HARVESTING REPORT
January 2022

HEREFORD FOREST

Harvest operation in Setting 206.

Clearfell Harvesting Report – Hereford – January 2022

Summary

- Gross revenue for the month is **$55,166.68**
- Costs for the month are **$49,081.51**
- Net income for the month is **$6,085.17**
- Tonnes harvested for the month is **443.22**
- Net income per tonne for the month is **$13.73**
- Area cleared for the month is **0.6** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$7,830,417.59**
- Project costs to date are **$6,071,780.60**
- Project net income to date is **$1,758,636.98**
- Tonnes harvested to date is **55,808.59**
- Net income per tonne to date is **$31.51**
- Recoverable volume per hectare to date is **609.30** tonnes
- Net income per hectare to date is **$19,199.09**
- Total forest area is **180.50** hectares, approximate hectares cleared to date is **91.60** 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 **$55,166.68** with an average sale price over all grades of **$124.47** per tonne**.**

January 2022 - Log Markets, Gisborne and Hawkes Bay

The January export prices in Gisborne have increased $13.33/Jas m^3 on average. The increase has affected all grades relatively evenly.

In Hawkes Bay, January export prices have remained flat. This is largely thanks to one of our major exporters who have been paying a premium above the rest of the market. In order to get log supply, the other exporters have had to match prices where they can.

Radiata log inventories on the main Chinese ports we monitor have decreased to 3.9Mm^3, with daily offtake tapering off to 62Km^3 per day. This expected to reduce further to almost zero as the Lunar New Year approaches in early February.

At this time of the year, we normally see inventory building but supply from all major sources into China has been contracting with the lower USD returns. Overall Chinese demand for logs has softened due to a slowdown in the construction sector and high market prices. The effects of China's response to a heated property market and high levels of debt at the country's second-largest property developer (Evergrande Group), have started to ripple through the construction sector.

Log supply from South America into China is expected to be subdued because of high freight costs. This will partly offset the downward pressure on log demand and prices. In the medium-term, demand and prices are also likely to be supported by the imminent removal of Russian logs from the export market in 2022.

The NZD has continued to slip back against the USD since the beginning of January. The change will hopefully add some AWG value for forest owners next month.

Domestic pruned log prices in Gisborne have fallen $8.49 this quarter due to weaker AWG export pricing from the previous Quarter.

Again, this Quarter Domestic pruned log prices in Hawkes Bay have settled flat, due to concerns relating to the slowdown in harvesting affecting production / supply.

Grade Recovery

Grade out turn for January is as follows:

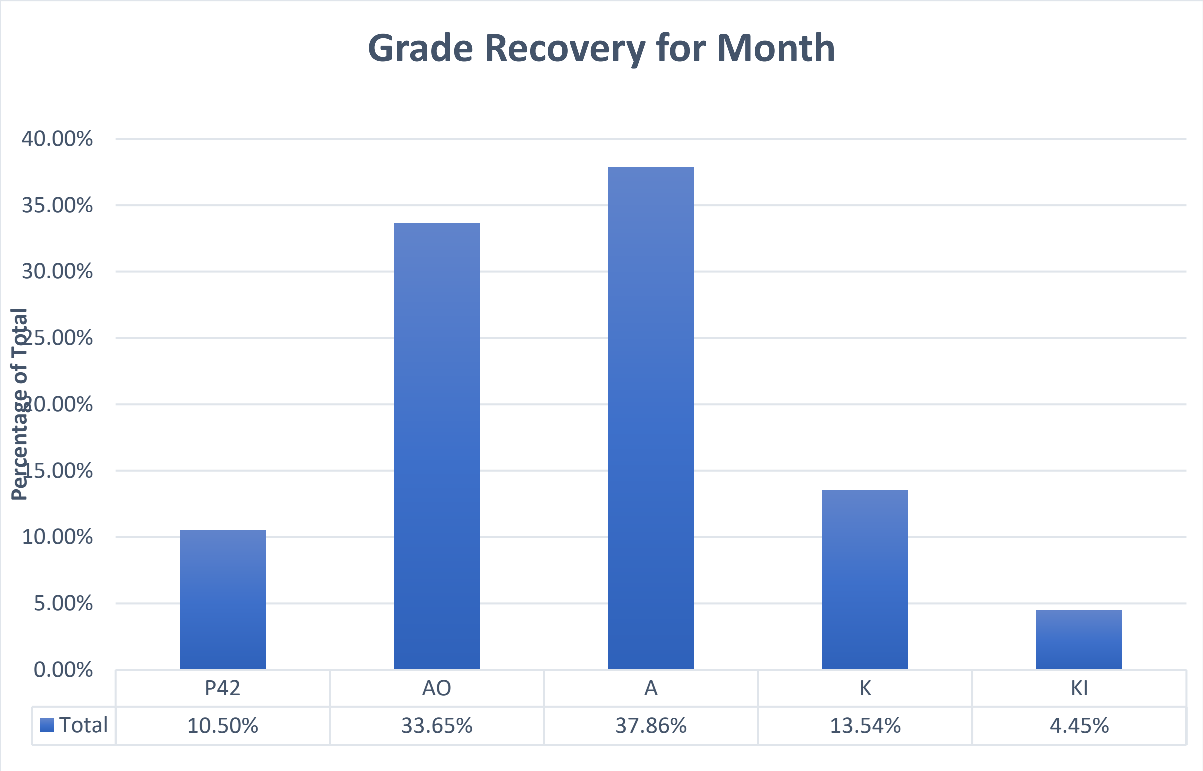


Chart 1: Grade Recovery for Month

Pruned recovery for January comprised 11% of overall sales volume. Pruned recovery is down for the month as the crew had recently shifted to the forest and had not produced enough wood to give an accurate grade representation.

High quality export sawlog (AO, A and K grades) made up 85% of the total production volume, with lower quality export (KI and KIS grades) comprising 4% of volume.

Expenditure

Harvesting

The total logging cost for the month was **$18,615.24**, an average of **$42.00** per tonne.

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

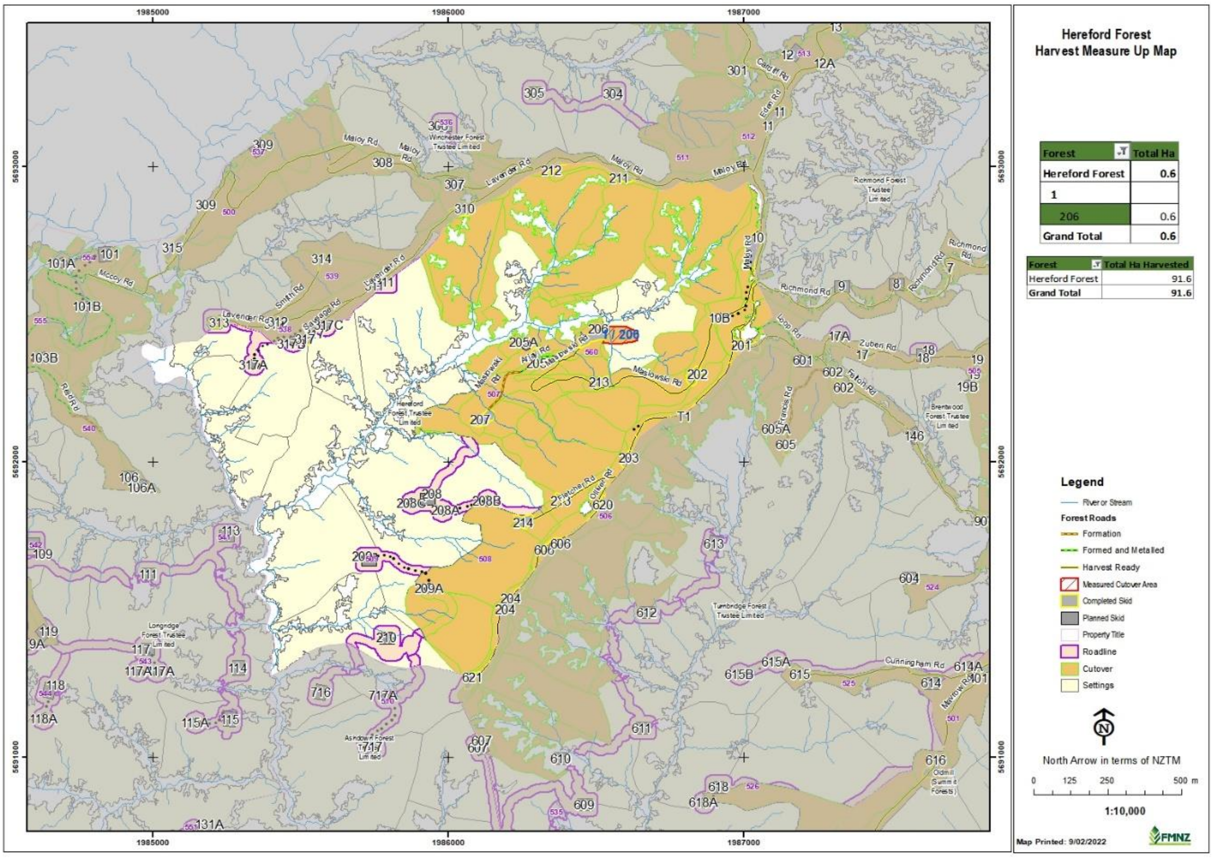
LOGGING COSTS		TOTAL
January	Logging – tonnes	$18,615.24
		$18,615.24

