HARVESTING REPORT
December 2021

SHERWOOD FOREST

Truck being loaded on temporary Landing 13.

Clearfell Harvesting Report – Sherwood – December 2021

Summary

- Gross revenue for the month is **$308,750.16**
- Costs for the month are **$211,399.25**
- Net income for the month is **$97,350.91**
- Tonnes harvested for the month is **2,592.72**
- Net income per tonne for the month is **$37.55**
- Area cleared for the month is **2.3** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$6,718,998.84**
- Project costs to date are **$5,363,800.19**
- Project net income to date is **$1,355,198.65**
- Tonnes harvested to date is **46,136.33**
- Net income per tonne to date is **$29.37**
- Recoverable volume per hectare to date is **791.4** tonnes
- Net income per hectare to date is **$23,245.26**
- Total forest area is **259.14** hectares, approximate hectares cleared to date is **58.3** 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 **$308,750.16** with an average sale price over all grades of **$119.08** 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:

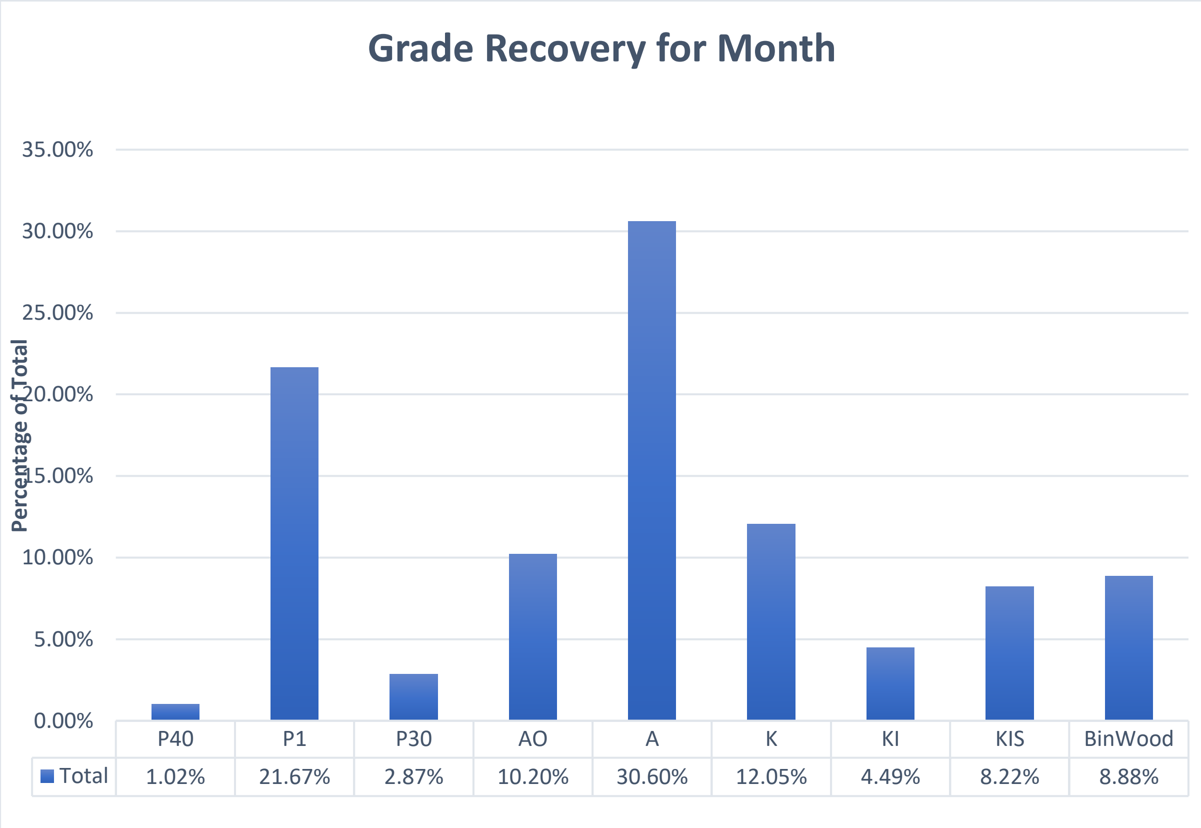


Chart 1: Grade Recovery for Month

Pruned recovery for December comprised 25% of overall sales volume, 22% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 53% of the total production volume, with lower quality export (KI and KIS grades) comprising 13% of volume.

