HARVESTING REPORT
March 2022

CRICKLEWOOD FOREST

Landing 7 operations in the low cloud.

FMNZ
"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Cricklewood – March 2022

Summary

- Gross revenue for the month is **$481,296.92**
- Costs for the month are **$294,702.79**
- Net income for the month is **$186,594.14**
- Tonnes harvested for the month is **3321.42**
- Net income per tonne for the month is **$56.18**
- Area cleared for the month is **3.5** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$21,951,141.75**
- Project costs to date are **$14,237,697.77**
- Project net income to date is **$7,713,443.98**
- Tonnes harvested to date is **165,651.68**
- Net income per tonne to date is **$46.56**
- Recoverable volume per hectare to date is **769.40** tonnes
- Net income per hectare to date is **$35,826.49**
- Total forest area is **315.80** hectares, approximate hectares cleared to date is **215.30** 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 **$481,296.92** with an average sale price over all grades of **$144.91** per tonne**.**

March 2022 - Log Markets, Hawkes Bay

The March export prices have increased again $9.64/Jas m^3 on average, with the increases favouring unpruned grades.

Radiata log inventories on the main Chinese ports we monitor have increased to 4.25Mm^3, with daily offtake increasing more slowly than expected to 65Km^3 per day. Global markets during March have been driven by the Ukraine war with all major commodities and freight trading higher.

Log supply has been constrained with less supply from both New Zealand and Europe through the first quarter. This was due to many crews taking extended breaks over the holiday period and the slower than usual resumption of full production. March is traditionally a big month for log production in New Zealand due to good weather, good log prices and a higher number of workdays. Due to interruptions in the whole supply chain caused by Covid absences and unseasonal weather events, log production has also been lower than expected.

China is facing a reduction in European log supply due to Russia invading Ukraine along with Uruguayan exporters dealing with increased ocean freight costs. While we will likely see an increase in Russian lumber supply (and possibly even logs despite an earlier ban of export logs) this would take time to ramp up, while the reduction from the rest of Europe is more immediate. European supply was already reducing before the war due to falling salvage harvest levels and increased internal processing and consumption.

The recent Russian invasion of Ukraine has seen the rapid increase in crude oil prices. This is feeding into ocean freight rates lifting US$25 since January. Demand for freight is up sharply post LNY as more vessels look to relocate to the Pacific and away from the Atlantic due to concerns regarding the war escalating.

The NZD has continued to trade higher against the USD since the beginning of March with a 2 cent gain over the month counteracting any CFR gains.

Mid-quarter, domestic pruned log prices have settled flat, due to concerns relating to the slowdown in harvesting affecting production / supply.

Grade Recovery

Grade out turn for March is as follows:

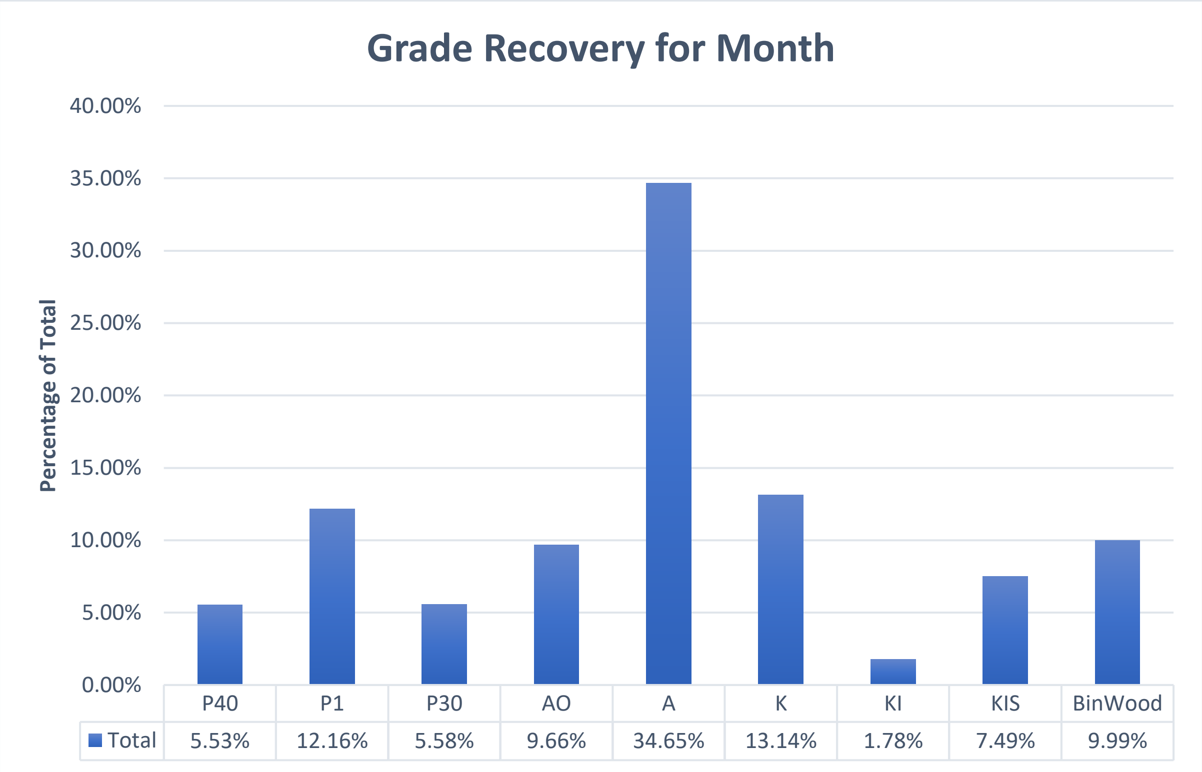


Chart 1: Grade Recovery for Month

Pruned recovery for March comprised 23% of overall sales volume, 12% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 58% of the total production volume, with lower quality export (KI and KIS grades) comprising 9% of volume.

The remaining 10% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

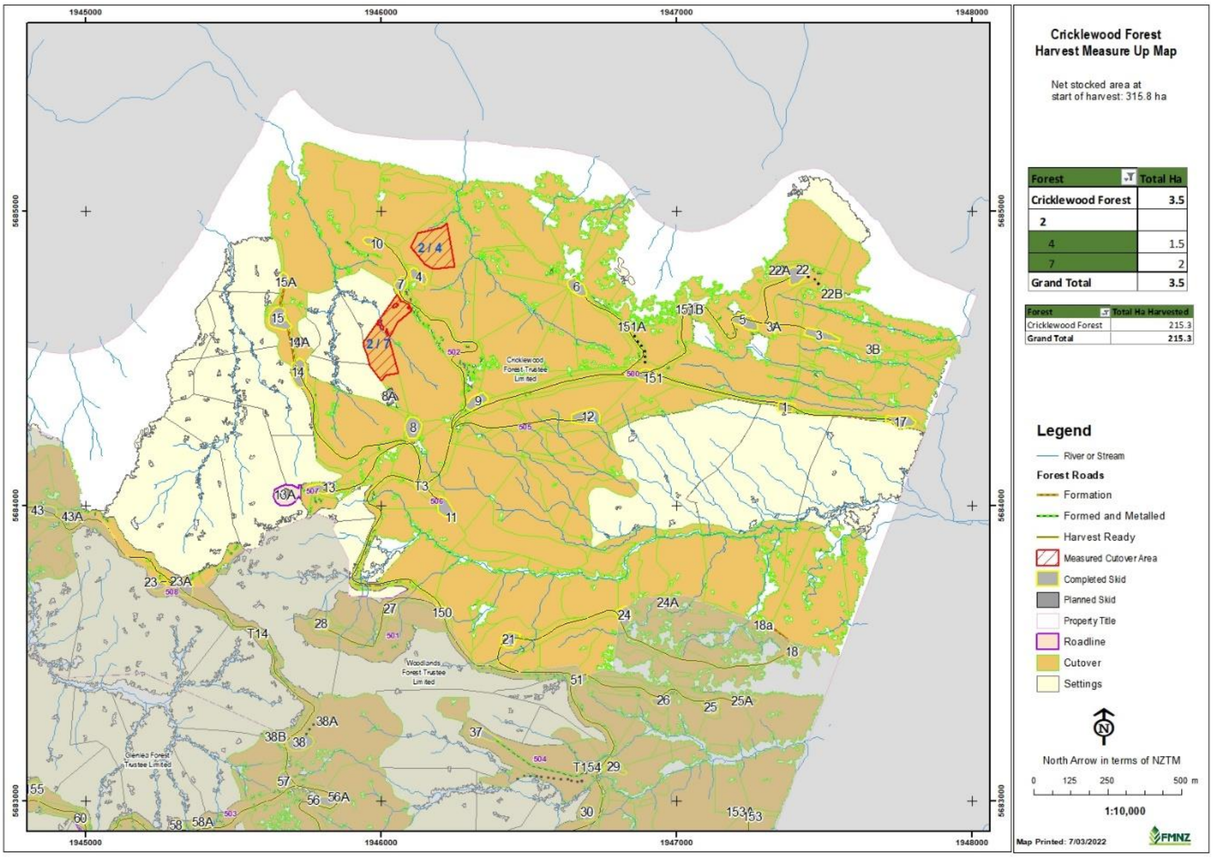
The total logging cost for the month was **$138,179.52**, an average of **$41.60** per tonne.