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
January	Establishment	$7,161.00
		$7,161.00

Table 2: Additional Logging Costs

Establishment costs are for the proportional shared cost of establishing a new hauler crew and their machinery in the Ruakituri Forest Group.



Pic 1: Progress Map

Harvesting recommenced after the Christmas break on 17th of January 2022.

Log 27 moved to Hereford Forest and commenced clearfell harvesting of Setting 206 on Maslowski Road. They were shovelling and pulling logs with the skidder (from the roadline crew), with their swing yarder arriving on site shortly after.

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 **$12,591.62** which is an average unit rate of **$28.41** per tonne.

Cartage rates have increased in January because of the effects of diesel price rises.

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

CARTAGE COSTS		TOTAL
January	Cartage - Truck	$12,591.62
	Weighbridge	$174.73
		$12,766.35

Table 3: Cartage Costs

The average cart rate for January inclusive of weighbridge fees is **$28.80** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
January	Establishment - Engineering		$201.50	$201.50
	Road Formation	$899.00		$899.00
	Loadout Bay Construction	$656.50		$656.50
	R&M		$999.87	$999.87
	R&M - Road Maintenance		$1,467.40	$1,467.40
	Rehab		$1,488.00	$1,488.00
	Stockpile Works	$118.44	$65.94	$184.38
	Trucks - Cart & Dump		$1,109.42	$1,109.42
	Metal Lime		$1,169.41	$1,169.41
	Establishment - Engineering		$201.50	$201.50
	Road Formation		$899.00	$899.00
		$1,673.94	**$6,501.55**	**$8,175.49**

Table 4: Engineering Costs

Earthworks in January was associated with work completing pavement on Maslowski Road to Landing 206 and maintenance work tidying up water controls on Maslowski Road. Maintenance was undertaken on Richmond Road which has been proportionally to the current road users of which Hereford Forest is one.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
January	**$6,085.17**	**$1,758,636.98**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$13.73** per tonne, or **$10,141.94** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
January	Management	$2,206.67
	FGC levy	$149.61
		$2,356.27

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
January	Consumables	$7.16
		$7.16

Table 7: Miscellaneous Expenses

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

Health and Safety

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

Environmental

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

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.

