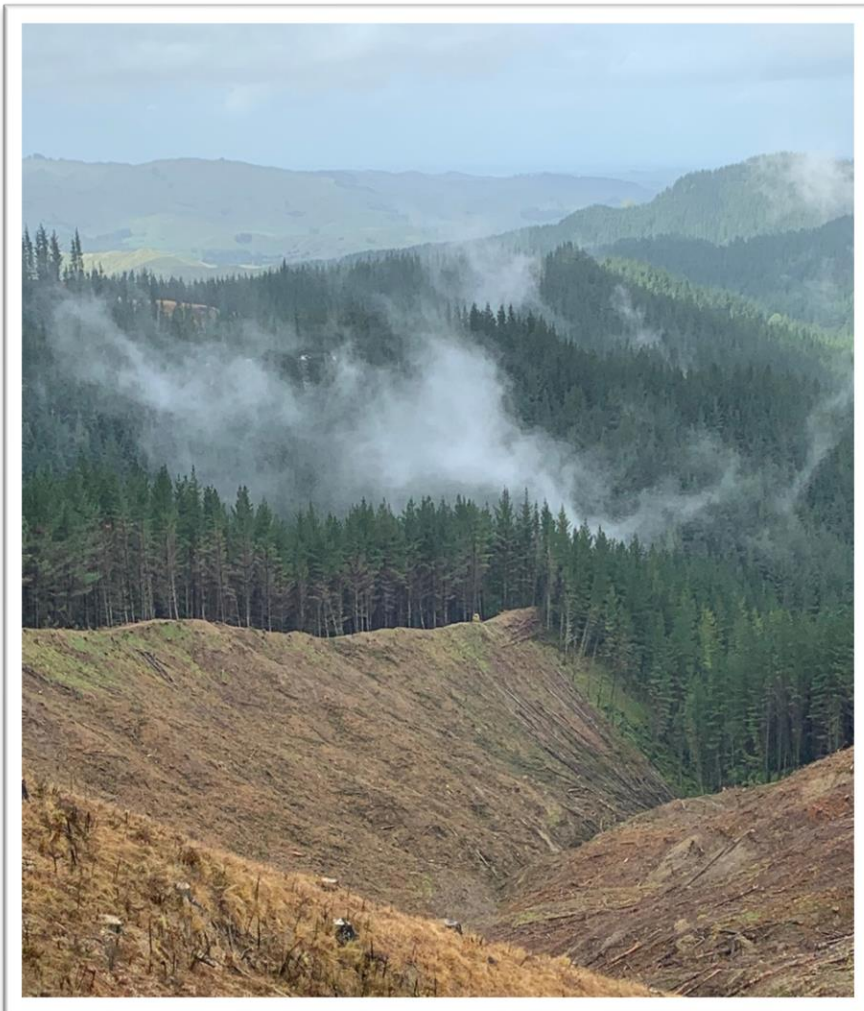




HARVESTING REPORT

March 2022

TURNBRIDGE FOREST



Setting 605

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Turnbridge – March 2022

Summary

- Gross revenue for the month is **\$290,799.87**
- Costs for the month are **\$216,057.42**
- Net income for the month is **\$74,742.46**
- Tonnes harvested for the month is **1,948.77**
- Net income per tonne for the month is **\$38.35**
- Area cleared for the month is **1.6** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$6,159,335.90**
- Project costs to date are **\$4,626,614.98**
- Project net income to date is **\$1,532,720.93**
- Tonnes harvested to date is **41,688.76**
- Net income per tonne to date is **\$36.77**
- Recoverable volume per hectare to date is **596.40** tonnes
- Net income per hectare to date is **\$21,927.34**
- Total forest area is **224.10** hectares, approximate hectares cleared to date is **69.90** 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 **\$290,799.87** with an average sale price over all grades of **\$149.22** per tonne.

March 2022 - Log Markets, Gisborne & Hawkes Bay

The March export prices have increased \$1.53/Jas m³ on average in Gisborne, with the increases favouring pruned and lower grades. In Hawkes Bay they have increased again \$9.64/Jas m³ on average, with the increases favouring unpruned grades.

