HARVESTING REPORT
December 2021

IRONGATE FOREST

Aerial view of Setting 21.

FMNZ
"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Irongate – December 2021

Summary

- Gross revenue for the month is **$246,053.87**
- Costs for the month are **$161,352.01**
- Net income for the month is **$84,701.86**
- Tonnes harvested for the month is **2,233.92**
- Net income per tonne for the month is **$37.92**
- Area cleared for the month is **1.9** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$16,780,013.22**
- Project costs to date are **$11,183,229.61**
- Project net income to date is **$5,596,783.61**
- Tonnes harvested to date is **123,159.29**
- Net income per tonne to date is **$45.44**
- Recoverable volume per hectare to date is **681.9** tonnes
- Net income per hectare to date is **$30,989.94**
- Total forest area is **348.9** hectares, approximate hectares cleared to date is **180.60** 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 **$246,053.87** with an average sale price over all grades of **$110.14** 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:

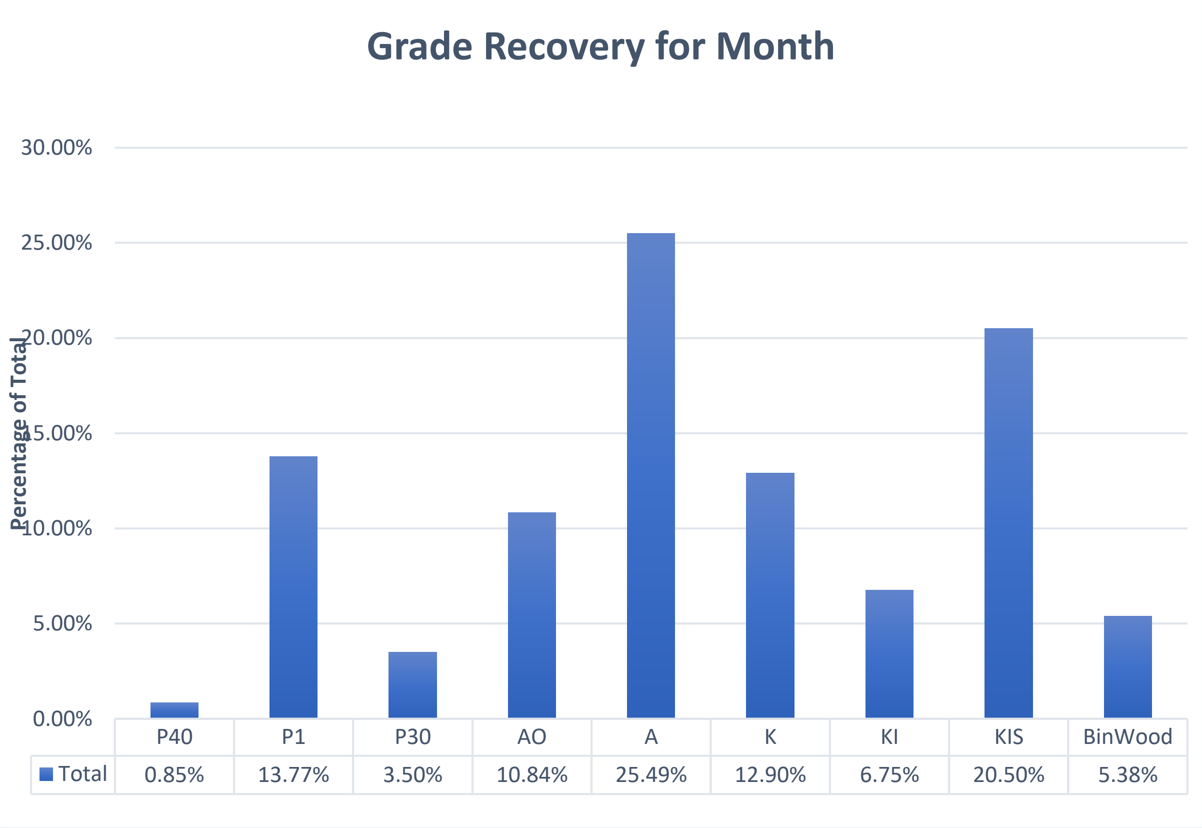


Chart 1: Grade Recovery for Month

Pruned recovery for December comprised 18% of overall sales volume, 14% of which was sold as domestic pruned grades. Pruned recovery is lower than anticipated due to the failure of the road to Setting 21.