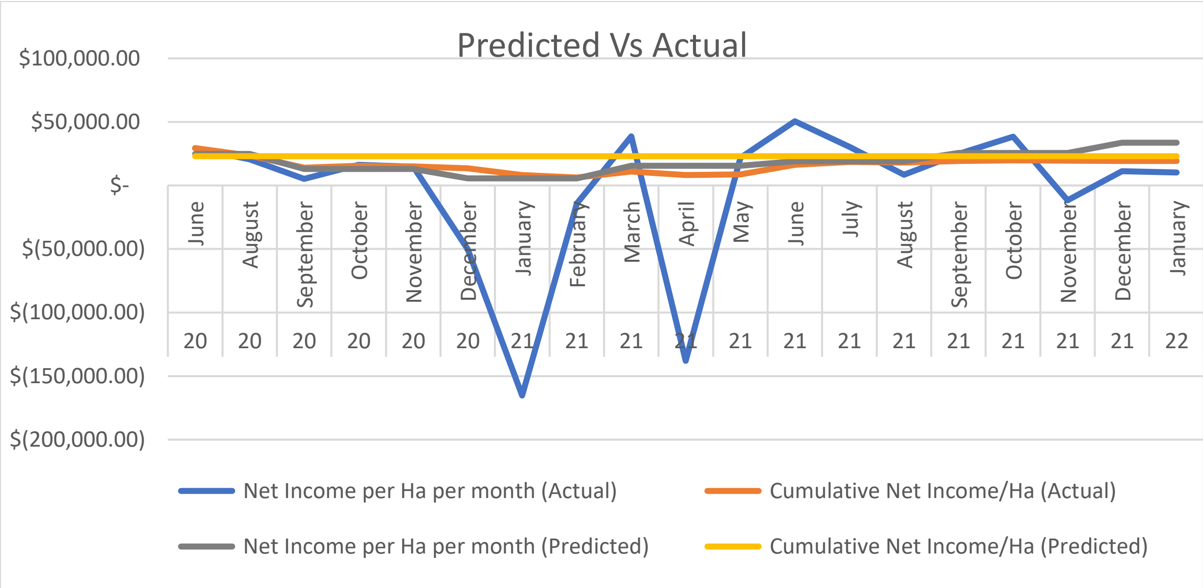


Chart 2: Actual vs Predicted

Net return per tonne to date is **$31.51**, forecast was $34.49.

Gross return per tonne to date is **$140.31**, forecast was $131.31.

Net return per hectare to date is **$19,199.09**, forecast was $23,032.71.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ

Historic Harvesting Financial Summary

Hereford Forest Partnership 01/01/2022 to 31/01/2022

Paid to bank account # 02-0792-0001692-000 GST # 62-990-236

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Export					
Pruned Exp	P42 3.9	0.00	19.895	$169.00	$3,362.26
Pruned Exp	P42 5.9	0.00	29.522	$169.00	$4,989.22
A40	AO 3.9	0.00	57.619	$118.00	$6,799.04
A40	AO 5.9	0.00	97.723	$121.00	$11,824.48
A30	A 3.8	0.00	49.848	$115.00	$5,732.52
A30	A 5.8	0.00	12.378	$114.00	$1,411.09
A30	A 5.8	0.00	108.421	$118.00	$12,793.68
K	K 5.8	0.00	18.136	$106.00	$1,922.42
K	K 5.8	0.00	39.208	$110.00	$4,312.88
KI	KI 3.8	0.00	20.603	$98.00	$2,019.09
TOTAL EXPORT SALES		**0.00**	453.353		**$55,166.68**
TOTAL			453.353		**$55,166.68**

FEES	
FMNZ Management Fee @ %	$2,206.67
TOTAL FEES	**$2,206.67**

LEVIES	
Forest Grower Commodity Levy @ $0.33	$149.61
TOTAL LEVIES	**$149.61**

COSTS	
Harvesting	$18,615.24
Cartage	$12,591.62
Weighbridge	$174.73
Consumables	$7.16
Establishment	$7,362.50
Loadout Bay: Construction	$656.50
Metal Lime m3	$1,169.41
Metalling: Cart to stockpile	$1,109.42
Post Harvest Rehab	$1,488.00
R&M - Road Maintenance	$1,467.40
Repairs & Maintenance	$999.87
Road Formation	$899.00
Stockpile Works	$184.38

Appendix 1 Harvesting Financial Summary (Continued)

TOTAL COSTS	**$46,725.24**
TOTAL FEES, LEVIES & COSTS	**$49,081.52**

NET INCOME	**$6,085.16**
GST	**$912.77**
NET INCOME (INCLUDING GST)	**$6,997.93**

Photo 1: Swing yarder.