Radiata log inventories on the main Chinese ports we monitor have increased to 4.25Mm³, with daily offtake increasing more slowly than expected to 65Km³ 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 fallen \$8.49 this quarter in Gisborne due to weaker AWG export pricing from the previous Quarter. In Hawkes Bay they 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:

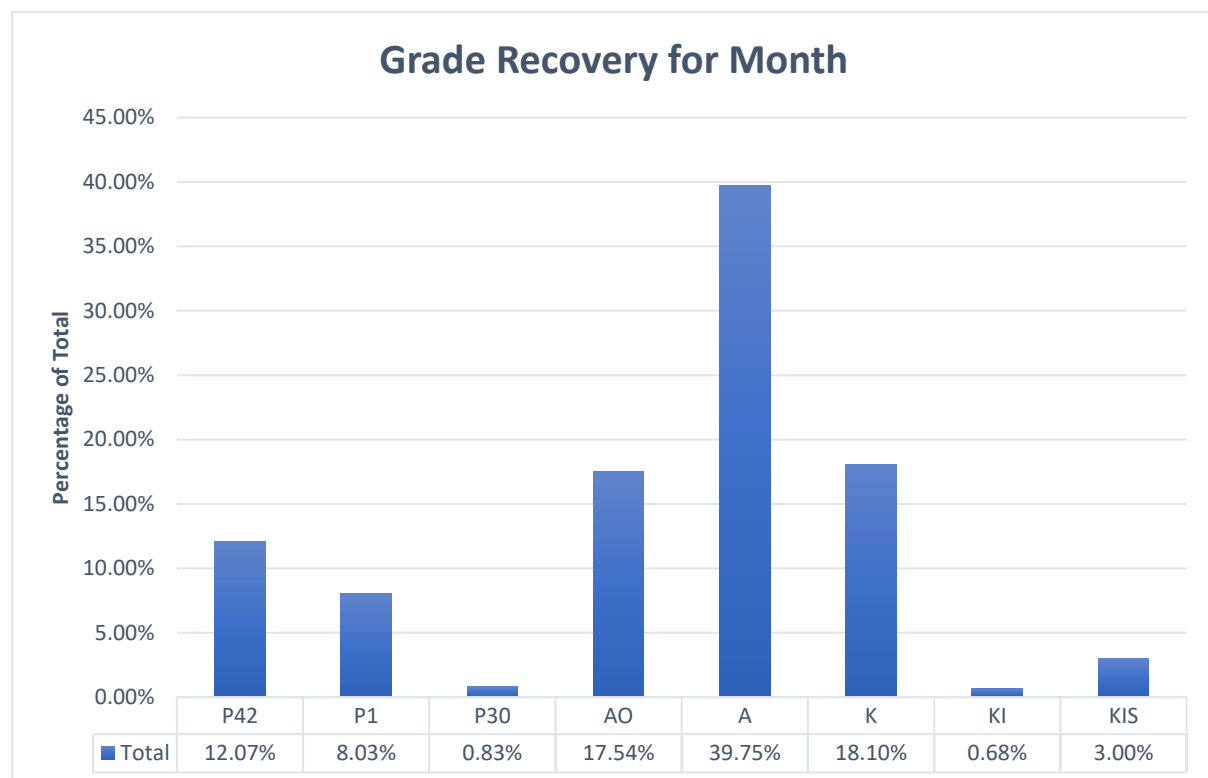


Chart 1: Grade Recovery for Month

Pruned recovery for March comprised 21% of overall sales volume, 8% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 75% 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 **\$102,310.43**, an average of **\$52.50** per tonne.

