831.12**	**-$453,961.47**	**-$123,892.44**	**-$18,345.08**	**-$4,658.60**	**-$14,767.28**	**-$22,955.20**	**-$47,958.57**	**-$31,490.65**	**-$44,885.62**	**-$11,324.65**	**-$5,570.09**	**-$1,975,275.06**
Fees	FGC levy	-$1,812.35	-$3,889.67	-$422.75	-$11,282.07	-$14,108.67	-$2,031.20	-$1,071.32	-$1,691.28	-$1,701.85	-$1,294.44	-$1,166.62	-$1,589.70	-$1,261.43	-$1,329.94	-$772.68	-$45,425.97
	Management	-$37,117.01	-$80,785.48	-$9,738.89	-$203,391.10	-$256,071.32	-$35,519.84	-$19,560.11	-$31,980.33	-$34,008.44	-$25,446.05	-$18,578.68	-$25,437.51	-$19,839.74	-$18,808.47	-$10,802.28	-$827,085.25
Fees Total		**-$38,929.36**	**-$84,675.15**	**-$10,161.64**	**-$214,673.17**	**-$270,179.98**	**-$37,551.03**	**-$20,631.44**	**-$33,671.61**	**-$35,710.30**	**-$26,740.50**	**-$19,745.30**	**-$27,027.20**	**-$21,101.17**	**-$20,138.41**	**-$11,574.96**	**-$872,511.22**
Harvesting	Cartage - Trans Shipping				-$495.00												-$495.00
	Cartage - Truck	-$175,677.48	-$378,840.46	-$42,923.31	-$1,198,921.51	-$1,400,311.75	-$175,709.41	-$91,563.36	-$147,334.69	-$152,391.44	-$123,489.40	-$111,718.35	-$149,332.04	-$114,648.43	-$120,845.98	-$69,917.77	-$4,453,625.35
	Establishment - harvesting	-$3,656.25			-$28,624.50				-$480.00								-$32,760.75
	Logging	-$253,432.64	-$526,166.32	-$66,452.62	-$1,653,461.22	-$1,938,819.20	-$234,073.20	-$120,398.80	-$199,554.40	-$208,653.20	-$154,267.20	-$140,079.60	-$184,901.60	-$145,174.00	-$147,016.40	-$87,528.00	-$6,059,978.41
	Logging - Hourly				-$2,500.00												-$2,500.00
	Tracking		-$2,220.00														-$2,220.00
	Trailer Lifting	-$144.43	-$1,021.01			-$6.00	-$30.00	-$12.00		-$30.00	-$12.00		-$6.00		-$18.00	-$12.00	-$1,291.44
	Weighbridge	-$2,319.94	-$5,013.06	-$627.23	-$13,871.63	-$16,267.29	-$1,740.20	-$896.63	-$1,640.27	-$1,752.16	-$1,209.99	-$1,162.78	-$1,455.82	-$1,213.22	-$1,081.71	-$863.08	-$51,115.00
Harvesting Total		**-$435,230.73**	**-$913,260.84**	**-$110,003.16**	**-$2,897,873.87**	**-$3,355,404.23**	**-$411,552.81**	**-$212,870.79**	**-$349,009.37**	**-$362,826.79**	**-$278,978.58**	**-$252,960.72**	**-$335,695.46**	**-$261,035.65**	**-$268,962.09**	**-$158,320.85**	**-$10,603,985.94**
Income	Log Sales	$927,920.00	$2,019,637.11	$243,472.23	$5,084,777.48	$6,401,782.88	$887,995.91	$489,002.87	$799,508.23	$850,211.12	$636,151.37	$464,467.12	$635,937.66	$495,993.57	$470,211.63	$270,057.01	$20,677,126.17
Income Total		**$927,920.00**	**$2,019,637.11**	**$243,472.23**	**$5,084,777.48**	**$6,401,782.88**	**$887,995.91**	**$489,002.87**	**$799,508.23**	**$850,211.12**	**$636,151.37**	**$464,467.12**	**$635,937.66**	**$495,993.57**	**$470,211.63**	**$270,057.01**	**$20,677,126.17**
Miscellaneous	Consultancy Fees			-$165.84	-$386.36							-$614.39					-$1,166.59
	Consumables	-$410.98	-$570.21	-$124.85	-$1,530.32	-$2,297.60	-$146.85	-$59.09	-$141.25	-$308.12	-$111.96	-$65.14	-$126.96	-$71.96	-$112.98	-$41.61	-$6,119.88
	Environmental Monitoring				-$150.00					-$1,182.90	-$269.50						-$1,602.40
	Fencing				-$391.18												-$391.18
	Other		-$123.60	-$4,996.02	-$2,577.03	-$2,905.15	-$95.00	-$95.00	-$95.00	-$95.00	-$114.00	-$688.21	-$103.64	-$103.64	-$87.69	$1,412.78	-$10,666.21
	Royalty payments			-$500.00													-$500.00
	Security			-$45.75	-$396.30	-$101.25	-$568.91	-$1,757.30		-$13.04		-$2,226.85		$92.02			-$5,017.38
	Traffic Management	-$109.22		-$189.20	-$222.34	-$282.41						-$82.00					-$885.17
Miscellaneous Total		**-$520.20**	**-$693.81**	**-$6,021.66**	**-$5,653.53**	**-$5,586.41**	**-$810.76**	**-$1,911.39**	**-$236.25**	**-$1,599.06**	**-$495.46**	**-$3,676.59**	**-$230.60**	**-$83.58**	**-$200.67**	**$1,371.17**	**-$26,348.81**
Grand Total		**$169,338.83**	**$557,068.78**	**-$113,509.13**	**$1,749,745.79**	**$2,316,650.79**	**$314,188.87**	**$235,244.17**	**$411,932.40**	**$435,307.68**	**$306,981.63**	**$140,125.93**	**$241,493.75**	**$168,887.54**	**$169,585.82**	**$95,962.29**	**$7,199,005.14**