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

LOGGING COSTS		TOTAL
March	Logging – tonnes	$138,179.52
		$138,179.52

Table 1: Logging Costs

Due to the significant rise in diesel and petrol prices, a fuel adjustment factor has been added to the logging rates and will remain until there is a fuel cost reduction.



Pic 1: Progress Map

At the beginning of the month the harvest crew moved the hauler to a knob at the northern edge of Setting 7 on Hunters Road to enable them to see the remaining wood on the ground. It took them a few days to two-stage this wood up to Landing 4 and they then shifted the hauler to Landing 7 to pull the rest of the setting.

During March there was an extended period of very wet weather accompanied by constant easterly winds which has caused difficulties with clearfell operations. The main damage from the event was localised around Wairoa North and the public road, Putere Road, was closed to heavy vehicles while the clean-up was undertaken.

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 **$114,587.24** which is an average unit rate of **$34.50** per tonne.

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

CARTAGE COSTS		TOTAL
March	Cartage - Truck	$114,587.24
	Weighbridge	$1,163.58
		$115,750.82

Table 2: Cartage Costs

The average cart rate for March inclusive of weighbridge fees is **$34.85** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
March	Establishment - Engineering		$753.40	$753.40
	R&M		$1,153.20	$1,153.20
	R&M - Event Clean-up		$9,715.30	$9,715.30
	R&M - Metal		$2,824.00	$2,824.00
	Trucks - Cart & Dump		$5,582.77	$5,582.77
			$20,028.67	**$20,028.67**

Table 3: Engineering Costs

Earthworks carried out in March was predominantly related to clean-up after a significant storm. Waiau River Road required repairs after heavy rainfall damaged a section of road making the road impassable to log trucks.

Winter maintenance metal was also supplied in March to facilitate clearfell harvest through the coming months.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
March	**$186,594.14**	**$7,713,443.98**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$56.18** per tonne, or **$53,312.61** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
March	Management	$19,251.88
	FGC levy	$1,125.14
		$20,377.02

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
March	Consumables	$215.77
	Other	$76.00
		$291.77

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during March and for log stencils for the harvest crew.

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

Health and Safety

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

Environmental

ENVIRONMENTAL		TOTAL
March	Environmental Monitoring	$75.00
		$75.00

Table 7: Environmental Expenses

Environmental costs incurred this month relate to annual administration by Hawke's Bay Regional Council for compliance monitoring for consented and permitted activities.

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.

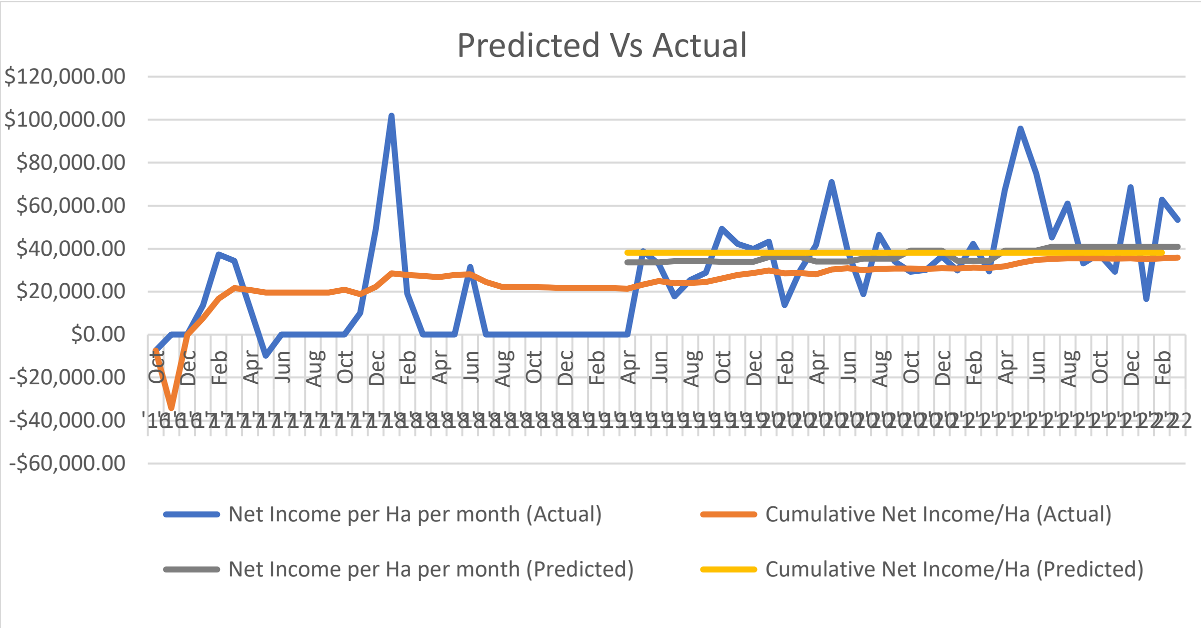


Chart 2: Actual vs Predicted

Net return per tonne to date is **$46.56**, forecast was $50.70.