Photo 2: Loading out on Landing 206.

Photo 3: Setting 206

HEREFORD 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	Jan 22	Grand Total
Engineering	Culvert Installation	-$11,337.25	-$2,351.00	-$1,785.00										-$15,473.25
	Culverts	-$23,601.80	-$5,898.82			-$2,846.34	-$2,280.00							-$34,626.96
	Culverts - Freight	-$1,041.20	-$551.00				-$970.00							-$2,562.20
	Establishment - Engineering	-$6,910.04	-$240.00			-$256.32	-$180.00			-$155.00			-$201.50	-$7,942.86
	Fluming	-$3,416.64	-$1,268.80	-$60.80		-$1,586.00								-$6,332.24
	Grass Seeding	-$3,810.20	-$1,129.25	-$992.75										-$5,932.20
	Landings	-$223,566.84	-$2,761.00			-$5,340.00	-$9,186.00	-$5,470.00						-$246,323.84
	Loadout Bay Construction	-$2,877.94				-$442.06	-$442.00		-$1,966.30				-$656.50	-$6,384.80
	Loadout Bay Metal	-$2,806.50												-$2,806.50
	Metal Rock	-$181,599.76	-$20,879.05	-$57,448.91	$14,174.72	-$24,512.23								-$270,265.23
	Other		-$313.60			-$20.50	-$6.25	-$75.56				-$1,504.00		-$1,919.91
	Pads	-$23,420.00	-$4,551.00			-$4,685.00			-$5,130.00					-$37,786.00
	Pavement	-$19,564.67	-$2,977.00	-$1,710.00			-$65.63							-$24,317.29
	R&M	-$17,634.00	-$955.46			-$1,023.67	-$4,495.25		-$1,336.20			-$169.00	-$999.87	-$26,613.46
	R&M - Culverts Maintenance	-$649.50	-$100.00							-$4,005.20				-$4,754.70
	R&M - Event Cleanup	-$1,884.76			-$2,100.00	-$12,055.62	-$26,777.94							-$42,818.32
	R&M - Road Maintenance	-$22,042.44	-$10,362.93		-$690.00	-$5,000.11	-$595.00	-$511.00	-$8,607.95	-$10,749.42	-$535.00	-$516.35	-$1,467.40	-$61,077.59
	Rehab	-$7,370.04		-$4,375.00	-$2,275.00				-$1,656.00				-$1,488.00	-$17,164.04
	Road Formation	-$492,639.64	-$44,911.00	-$7,945.00		-$300.00							-$899.00	-$546,694.64
	Sediment Control	-$350.62												-$350.62
	Spread from stockpile	-$70,737.35	-$1,742.00	-$9,660.00		-$130.00	-$995.75							-$83,265.10
	Stockpile Works	-$9,837.71	-$1,959.70	-$4,178.76		-$1,482.86	-$1,231.13	-$271.89	-$916.32	-$176.40		-$74.17	-$184.38	-$20,313.31
	Temp Landings	-$23,492.00	-$350.00											-$23,842.00
	Trucks - Cart & Dump	-$114,787.33	-$18,851.58	-$48,315.97	$12,610.96	-$28,491.84	-$20,748.43	-$298.74	-$3,457.01	-$14,163.48		-$2,723.07	-$1,109.42	-$240,335.91
	Trucks - Cart & Spread	-$2,086.91												-$2,086.91
	Metal Lime					-$6,521.59	-$24,843.74		-$1,019.07	-$2,327.85			-$1,169.41	-$35,881.67
	R&M - Metal					-$3,283.28		-$493.32	-$5,934.25			-$2,008.98		-$11,719.83
	Entranceway - Seal								-$4,869.35					-$4,869.35
Engineering Total		**-$1,267,465.14**	**-$122,153.18**	**-$136,472.19**	**$21,720.68**	**-$97,977.41**	**-$92,817.12**	**-$7,120.51**	**-$34,892.45**	**-$31,577.35**	**-$535.00**	**-$6,995.57**	**-$8,175.49**	**-$1,784,460.72**