The remaining 9% of production was made up of domestic pulp and binwood.

Expenditure

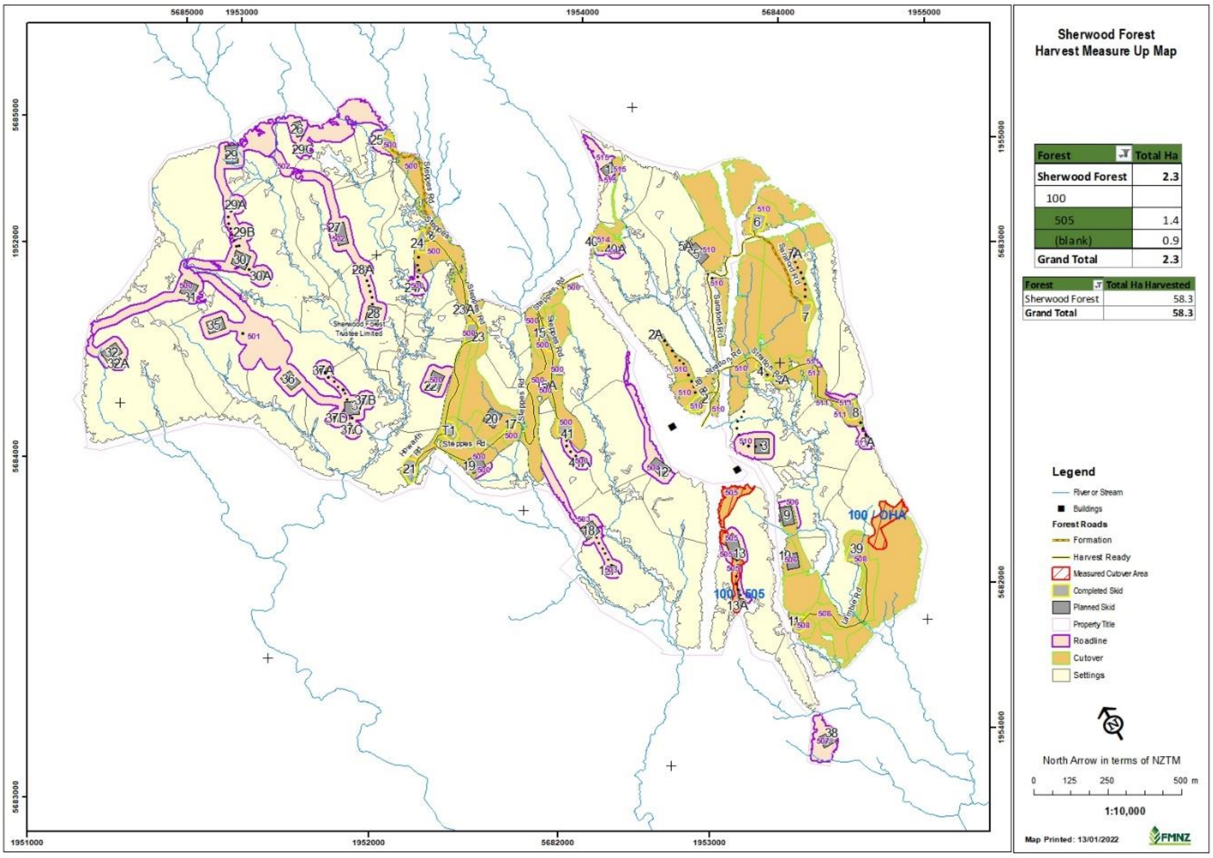
Harvesting

The total logging cost for the month was **$96,743.42**, an average of **$37.31** per tonne.

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

LOGGING COSTS		TOTAL
December	Logging – tonnes	$96,743.42
		$96,743.42

Table 1: Logging Costs



Pic 1: Progress Map

During December the harvest crew finished processing and loadout from Landing 40, completed the roadline Setting 505 to Landing 13 and then finished off the year in Setting 39 on Lambie Road.