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

LOGGING COSTS		TOTAL
March	Logging – tonnes	\$102,310.43
		\$102,310.43

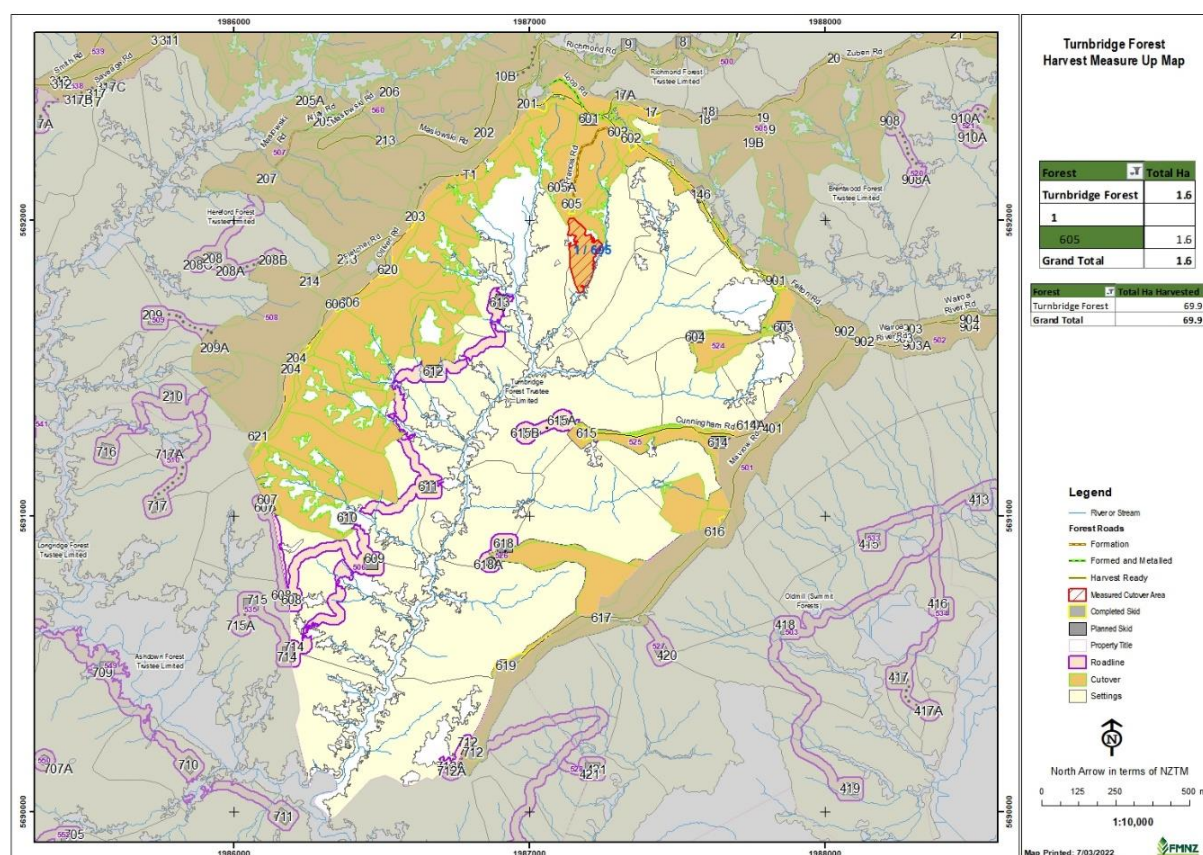
Table 1: Logging Costs

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.

ADDITIONAL HARVEST COSTS		TOTAL
March	Establishment	\$20,483.32
		\$20,843.32

Table 2: Additional Logging Costs

Additional logging costs are for the establishment of Log 28's harvest machinery to the forest.



Pic 1: Progress Map

During March, Log 28 commenced clearfell harvesting at Setting 605 at the end of Frances Road. The pole hauler was set up on Landing 605 with a skidder being used to two-stage the wood back to Landing 602 on Felton Road. This was always a two-stage operation for Landing 605 as the road access was too steep for truck and trailer cartage from the landing. Due to bad weather the crew were unable to continue two-staging so they left for neighbouring Hereford Forest and will come back to Setting 605 once it dries out.

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 **\$60,220.93** which is an average unit rate of **\$30.90** per tonne.

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

CARTAGE COSTS		TOTAL
March	Cartage - Truck	\$52,197.03
	Cartage – Rail	\$8,023.90
	Weighbridge	\$731.44
	Trailer Lifting	\$63.68
		\$61,016.05

Table 3: Cartage Costs

The average cart rate for March inclusive of weighbridge and trailer lifting fees is **\$31.31** per tonne.

Volume deliveries were carted to Gisborne Port with little to the Wairoa Rail Head. The “Cartage Rail” is the cost of cartage by rail only.”

Trailer lifting costs are for using the Port gantry when delivering to the domestic mill in Gisborne.