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 27% of volume.

The remaining 5% of production was made up of domestic pulp and binwood.

Expenditure

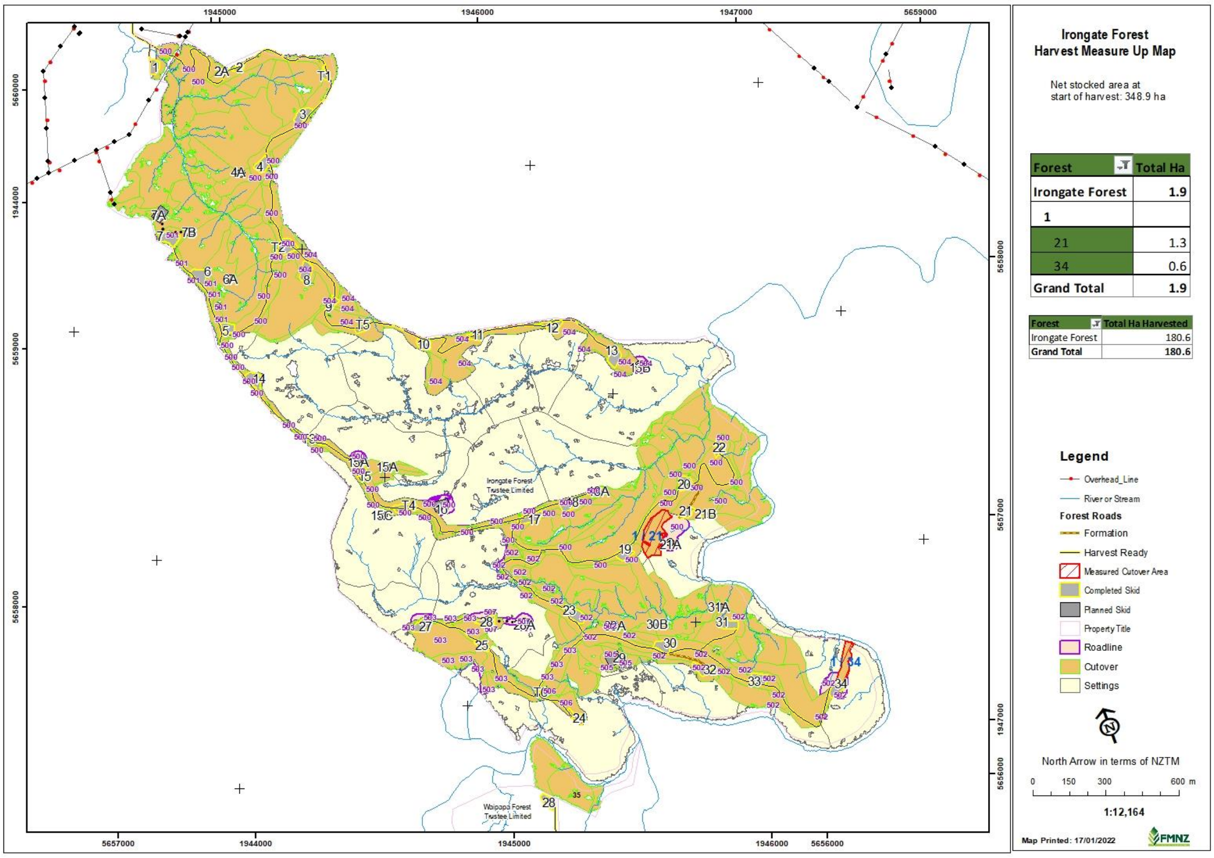
Harvesting

The total logging cost for the month was **$84,837.94**, an average of **$37.98** per tonne.

