

28/02/2022

Sovereign Forest Partnership
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Sovereign Harvest Activities, February 2022:

- Total gross revenue for February is **\$345,353.72**
- Total costs for February are **\$378,502.11**
- Net income for February is **-\$33,148.39**
- Tonnes harvested for February is **2,395.15**
- Total area cleared for February is **4.80** hectares
- Recovered volume per hectare for February is **499** tonnes

- Total gross revenue to date is **\$618,202.95**
- Total costs to date are **\$625,193.77**
- Net income to date is **-\$6,990.82**
- Tonnes harvested to date is **4,539.46**
- Total area cleared to date is **7.50** hectares
- Recovered volume per hectare to date is **605.3** tonnes

(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.)

February has been an unexpected very wet month with the weather causing operational problems.

Expenditure for the month relates to the harvesting and cartage of logs from roadline Setting 500, Drury Road from Landing 3 to 4 and 4 to 13.

Cartage costs have increased in February due to increased diesel costs.

Other costs include compliance monitoring, establishment of engineering machinery, landing and pad construction, metal supply, cart and spread, culverts and fluming, road construction and formation, repairs and maintenance to the road pavement and road and forest name signs.

Also included are the proportional costs of operating the forest digital radio network.

Kind Regards

FMNZ Harvest Team

Sovereign Forest Harvest Measure Up Map

Forest	Total Ha
Sovereign	4.8
100	
500	4.8
Grand Total	4.8

Forest	Total Ha Harvested
Sovereign	7.5
Grand Total	7.5

Legend

- Overhead_Line
- River or Stream
- Buildings
- Measured Cutover Area
- Cutover
- Settings



North Arrow in terms of NZTM

0 120 240 480 m

1:10,000

Map Printed: 7/03/2022

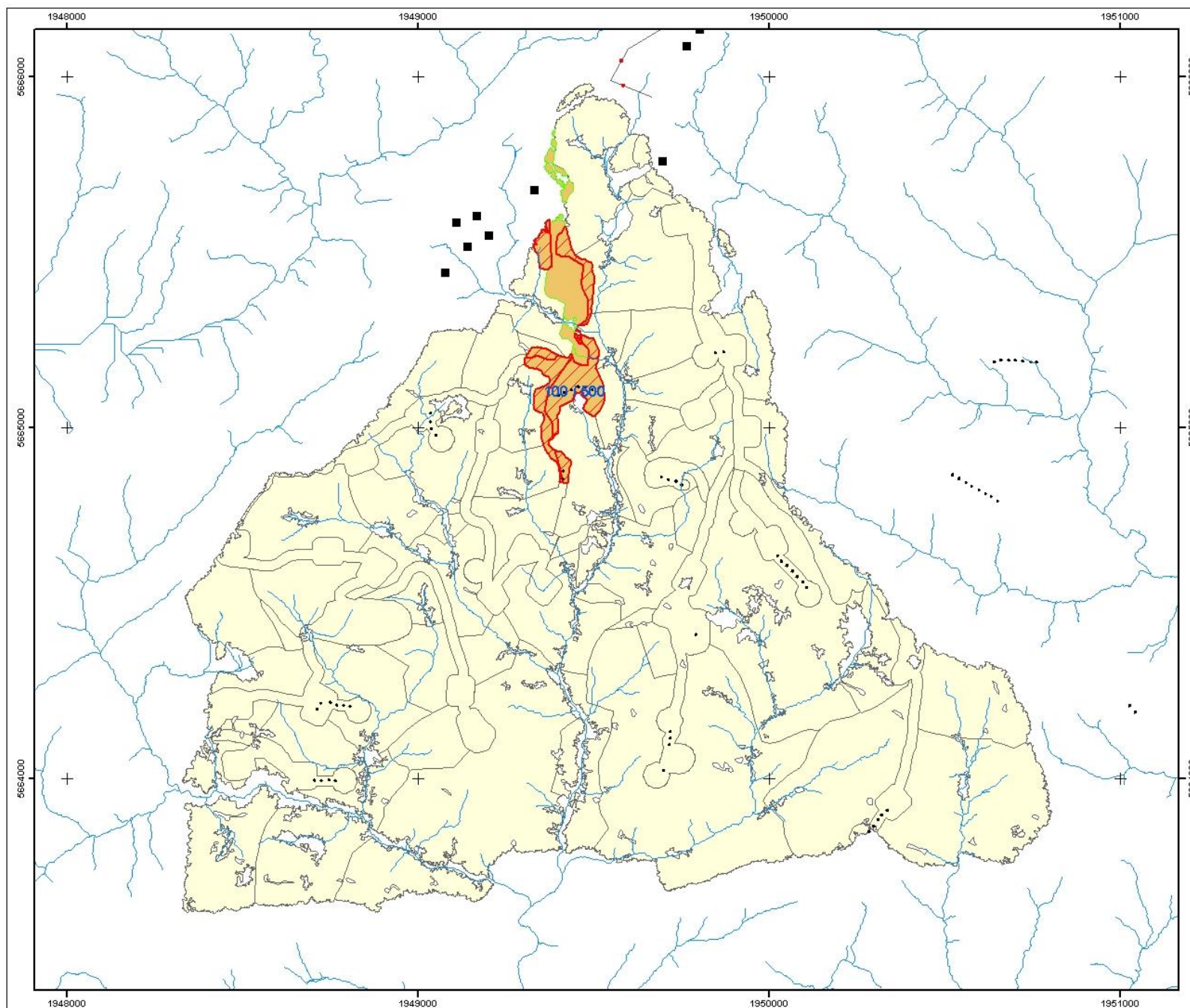




Photo 1: Loaded logging truck on Landing 2.