Engineering

ENGINEERING		RL	CF	TOTAL
March	Establishment - Engineering		\$93.86	\$93.86
	Metal Lime		\$786.25	\$786.25
	R&M		\$120.34	\$120.34
	R&M - Event Clean-up		\$1,300.30	\$1,300.30
	R&M - Metal		\$1,927.65	\$1,927.65
	R&M - Road Maintenance		\$269.19	\$269.19
	Stockpile Works		\$387.78	\$387.78
	Trucks - Cart & Dump		\$2,419.29	\$2,419.29
	Landings	\$8,753.48		\$8,753.48
	Other		\$845.35	\$845.35
	Rehab	\$2,643.38		\$2,643.38
		\$11,396.86	\$8,150.01	\$19,546.86

Table 4: Engineering Costs

Earthworks carried out in March included construction of Landing 618 on Hunter Road and maintenance associated with clearfell operations.

On March 23rd, Ruakituri experienced a significant rainfall event. This resulted in several major slips throughout the entire forest including a significant dropout on the main access (Richmond Road). All work associated with the storm event has been classed as “R&M - Event Clean-up.” Any work on the main access road has been spilt between all eight forests.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
March	\$74,742.46	\$1,532,720.91

Table 5: Total Revenue

The net revenue for the month equates to an average of **\$38.35** per tonne, or **\$46,714.03** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
March	Management	\$11,631.99
	FGC levy	\$664.43
		\$12,296.42

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
March	Consumables	\$25.58
		\$25.58

Table 7: Miscellaneous Expenses

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

Health and Safety

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

Environmental

ENVIRONMENTAL		TOTAL
March	Environmental Monitoring	\$18.75
		\$18.75

Table 8: 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.

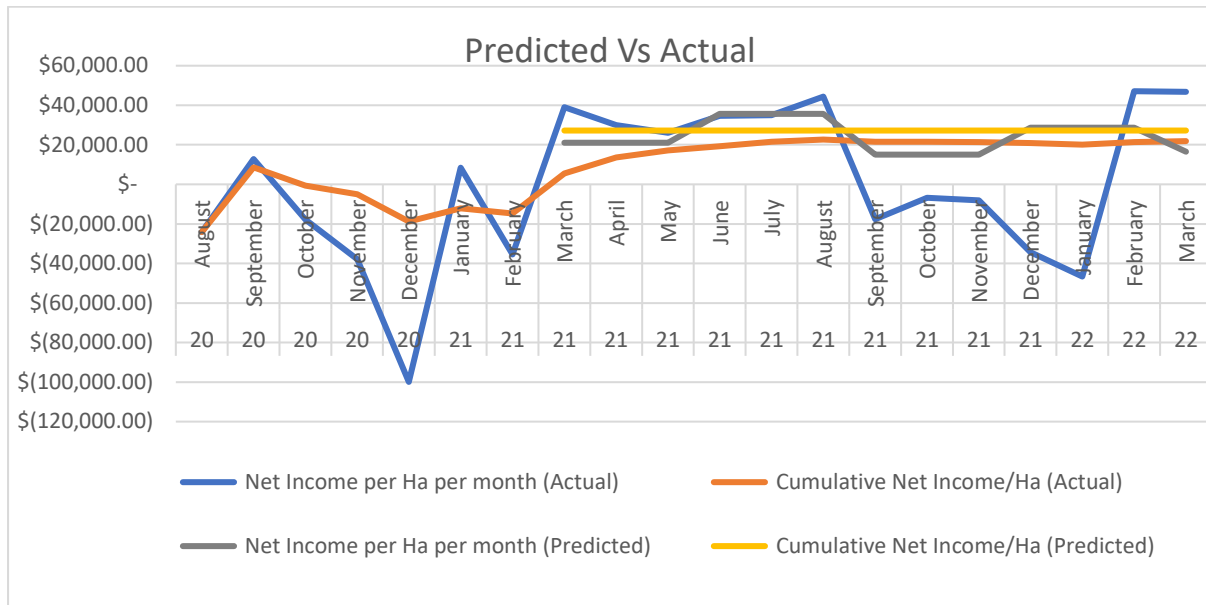


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$36.77**, forecast was \$42.63.

Gross return per tonne to date is **\$147.75**, forecast was \$133.54.