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

LOGGING COSTS		TOTAL
December	Logging – tonnes	$84,837.94
		$84,837.94

Table 1: Logging Costs



Pic 1: Progress Map

During December, the harvest crew loaded out already felled wood from Setting 21 and then moved down to Setting 34, Wild Road to do a small amount of ground-based work because the road to Setting 21 off Court Road failed, requiring repairs. Because of the access failure, the swing yarder was not operated.

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 **$48,889.49** which is an average unit rate of **$21.89** per tonne.

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

CARTAGE COSTS		TOTAL
December	Cartage - Truck	$48,889.49
	Weighbridge	$857.22
	Trailer Lifting	$12.00
		$49,758.71

Table 2: Cartage Costs

The average cart rate for December inclusive of weighbridge and trailer lifting fees is **$22.27** 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	$579.34		$579.34
	Establishment - Engineering	$252.00	$2,280.00	$2,532.00
	Rehab	$2,016.00	$1,456.00	$3,472.00
	Metal Rock	$698.00		$698.00
	R&M		$9,949.00	$9,949.00
	Stockpile Works		$312.00	$312.00
		$3,545.34	**$13,997.00**	**$17,542.34**

Table 3: Engineering Costs

During December, engineering work was required on the road down to Landing 21. Unfortunately this road required further rehabilitation work due to heavy rain causing failure.

Some slips were tidied up on Colley Road and rehabilitation work was completed on Settings 30 and 32.

Planned Activities for January 2022

Planned activities for January are for the harvest crew to continue ground-based clearfell in Setting 34 at the end of Wild Road. This will take about a week to clear sections of windthrow while the wood is still fresh and give the earthworks contractor time to complete the repairs to the road to Landing 21 to enable the harvest crew to return there.

Court Road down to Landing 21 will require a skim of metal to be applied in January.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
December	**$84,701.86**	**$5,596,783.61**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$37.92** per tonne, or **$44,579.93** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
December	Management	$9,842.15
	FGC levy	$783.88
		$10,626.03

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
December	Consumables	$127.49
	Other	-$1,540.50
		-$1,413.01

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during December, for antisapstain used to treat the ends of pruned export logs and an export grade log stencil.

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

Also included in other costs was a credit for cartage cost recovery of logs that were sent to Napier Pine after the close-off date.

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.