Gross return per tonne to date is **$132.51**, forecast was $135.61.

Net return per hectare to date is **$35,826.49**, forecast was $38,119.31.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

FMNZ

Cricklewood Forest Partnership — 01/03/2022 to 31/03/2022

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

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp	BinWood	331.79		$45.50	$15,096.45
TOTAL BINWOOD SALES		**331.79**			**$15,096.45**

Domestic					
Pruned Dom	P1 4.9	403.90		$192.00	$77,548.80
TOTAL DOMESTIC SALES		**403.90**			**$77,548.80**

Export					
Pruned Exp	P40 3.9	0.00	135.830	$197.00	$26,758.51
Pruned Exp	P40 5.9	0.00	63.858	$197.00	$12,580.03
Pruned Exp	P30 3.9	0.00	197.142	$164.00	$32,331.29
A40	AO 3.8	0.00	347.947	$145.00	$50,452.32
A30	A 3.6	0.00	838.594	$143.00	$119,918.94
A30	A 3.8	0.00	83.160	$143.00	$11,891.88
A30	A 5.8	0.00	285.056	$145.00	$41,333.12
K	K 3.6	0.00	143.807	$136.00	$19,557.75
K	K 3.8	0.00	45.867	$136.00	$6,237.91
K	K 5.8	0.00	233.749	$138.00	$32,257.36
KI	KI 3.6	0.00	39.007	$127.00	$4,953.89
KI	KI 3.8	0.00	20.510	$127.00	$2,604.77
TOTAL EXPORT SALES		**0.00**	**2,434.527**		**$360,877.77**

Export Pulp					
Export Pulp	KIS 2.9	0.00	141.959	$112.00	$15,899.41
Export Pulp	KIS 3.8	0.00	97.332	$122.00	$11,874.50
TOTAL EXPORT PULP SALES		**0.00**	**239.291**		**$27,773.91**
TOTAL		**735.69**	**2,673.818**		**$481,296.93**

FEES	
FMNZ Management Fee @ %	$19,251.88
TOTAL FEES	**$19,251.88**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,125.14
TOTAL LEVIES	**$1,125.14**
COSTS	
Harvesting	$126,221.00
Cartage	$114,587.24
Weighbridge	$1,163.58
Consumables	$215.77
Environmental Monitoring	$75.00
Establishment	$753.40
Logging	$11,958.52
Metalling: Cart to stockpile	$5,582.77
Other	$76.00
R&M - Event Cleanup	$9,715.30
R&M - Metal	$2,824.00
Repairs & Maintenance	$1,153.20
TOTAL COSTS	**$274,325.78**
TOTAL FEES, LEVIES & COSTS	**$294,702.80**

NET INCOME	**$186,594.13**
GST	**$27,989.12**
NET INCOME (INCLUDING GST)	**$214,583.25**

Photo 1: Faller hammering in a wedge before completing back-cut to fell tree.

Photo 2: Setting 7 laid out with stems by manual faller.

Photo 3: View from the hauler of the stems laid out in Setting 7.

Photo 4: Landing 7 operations.

Photo 5: Setting 7 viewed from Hunters Road.

Photo 6: Shifting hauler to get deflection in setting.