Photo 2: Machines being serviced, Landing 2.



Photo 3: Felling machine, roadline Setting 500.



Photo 4: Felling machine.



Photo 5: Landing 4.



Photo 6: Log QC, Landing 4.



Photo 7: Logs ready for loadout on Landing 4.

SOVEREIGN CUMULATIVES

Categories	Descriptions	May 21	June 21	Aug 21	Sep 21	Dec 21	Jan 22	Feb 22	Grand Total
Engineering	Culvert Installation						-\$2,827.50	-\$3,412.50	-\$6,240.00
	Culverts						-\$6,157.22	-\$6,929.90	-\$13,087.12
	Culverts - Freight							-\$300.00	-\$300.00
	Entranceway - Seal	-\$159.65							-\$159.65
	Establishment - Engineering					-\$1,500.00		-\$2,182.50	-\$3,682.50
	Fluming						-\$369.74	-\$3,422.55	-\$3,792.29
	Landings						-\$4,672.50	-\$14,087.50	-\$18,760.00
	Metal Rock						-\$3,500.43	-\$45,612.13	-\$49,112.56
	Pavement							-\$9,727.50	-\$9,727.50
	R&M							-\$20,750.00	-\$20,750.00
	Road Formation						-\$44,775.00	-\$11,180.00	-\$55,955.00
	Spread from stockpile							-\$4,500.00	-\$4,500.00
	Stockpile Works							-\$11,187.50	-\$11,187.50
	Trucks - Cart & Dump							-\$29,982.33	-\$29,982.33
	Trucks - Cart & Spread						-\$6,056.34	-\$17,036.67	-\$23,093.01
	Crossings						-\$8,886.50		-\$8,886.50
	Metal Lime							-\$11,431.20	-\$11,431.20
	Pads							-\$16,340.00	-\$16,340.00
Engineering Total		-\$159.65				-\$1,500.00	-\$77,245.23	-\$208,082.28	-\$286,987.16
FEES	FGC levy						-\$711.80	-\$797.60	-\$1,509.40
	Management						-\$10,913.97	-\$13,814.15	-\$24,728.12
FEES Total							-\$11,625.77	-\$14,611.74	-\$26,237.52
HARVESTING	Cartage - Truck						-\$51,876.87	-\$58,805.65	-\$110,682.52
	Establishment - harvesting						-\$11,930.00		-\$11,930.00
	Logging						-\$82,731.67	-\$92,580.74	-\$175,312.41
	Weighbridge						-\$748.97	-\$924.66	-\$1,673.63
	Cartage - Trans Shipping							-\$3,015.00	-\$3,015.00
HARVESTING Total							-\$147,287.51	-\$155,326.05	-\$302,613.55
INCOME	Log Sales						\$272,849.23	\$345,353.72	\$618,202.95
INCOME Total							\$272,849.23	\$345,353.72	\$618,202.95
Miscellaneous	Consumables						-\$241.29	-\$46.04	-\$287.33
	Other			-\$1,440.00	-\$1,909.75		-\$639.00	-\$76.00	-\$4,064.75
	Traffic Management						-\$667.40	-\$80.00	-\$747.40
	Security						-\$2,361.50		-\$2,361.50
	Consultancy Fees					-\$144.56			-\$144.56
Miscellaneous Total		-\$482.50	-\$700.00	-\$287.50	-\$1,909.75	-\$144.56	-\$3,909.19	-\$482.04	-\$9,355.54
Grand Total		-\$642.15	-\$700.00	-\$1,727.50	-\$1,909.75	-\$1,644.56	\$32,781.53	-\$33,148.39	-\$6,990.82

April 2022 Update

LOG MARKET UPDATE

Global markets during March have been driven by the war in Ukraine with all major commodities trading higher. Demand in China has been strong, however the recent lockdowns in Shenzhen and Shanghai have seen daily Chinese port offtakes drop down to around 43,000 tonnes per day – around half the normal amount.

China is still pursuing a zero-Covid strategy, and these lockdowns mean most factories, business activities and cargo movements have been affected. Log inventories on the Chinese ports are currently at normal levels, and any reduction in processing capacity is thought to be offset by reduced supply on the back of the Ukraine conflict.

Shipping has been affected by the increase in crude oil, which has undone all recent shipping rate decreases. As European countries ban exports of commodities, we are hearing that more of the bulk shipping fleet is moving into the Pacific, this could flow through to freight rate reductions in the medium term. In New Zealand, Covid has affected port loading capacity as most major ports struggle to keep a complete labour force. Log supply on the East Coast has been hampered by the recent weather events, this has helped to stop port inventories building with the other processing constraints.

Domestically, demand remains strong. The housing market has reached a turning point, however there is a huge backlog for timber to complete the existing consented builds. Consents were the highest on record for the first part of this year.

Log prices are expected to lift slightly in April/May, however external pressures around freight, the Ukraine crisis and covid shutdowns may affect this.

FOREST ACTIVITY UPDATE

Roadline activities are ongoing through till May or until the wet weather restricts road building. The roadline crew will then return after winter.

DAMAGE UPDATE FROM MARCH 2022 RAIN EVENT

The forest managers have been on the ground in the forest, and commented, that despite the significant amount of rain that came down during the rain event last month, the forest has escaped relatively unscathed.