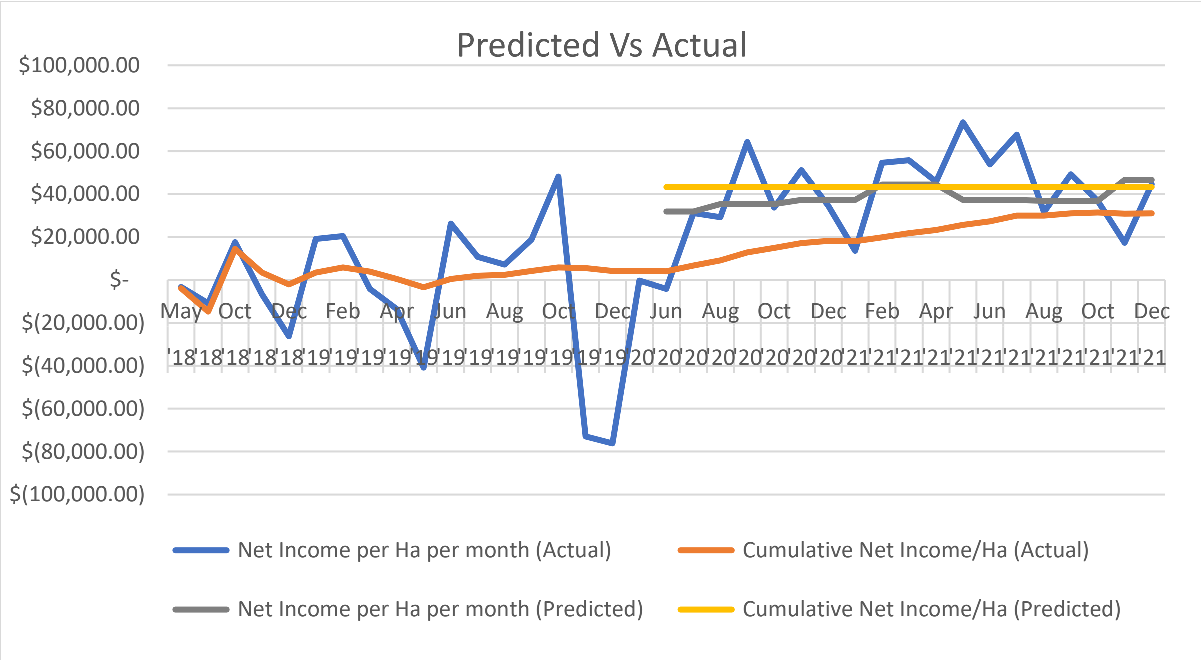


Chart 2: Actual vs Predicted

Net return per tonne to date is **$45.44**, forecast was $63.97.

Gross return per tonne to date is **$136.25**, forecast was $136.79.

Net return per hectare to date is **$30,989.94**, forecast was $43,272.91.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ
MAXIMISING YOUR FOREST VALUE

Historic Harvesting Financial Summary

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

Paid to bank account # 02-0792-0001430-00 GST # 60-931-348

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		120.26		$45.50	$5,471.83
TOTAL BINWOOD SALES		**120.26**			**$5,471.83**

Domestic					
Pruned Dom		60.00		$194.50	$11,670.00
Pruned Dom	P1 4.3	14.22		$192.00	$2,730.24
Pruned Dom	P1 4.9	233.50		$192.00	$44,832.00
TOTAL DOMESTIC SALES		**307.72**			**$59,232.24**

Export					
Pruned Exp	P40 3.9	0.00	20.948	$166.00	$3,477.37
Pruned Exp	P30 3.9	0.00	86.408	$130.00	$11,233.04
A40	AO 3.8	0.00	16.597	$114.00	$1,892.06
A40	AO 3.9	0.00	263.425	$99.00	$26,079.08
A30	A 3.8	0.00	195.676	$93.00	$18,197.87
A30	A 3.8	0.00	20.366	$112.00	$2,280.99
A30	A 5.8	0.00	296.167	$95.00	$28,135.87
A30	A 5.8	0.00	124.230	$114.00	$14,162.22
K	K 3.8	0.00	109.641	$86.00	$9,429.13
K	K 3.8	0.00	17.002	$104.00	$1,768.21
K	K 5.8	0.00	150.801	$88.00	$13,270.49
K	K 5.8	0.00	30.833	$106.00	$3,268.30
KI	KI 3.8	0.00	66.872	$77.00	$5,149.14
KI	KI 3.8	0.00	88.224	$95.00	$8,381.28
TOTAL EXPORT SALES		**0.00**	**1,487.190**		**$146,725.05**

Export Pulp					
Export Pulp	KIS 2.9	0.00	107.710	$65.00	$7,001.15
Export Pulp	KIS 2.9	0.00	81.271	$78.00	$6,339.14
Export Pulp	KIS 3.8	0.00	145.795	$72.00	$10,497.24
Export Pulp	KIS 3.8	0.00	125.433	$86.00	$10,787.24
TOTAL EXPORT PULP SALES		**0.00**	**460.209**		**$34,624.77**
TOTAL		**427.98**	**1,947.399**		**$246,053.89**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$9,842.15
TOTAL FEES	**$9,842.15**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$783.88
TOTAL LEVIES	**$783.88**
COSTS	
Harvesting	$84,837.94
Cartage	$48,889.49
Weighbridge	$857.22
Consumables	$127.49
Establishment	$2,532.00
Metal Rock m3	$698.00
Metalling: Cart to stockpile	$579.34
Other	-$1,540.50
Post Harvest Rehab	$3,472.00
Repairs & Maintenance	$9,949.00
Stockpile Works	$312.00
Trailer Lifting	$12.00
TOTAL COSTS	**$150,725.98**
TOTAL FEES, LEVIES & COSTS	**$161,352.01**