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 - Feb 22	Mar 22	Grand Total
Engineering	Corduroy					-$385.00			-$385.00
	Crossings	-$2,080.00							-$2,080.00
	Culvert Installation			-$510.30	-$2,712.00	-$882.00	-$6,611.00		-$10,715.30
	Culverts	-$14,035.61	-$21,380.60	-$4,748.27	-$7,394.51	-$17,359.39	$948.78		-$63,969.60
	Culverts - Freight		-$624.00	-$2,660.00	-$680.00	-$2,790.00	-$915.00		-$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	-$7,383.80	-$753.40	-$26,331.98
	Fluming		-$5,942.75	-$1,076.20	-$893.00	-$7,119.27	-$235.50		-$15,266.72
	Grass Seeding				-$436.15	-$1,842.41	-$1,500.50		-$3,779.06
	Landings	-$18,280.00	-$24,067.50	-$33,180.44	-$27,456.00	-$46,300.00	-$27,296.00		-$176,579.94
	Loader Hire				-$1,950.64	-$3,327.00			-$5,277.64
	Loadout Bay Construction					-$2,486.65	-$5,686.00		-$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	-$36,750.06		-$413,284.08
	Other				-$801.67	-$1,474.79			-$2,276.46
	Pads		-$3,555.00			-$8,031.00	-$49,798.00		-$61,384.00
	Pavement			-$11,603.72	-$876.00	-$5,902.30	-$8,228.50		-$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	-$9,549.98	-$1,153.20	-$76,160.18
	R&M - Metal		-$2,040.00			-$1,045.00	-$19,001.34	-$2,824.00	-$24,910.34
	R&M - Road Maintenance	-$6,905.00	-$52,336.05	-$2,135.00		-$1,265.00	-$20,982.40		-$83,623.45
	Rehab				-$10,187.21	-$26,016.00	-$31,089.00		-$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	-$36,797.00		-$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	-$12,504.00		-$104,561.11
	Stockpile Works					-$15,195.13	-$8,821.50		-$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	-$44,289.38	-$5,582.77	-$193,521.16
	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						-$750.00		-$750.00
	R&M - Event Cleanup						-$1,650.00	-$9,715.30	-$11,365.30
Engineering Total		**-$283,900.88**	**-$463,938.52**	**-$230,794.90**	**-$216,831.12**	**-$453,961.47**	**-$329,275.17**	**-$20,028.67**	**-$1,998,730.73**
Fees	FGC levy	-$1,812.35	-$3,889.67	-$422.75	-$11,282.07	-$14,108.67	-$15,953.91	-$1,125.14	-$48,594.55
	Management	-$37,117.01	-$80,785.48	-$9,738.89	-$203,391.10	-$256,071.32	-$271,690.21	-$19,251.88	-$878,045.88
Fees Total		**-$38,929.36**	**-$84,675.15**	**-$10,161.64**	**-$214,673.17**	**-$270,179.98**	**-$287,644.11**	**-$20,377.01**	**-$926,640.43**
Harvesting	Cartage - Trans Shipping				-$495.00		-$647.50		-$1,142.50
	Cartage - Truck	-$175,677.48	-$378,840.46	-$42,923.31	-$1,198,921.51	-$1,400,311.75	-$1,451,238.97	-$114,587.24	-$4,762,500.70
	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	-$1,850,113.60	-$138,179.52	-$6,426,625.13
	Logging - Hourly				-$2,500.00				-$2,500.00
	Tracking		-$2,220.00						-$2,220.00
	Trailer Lifting	-$144.43	-$1,021.01			-$6.00	-$132.00		-$1,303.44
	Weighbridge	-$2,319.94	-$5,013.06	-$627.23	-$13,871.63	-$16,267.29	-$15,176.26	-$1,163.58	-$54,438.99
Harvesting Total		**-$435,230.73**	**-$913,260.84**	**-$110,003.16**	**-$2,897,873.87**	**-$3,355,404.23**	**-$3,317,788.33**	**-$253,930.34**	**-$11,283,491.51**
Income	Log Sales	$927,920.00	$2,019,637.11	$243,472.23	$5,084,777.48	$6,401,782.88	$6,792,255.13	$481,296.92	$21,951,141.75
Income Total		**$927,920.00**	**$2,019,637.11**	**$243,472.23**	**$5,084,777.48**	**$6,401,782.88**	**$6,792,255.13**	**$481,296.92**	**$21,951,141.75**
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	-$1,345.96	-$215.77	-$6,495.69
	Environmental Monitoring				-$150.00		-$3,175.90	-$75.00	-$3,400.90
	Fencing				-$391.18				-$391.18
	Other		-$123.60	-$4,996.02	-$2,577.03	-$2,905.15	-$278.72	-$76.00	-$10,956.53
	Royalty payments			-$500.00					-$500.00
	Security			-$45.75	-$396.30	-$101.25	-$4,474.08		-$5,017.38
	Traffic Management	-$109.22		-$189.20	-$222.34	-$282.41	-$103.67		-$906.84
Miscellaneous Total		**-$520.20**	**-$693.81**	**-$6,021.66**	**-$5,653.53**	**-$5,586.41**	**-$9,992.72**	**-$366.77**	**-$28,835.11**
Grand Total		**$169,338.83**	**$557,068.78**	**-$113,509.13**	**$1,749,745.79**	**$2,316,650.79**	**$2,847,554.79**	**$186,594.14**	**$7,713,443.98**