Net return per hectare to date is **\$21,927.34**, forecast was \$27,155.55.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Turnbridge Forest Partnership

01/03/2022 to 31/03/2022

Paid to bank account # 02-0792-0001713-000

GST # 62-990-686

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Domestic					
Pruned Dom	P1 4.9	61.94		\$192.00	\$11,892.48
Pruned Dom	P1 5.5	94.46		\$178.50	\$16,861.11
TOTAL DOMESTIC SALES		156.40			\$28,753.59

Export					
Pruned Exp	P42 3.9	0.00	51.697	\$184.00	\$9,512.25
Pruned Exp	P42 5.1	0.00	191.965	\$184.00	\$35,321.56
Pruned Exp	P30 3.9	0.00	16.048	\$145.00	\$2,326.96
A40	AO 3.9	0.00	369.383	\$132.00	\$48,758.56
A30	A 3.8	0.00	113.825	\$132.00	\$15,024.90
A30	A 3.8	0.00	32.098	\$143.00	\$4,590.01
A30	A 5.8	0.00	394.968	\$134.00	\$52,925.71
A30	A 5.8	0.00	257.290	\$145.00	\$37,307.05
K	K 3.8	0.00	13.784	\$123.00	\$1,695.43
K	K 3.8	0.00	19.083	\$124.00	\$2,366.29
K	K 3.8	0.00	31.849	\$136.00	\$4,331.46
K	K 5.8	0.00	61.120	\$126.00	\$7,701.12
K	K 5.8	0.00	232.996	\$138.00	\$32,153.45
KI	KI 3.8	0.00	13.057	\$116.00	\$1,514.61
TOTAL EXPORT SALES		0.00	1,799.163		\$255,529.36

Export Pulp					
Export Pulp	KIS 2.9	0.00	15.159	\$104.00	\$1,576.54
Export Pulp	KIS 3.8	0.00	15.911	\$105.00	\$1,670.65
Export Pulp	KIS 3.8	0.00	26.801	\$122.00	\$3,269.72
TOTAL EXPORT PULP SALES		0.00	57.871		\$6,516.91
TOTAL		156.40	1,857.034		\$290,799.86

FEES	
FMNZ Management Fee @ %	\$11,631.99
TOTAL FEES	\$11,631.99

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$664.44
TOTAL LEVIES	\$664.44
COSTS	
Harvesting	\$94,515.35
Cartage	\$52,197.03
Weighbridge	\$731.44
Cartage - Rail	\$8,023.90
Consumables	\$25.58
Environmental Monitoring	\$18.75
Establishment	\$20,937.18
Landings	\$8,753.48
Logging	\$7,795.08
Metal Lime m3	\$786.25
Metalling: Cart to stockpile	\$2,419.29
Other	\$845.35
Post Harvest Rehab	\$2,643.38
R&M - Event Cleanup	\$1,300.30
R&M - Metal	\$1,927.65
R&M - Road Maintenance	\$269.19
Repairs & Maintenance	\$120.34
Stockpile Works	\$387.78
Trailer Lifting	\$63.68
TOTAL COSTS	\$203,760.99
TOTAL FEES, LEVIES & COSTS	\$216,057.42
NET INCOME	
NET INCOME	\$74,742.44
GST	\$11,211.37
NET INCOME (INCLUDING GST)	\$85,953.81



Photo 1: Log 28 operations on Landing 602.



Photo 2: Felton Road metal pit.



Photo 3: Setting 605.



Photo 4: Setting 605.



Photo 5: Log 28 working in Setting 605.



Photo 6: Log 28 working in Setting 605.