NET INCOME	**$84,701.88**
GST	**$12,705.28**
NET INCOME (INCLUDING GST)	**$97,407.16**

Photo 1: Landing 21 operations.

Photo 2: Loadout machine on Landing 20.

Photo 3: Setting 21.

Photo 4: Swing yarder on Landing 21.

Photo 5: Loading out on Landing 20.

Photo 6: Stacking wood on Landing 34.

IRONGATE 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	Dec 21	Grand Total
Engineering	Bidem	-$450.00	-$300.00												-$750.00
	Borrow Pit	-$720.00		-$7,373.28				-$2,887.50	-$1,225.00						-$12,205.78
	Culvert Installation	-$13,150.00	-$31,303.50	-$1,416.40		-$1,385.10			-$525.00			-$1,225.00	-$1,575.00		-$50,580.00
	Culverts	-$23,269.05	-$40,455.05	-$5,666.34			-$2,846.34		-$2,846.34	-$2,949.58		-$6,157.26			-$84,189.96
	Culverts - Freight		-$240.00	-$3,165.93			-$437.40	-$1,294.80	-$360.00	-$240.00			-$420.00		-$6,158.13
	Entranceway - Seal	-$161,414.66	-$7,439.70												-$168,854.36
	Establishment - Engineering	-$5,165.00	-$11,310.00	-$8,452.41	-$462.50	-$1,396.50		-$4,045.30	-$720.00	-$1,080.00	-$1,725.00	-$1,575.00	-$1,860.00	-$2,532.00	-$40,323.71
	Fluming	-$3,720.09	-$15,160.18	-$172.14			-$190.07	-$190.07	-$3,404.30			-$3,430.60			-$26,267.45
	Geotextiles		-$320.00												-$320.00
	Grass Seeding	-$650.00	-$3,715.49	-$1,092.75		-$618.50					-$256.50		-$225.00		-$6,558.24
	Landings	-$64,472.50	-$115,992.50	-$48,554.42		-$1,918.00		-$3,150.00	-$8,312.50	-$11,375.00	-$18,067.50	-$21,822.50	-$14,210.00		-$307,874.92
	Loader Hire	-$13,868.72	-$21,266.15												-$35,134.87
	Loadout Bay Construction	-$682.50		-$883.20		-$280.00		-$2,608.36	-$1,200.00	-$360.00	-$990.00	-$2,205.00			-$9,209.06
	Loadout Bay Metal		-$3,939.77	-$1,080.00											-$5,019.77
	Metal Lime		-$17,120.40	-$62,617.40		-$2,145.00		-$13,159.38							-$95,042.18
	Metal Rock	-$90,603.87	-$124,057.75	-$9,173.45	-$2,552.98	-$5,184.62		-$6,623.17	-$14,667.55	-$6,276.00	-$17,587.00	-$16,577.00	-$5,598.00	-$698.00	-$299,599.39
	Other	-$4,517.50	-$1,680.00	-$459.50		-$105.00		-$20.00	-$700.00						-$7,482.00
	Pads			-$2,477.70		-$966.00		-$10,637.88		-$875.00	-$907.50	-$2,012.50	-$11,445.00		-$29,321.58
	Pavement	-$33,110.00	-$53,660.00	-$15,361.36		-$672.00		-$3,790.80	-$525.00	-$700.00					-$107,819.16
	Polycom	-$27,390.90	-$6,807.10												-$34,198.00
	R&M	-$22,050.00	-$53,419.94	-$21,350.53				-$1,410.00	-$525.00	-$700.00	-$2,722.50	-$1,575.00		-$9,949.00	-$113,701.97