The harvest crew will leave the forest at the end of December to commence roadline salvage in another forest.

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 **$77,757.39** which is an average unit rate of **$29.99** per tonne.

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

CARTAGE COSTS		TOTAL
December	Cartage - Truck	$77,757.39
	Weighbridge	$893.72
	Trailer Lifting	$6.00
	Trans-shipping	$740.00
		$79,397.11

Table 2: Cartage Costs

The average cart rate for December inclusive of weighbridge, trailer lifting and trans-shipping fees is **$30.62** 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.

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 logs of this and 12 logs of that but are still product for sale.

Engineering

ENGINEERING		RL	CF	TOTAL
December	Establishment - Engineering	$2,400.00		$2,400.00
	Metal Rock	$1,603.34		$1,603.34
	Road Formation	$8,265.00		$8,265.00
	Culvert Installation	$1,335.00		$1,335.00
	Grass Seeding	$150.00		$150.00
	Rehab		$1,235.00	$1,235.00
		$13,753.34	**$1,235.00**	**$14,988.34**

Table 3: Engineering Costs

Earthworks in December included the completion of the Steppes Road culvert between Landings 25 and 26, and completion and tidy-up of Stratton Road up to Landing 8.

Earthworks has been completed up to the roadline salvaged areas and the engineering equipment has been removed from the forest.

Planned Activities for January 2022

No harvesting or earthworks is planned for January.

Some fencing is required, which may be completed 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	**$97,350.91**	**$1,355,198.65**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$37.55** per tonne, or **$42,326.48** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
December	Management	$12,350.01
	FGC levy	$841.29
		$13,191.30

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
December	Consumables	$46.38
	Power Lines	$6,924.10
	Other	$108.60
		$7,079.08

Table 6: Miscellaneous Expenses

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

Power Lines costs are for an arborist to fell trees around the power lines and for an observer from Eastland Power while felling trees near power lines at the road to Landing 13.

Other costs are 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.

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.

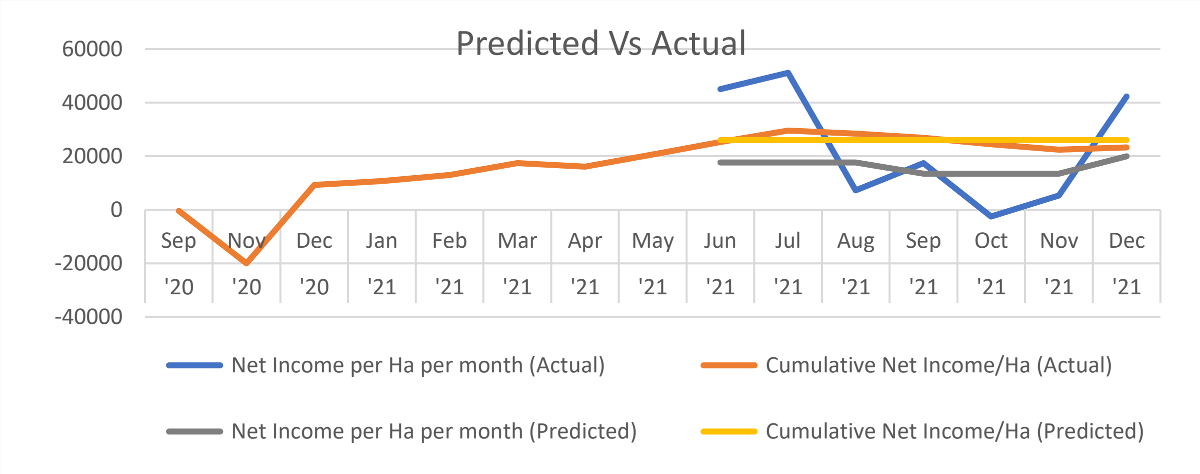


Chart 2: Actual vs Predicted

Net return per tonne to date is **$29.36**, forecast was $33.41.

Gross return per tonne to date is **$145.63**, forecast was $131.73.