Fees	FGC levy	-$7,166.39	-$1,614.73			-$2,532.91	-$1,642.55	-$266.20	-$2,335.91	-$808.43		-$444.31	-$149.61	-$16,961.04
	Management	-$135,524.15	-$29,963.78			-$50,843.23	-$33,052.93	-$3,902.31	-$38,419.68	-$12,851.29		-$6,452.66	-$2,206.67	-$313,216.70
Fees Total		**-$142,690.54**	**-$31,578.52**			**-$53,376.14**	**-$34,695.48**	**-$4,168.51**	**-$40,755.58**	**-$13,659.72**		**-$6,896.98**	**-$2,356.27**	**-$330,177.74**
Harvesting	Cartage - Rail	-$41,180.09	-$19,592.84	-$1,175.32		-$17,430.23	-$15,657.62		-$28,561.71	-$25,242.31	-$10,234.99			-$159,075.10
	Cartage - Truck	-$585,112.34	-$97,975.03			-$233,312.66	-$164,135.85	-$31,180.68	-$201,459.06	-$60,302.65		-$53,211.25	-$12,591.62	-$1,439,281.15
	Establishment - harvesting	-$10,866.71											-$7,161.00	-$18,027.71
	Logging	-$1,057,958.32	-$193,030.25			-$324,631.19	-$211,599.02	-$31,778.24	-$291,096.68	-$101,317.39		-$56,981.08	-$18,615.24	-$2,287,007.41
	Tracking	-$18,525.00	-$7,840.00			-$720.00								-$27,085.00
	Trailer Lifting	-$1,777.04	-$131.92			-$55.72						-$6.00		-$1,970.68
	Weighbridge	-$9,885.15	-$1,836.94			-$2,702.64	-$1,668.99	-$283.46	-$2,421.94	-$846.95		-$581.43	-$174.73	-$20,402.22
	Cartage - Trans Shipping								-$277.50					-$277.50
Harvesting Total		**-$1,725,304.64**	**-$320,406.98**	**-$1,175.32**		**-$578,852.44**	**-$393,061.48**	**-$63,242.38**	**-$523,816.90**	**-$187,709.30**	**-$10,234.99**	**-$110,779.76**	**-$38,542.59**	**-$3,953,126.77**
Income	Log Sales	$3,388,103.80	$749,094.61			$1,271,080.84	$826,323.34	$97,557.67	$960,491.97	$321,282.17		$161,316.52	$55,166.68	$7,830,417.59
Income Total		**$3,388,103.80**	**$749,094.61**			**$1,271,080.84**	**$826,323.34**	**$97,557.67**	**$960,491.97**	**$321,282.17**		**$161,316.52**	**$55,166.68**	**$7,830,417.59**
Miscellaneous	Consumables	-$1,180.61	-$108.01	-$13.00		-$181.44	-$64.94	-$11.94	-$96.71	-$52.40		-$18.42	-$7.16	-$1,734.62
	Other	-$98.61										-$86.83		-$185.44
	Power Lines	-$361.55												-$361.55
	Traffic Management	-$80.09												-$80.09
	Environmental Monitoring		-$158.88	-$203.57							-$840.00	-$330.00		-$1,532.45
	Consultancy Fees		-$78.75	-$25.31										-$104.06
	Security		-$0.94	-$16.23										-$17.17
Miscellaneous Total		**-$1,720.85**	**-$346.58**	**-$258.11**		**-$181.44**	**-$64.94**	**-$11.94**	**-$96.71**	**-$52.40**	**-$840.00**	**-$435.25**	**-$7.16**	**-$4,015.37**
Grand Total		**$250,922.63**	**$274,609.35**	**-$137,905.63**	**$21,720.68**	**$540,693.41**	**$305,684.33**	**$23,014.34**	**$360,930.33**	**$88,283.40**	**-$11,609.99**	**$36,208.97**	**$6,085.17**	**$1,758,636.98**