	R&M - Culverts Maintenance			-$550.00											-$550.00
	R&M - Road Maintenance			-$22,898.13		-$3,259.50	-$947.70	-$3,713.39			-$18,297.50	-$1,312.50	-$3,325.00		-$53,753.72
	Rehab	-$6,897.50	-$11,007.89	-$1,677.74				-$14,657.68	-$4,287.50	-$4,025.00	-$990.00		-$1,575.00	-$3,472.00	-$48,590.31
	Rehab - Skids/Pads			-$5,040.00											-$5,040.00
	Road Formation	-$149,645.00	-$200,767.50	-$60,211.24	-$874.80	-$3,863.70		-$16,870.18	-$21,525.00	-$7,525.00	-$11,385.00	-$42,157.50	-$9,187.50		-$524,012.42
	Spread from stockpile	-$38,600.00	-$207,460.00	-$26,368.67		-$4,939.25		-$8,280.69	-$7,540.00	-$3,720.00		-$9,540.00	-$5,700.00		-$312,148.61
	Stockpile Works			-$23,337.53	-$285.00	-$2,693.88		-$2,868.97	-$2,134.75		-$3,300.00	-$6,412.50		-$312.00	-$41,344.63
	Temp Landings	-$24,045.00	-$16,260.00	-$2,712.84				-$700.00	-$3,850.00						-$47,567.84
	Trucks - Cart & Dump	-$93,215.96	-$375,208.08	-$96,113.69	-$2,000.00	-$9,850.00		-$17,518.91	-$5,895.00	-$3,900.00	-$13,125.00	-$11,301.00	-$4,646.34	-$579.34	-$633,353.32
	Trucks - Cart & Spread	-$107,310.00	-$720.00	-$6,373.47				-$540.00	-$3,840.00						-$118,783.47
	R&M - Event Cleanup										-$990.00				-$990.00
	R&M - Metal										-$3,324.25				-$3,324.25
Engineering Total		**-$884,948.25**	**-$1,319,611.00**	**-$434,580.11**	**-$6,175.28**	**-$39,277.05**	**-$4,421.51**	**-$114,967.07**	**-$84,082.94**	**-$43,725.58**	**-$93,667.75**	**-$127,303.36**	**-$59,766.84**	**-$17,542.34**	**-$3,230,069.07**
Fees	FGC levy	-$3,627.32	-$6,340.12	-$9,709.68	-$1,331.90	-$1,432.52	-$1,625.32	-$1,711.88	-$2,455.48	-$1,393.72	-$2,470.23	-$2,700.96	-$1,271.32	-$783.88	-$36,854.31
	Management	-$76,947.89	-$120,891.23	-$177,169.21	-$22,804.22	-$26,289.39	-$30,544.09	-$34,756.27	-$49,253.43	-$22,559.01	-$40,195.02	-$43,003.65	-$16,944.95	-$9,842.15	-$671,200.53
Fees Total		**-$80,575.21**	**-$127,231.35**	**-$186,878.89**	**-$24,136.12**	**-$27,721.91**	**-$32,169.42**	**-$36,468.15**	**-$51,708.91**	**-$23,952.73**	**-$42,665.25**	**-$45,704.61**	**-$18,216.27**	**-$10,626.03**	**-$708,054.84**
Harvesting	Cartage - Trans Shipping		-$360.00			-$330.00					-$277.50				-$967.50
	Cartage - Truck	-$257,618.86	-$457,389.15	-$608,344.42	-$71,163.24	-$79,425.30	-$91,994.62	-$99,356.77	-$157,670.77	-$86,438.75	-$155,053.49	-$169,175.81	-$77,857.32	-$48,889.49	-$2,360,378.00
	Establishment - harvesting	-$6,310.00	-$880.00	-$8,610.00				-$850.00	-$1,220.00		-$1,420.00	-$1,260.00			-$20,550.00