Net return per hectare to date is **$23,245.26**, forecast was $26,007.28.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ

Historic Harvesting Financial Summary

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

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

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		230.14		$45.50	$10,471.37
TOTAL BINWOOD SALES		**230.14**			**$10,471.37**

Domestic					
Pruned Dom		97.98		$194.50	$19,057.11
Pruned Dom	P1 4.3	160.60		$192.00	$30,835.20
Pruned Dom	P1 4.9	127.28		$179.00	$22,783.12
Pruned Dom	P1 4.9	175.88		$192.00	$33,768.96
TOTAL DOMESTIC SALES		**561.74**			**$106,444.39**

Export					
Pruned Exp	P40 3.9	0.00	27.353	$166.00	$4,540.60
Pruned Exp	P30 3.9	0.00	75.889	$130.00	$9,865.57
A40	AO 3.8	0.00	273.820	$114.00	$31,215.48
A30	A 3.8	0.00	324.913	$112.00	$36,390.26
A30	A 5.8	0.00	468.239	$114.00	$53,379.25
K	K 3.8	0.00	103.881	$104.00	$10,803.62
K	K 5.8	0.00	184.317	$106.00	$19,537.60
KI	KI 3.8	0.00	109.191	$95.00	$10,373.15
TOTAL EXPORT SALES		**0.00**	**1,567.603**		**$176,105.53**

Export Pulp					
Export Pulp	KIS 2.9	0.00	75.355	$78.00	$5,877.69
Export Pulp	KIS 3.8	0.00	114.164	$86.00	$9,818.10
Export Pulp	KIS 5.8	0.00	0.376	$88.00	$33.09
TOTAL EXPORT PULP SALES		**0.00**	**189.895**		**$15,728.88**
TOTAL		**791.88**	**1,757.498**		**$308,750.17**

FEES	
FMNZ Management Fee @ %	$12,350.01
TOTAL FEES	**$12,350.01**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$841.30
TOTAL LEVIES	**$841.30**
COSTS	
Harvesting	$96,743.42
Cartage	$77,757.39
Weighbridge	$893.72
Cartage - Trans Shipping	$740.00
Consumables	$46.38
Culvert Installation	$1,335.00
Establishment	$2,400.00
Grass Seeding	$150.00
Metal Rock m3	$1,603.34
Other	$108.60
Post Harvest Rehab	$1,235.00
Powerlines	$6,924.10
Road Formation	$8,265.00
Trailer Lifting	$6.00
TOTAL COSTS	**$198,207.95**
TOTAL FEES, LEVIES & COSTS	**$211,399.26**

NET INCOME	**$97,350.91**
GST	**$14,602.64**
NET INCOME (INCLUDING GST)	**$111,953.55**

Photo 1: Skidder on roadline to Landing 13.

Photo 2: Landing 13 operations with truck being loaded up.

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	Dec 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	-$1,335.00	-$93,127.50
	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	-$2,400.00	-$22,968.75
	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	-$1,603.34	-$162,420.96
	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	-$8,265.00	-$583,445.00
	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	-$150.00	-$5,467.25
	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		-$1,235.00	-$18,887.50
	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**	**-$14,988.34**	**-$1,843,788.12**
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	-$841.29	-$15,054.29
	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	-$12,350.01	-$268,759.95
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**	**-$13,191.30**	**-$283,814.25**
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	-$77,757.39	-$1,327,097.22
	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	-$96,743.42	-$1,751,201.65
	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	-$893.72	-$14,329.50
	Trailer Lifting		-$6.00			-$6.00	-$66.00		-$48.00	-$6.00	-$6.00	-$6.00	-$144.00
	Cartage - Trans Shipping			-$742.50					-$277.50			-$740.00	-$1,760.00
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**	**-$176,140.53**	**-$3,149,505.66**
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	$308,750.16	$6,718,998.84
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**	**$308,750.16**	**$6,718,998.84**
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	-$46.38	-$1,273.79
	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	-$108.60	-$3,206.61
	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			-$6,924.10	-$30,411.80
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**	**-$7,079.08**	**-$86,692.16**
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**	**$97,350.91**	**$1,355,198.65**