TURNBRIDGE CUMULATIVES

Categories	Descriptions	Mar 20 - Feb 21	Mar 21 - Feb 22	Mar 22	Grand Total
Engineering	Culvert Installation	-\$1,058.14	-\$2,565.00		-\$3,623.14
	Culverts	-\$2,846.34	-\$5,060.14		-\$7,906.48
	Culverts - Freight	-\$302.50	-\$600.00		-\$902.50
	Establishment - Engineering	-\$1,385.06	-\$1,290.98	-\$93.86	-\$2,769.90
	Fluming	-\$1,812.60	-\$2,976.40		-\$4,789.00
	Grass Seeding	-\$2,100.00	-\$1,190.00		-\$3,290.00
	Landings	-\$96,269.77	-\$116,068.50	-\$8,753.48	-\$221,091.75
	Loadout Bay Construction	-\$175.00	-\$5,773.08		-\$5,948.08
	Metal Lime	-\$3,956.74	-\$52,345.36	-\$786.25	-\$57,088.34
	Metal Rock	-\$153,097.16	-\$98,955.93		-\$252,053.10
	Pavement	-\$11,394.65	-\$6,200.63		-\$17,595.27
	R&M	-\$3,006.94	-\$6,245.73	-\$120.34	-\$9,373.00
	R&M - Culverts Maintenance	-\$212.60			-\$212.60
	R&M - Event Cleanup	-\$1,494.32	-\$22,208.75	-\$1,300.30	-\$25,003.37
	R&M - Road Maintenance	-\$4,685.11	-\$35,869.35	-\$269.19	-\$40,823.65
	Rehab	-\$3,284.20	-\$8,962.50	-\$2,643.38	-\$14,890.07
	Rehab - Skids/Pads	-\$3,850.00			-\$3,850.00
	Road Formation	-\$151,505.50	-\$215,500.00		-\$367,005.50
	Sediment Control	-\$430.91			-\$430.91
	Spread from stockpile	-\$44,025.54	-\$11,414.93		-\$55,440.47
	Stockpile Works	-\$2,583.57	-\$13,775.57	-\$387.78	-\$16,746.92
	Temp Landings	-\$1,890.00	-\$2,100.00		-\$3,990.00
	Trucks - Cart & Dump	-\$95,217.04	-\$127,785.53	-\$2,419.29	-\$225,421.86
	Trucks - Cart & Spread	-\$1,110.79			-\$1,110.79
	Other		-\$351.41	-\$845.35	-\$1,196.76
	Pads		-\$2,250.00		-\$2,250.00
	R&M - Metal		-\$6,502.27	-\$1,927.65	-\$8,429.92
	Public Roads		-\$197.09		-\$197.09
	Entranceway - Seal		-\$6,492.47		-\$6,492.47
Engineering Total		-\$587,694.47	-\$752,681.61	-\$19,546.86	-\$1,359,922.95
Fees	FGC levy	-\$2,014.39	-\$10,583.55	-\$664.43	-\$13,262.37
	Management	-\$36,113.02	-\$198,628.42	-\$11,631.99	-\$246,373.44
Fees Total		-\$38,127.41	-\$209,211.97	-\$12,296.43	-\$259,635.80
Harvesting	Cartage - Rail	-\$966.49	-\$147,108.06	-\$8,023.90	-\$156,098.46
	Cartage - Truck	-\$170,722.50	-\$804,745.21	-\$52,197.03	-\$1,027,664.74
	Establishment - harvesting	-\$2,965.83	-\$2,139.55	-\$20,843.32	-\$25,948.70
	Logging	-\$282,789.80	-\$1,360,939.05	-\$102,310.43	-\$1,746,039.27
	Tracking	-\$14,496.62	-\$6,090.00		-\$20,586.62
	Trailer Lifting	-\$651.84	-\$620.60	-\$63.68	-\$1,336.12
	Weighbridge	-\$2,748.06	-\$11,524.74	-\$731.44	-\$15,004.23
	Logging - Hourly		-\$7,459.20		-\$7,459.20
Harvesting Total		-\$475,341.15	-\$2,340,626.40	-\$184,169.80	-\$3,000,137.35
Income	Log Sales	\$902,825.42	\$4,965,710.61	\$290,799.87	\$6,159,335.90
Income Total		\$902,825.42	\$4,965,710.61	\$290,799.87	\$6,159,335.90
Miscellaneous	Consumables	-\$592.52	-\$992.53	-\$25.58	-\$1,610.63
	Environmental Monitoring	-\$2,457.00	-\$2,629.95	-\$18.75	-\$5,105.70
	Traffic Management	-\$29.73	-\$12.50		-\$42.23
	Other		-\$39.09		-\$39.09
	Consultancy Fees		-\$104.06		-\$104.06
	Security		-\$17.18		-\$17.18
Miscellaneous Total		-\$3,079.25	-\$3,795.31	-\$44.33	-\$6,918.88
Grand Total		-\$201,416.85	\$1,659,395.32	\$74,742.46	\$1,532,720.93