	Logging	-$558,409.75	-$967,349.56	-$1,284,779.42	-$143,249.86	-$160,536.32	-$184,987.29	-$198,684.87	-$289,778.08	-$159,170.42	-$283,896.38	-$309,941.18	-$137,679.26	-$84,837.94	-$4,763,300.33
	Tracking	-$5,787.50	-$11,270.00	-$1,385.10				-$1,260.00	-$875.00	-$1,137.50	-$1,320.00	-$2,187.50	-$700.00		-$25,922.60
	Weighbridge	-$4,806.67	-$8,307.85	-$10,269.27	-$1,169.98	-$1,283.32	-$1,577.06	-$1,696.99	-$2,495.32	-$1,342.76	-$2,418.92	-$2,675.91	-$1,142.71	-$857.22	-$40,043.97
	Trailer Lifting				-$24.00		-$6.00	-$6.00	-$66.00		-$174.00	-$360.00	-$96.00	-$12.00	-$744.00
Harvesting Total		**-$832,932.78**	**-$1,445,556.56**	**-$1,913,388.21**	**-$215,607.08**	**-$241,574.95**	**-$278,564.97**	**-$301,854.63**	**-$452,105.17**	**-$248,089.43**	**-$444,560.29**	**-$485,600.40**	**-$217,475.28**	**-$134,596.65**	**-$7,211,906.40**
Income	Log Sales	$1,923,697.36	$3,022,280.83	$4,429,230.15	$570,105.57	$657,234.76	$763,602.34	$868,906.78	$1,231,335.80	$563,975.27	$1,004,875.57	$1,075,091.23	$423,623.69	$246,053.87	$16,780,013.22
Income Total		**$1,923,697.36**	**$3,022,280.83**	**$4,429,230.15**	**$570,105.57**	**$657,234.76**	**$763,602.34**	**$868,906.78**	**$1,231,335.80**	**$563,975.27**	**$1,004,875.57**	**$1,075,091.23**	**$423,623.69**	**$246,053.87**	**$16,780,013.22**
Miscellaneous	Consultancy Fees	-$325.27													-$325.27
	Consumables	-$704.74	-$976.05	-$1,435.58	-$372.91	-$74.93	-$133.16	-$297.09	-$223.40	-$208.01	-$225.29	-$200.62	-$73.66	-$127.49	-$5,052.92
	Other	-$4,400.15	-$1,530.74	-$570.78	-$173.89	-$95.00	-$280.00	-$95.00	-$114.00	-$281.70	-$103.64	-$103.64	-$87.69	$1,540.50	-$6,295.73
	Power Lines	-$1,326.12													-$1,326.12
	Security	-$2,688.93	-$3,965.39	-$337.46				-$6,307.38	$339.76						-$12,959.40
	Traffic Management	-$4,160.10	-$723.69	-$20.00					-$6.82						-$4,910.61
	Environmental Monitoring					-$842.50			-$354.75	-$435.00	-$697.00				-$2,329.25
Miscellaneous Total		**-$13,605.31**	**-$7,195.87**	**-$2,363.82**	**-$546.80**	**-$1,012.43**	**-$413.16**	**-$6,699.47**	**-$359.21**	**-$924.71**	**-$1,025.93**	**-$304.26**	**-$161.35**	**$1,413.01**	**-$33,199.31**
Grand Total		**$111,635.81**	**$122,686.06**	**$1,892,019.13**	**$323,640.29**	**$347,648.42**	**$448,033.29**	**$408,917.45**	**$643,079.58**	**$247,282.81**	**$422,956.35**	**$416,178.60**	**$128,003.94**	**$84,701.86**	**$5,596,783.61**