



HARVESTING REPORT

May 2021

ESKDALE FOREST



"A" Grade logs stockpiled, branded and QC'd ready for loadout.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Eskdale – May 2021

Summary

- Gross revenue for the month is **\$288,555.86**
- Costs for the month are **\$145,913.79**
- Net income for the month is **\$142,642.08**
- Tonnes harvested for the month is **2,019.85**
- Net income per tonne for the month is **\$70.62**
- Area cleared for the month is **3.2** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$31,292,072.95**
- Project costs to date are **\$17,072,007.11**
- Project net income to date is **\$14,220,065.84**
- Tonnes harvested to date is **227,075.6**
- Net income per tonne to date is **\$62.62**
- Recoverable volume per hectare to date is **750.7** tonnes
- Net income per hectare to date is **\$47,008.48**
- Total forest area is **310.2** hectares, approximate hectares cleared to date is **302.5** 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 **\$288,555.86** with an average sale price over all grades of **\$142.86** per tonne.

Log Markets

May 2021 - Log Markets, Hawkes Bay

The May export prices have lifted \$4.57/Jas m³ on average. The increase has mainly benefited the sawlog log grades.

Radiata log inventories on the main Chinese ports we monitor have fallen further to 3.68Mm³, with daily offtake recovering towards the 80Km³ per day range following the May Day holidays. The inventory supply and demand equation continues to support US\$ CFR pricing at current record levels.

Chinese demand is forecast to remain positive. Construction activity generally slows down in China as they enter the hot season months, June to August. This will be partially offset by reduced harvest volumes during the New Zealand winter. This is not expected to result in any significant inventory build over this period. Customers for New Zealand logs are pushing for more cargo as New Zealand is seen as the most reliable major softwood supply region.

While the heat may be taken out of the log market there is unlikely to be a crash in log prices as supply is still constrained and this will keep upward pressure on CFR pricing. There is unlikely to be an increase in log supply from Europe until more containers become available. North America is in a building boom and has its own shortage of logs and sawn timber. In the short to medium term, there is little chance of supply relief from Australia following their recent withdrawal from the Belt and Road deal with China.

The State Council (China's cabinet) announced in May that it would monitor changes in overseas and domestic markets and will step up coordination between monetary and other policies to maintain stable economic operations. This has been due to concerns of excessive speculation in commodity markets, mainly iron ore.

Ocean freight rates to China have climbed to over US\$50 from most ports. The Chinese government's announcement that it will take as yet unspecified measures to reduce the heat in the commodities market may reduce shipping demand, however, there is still strong demand for bulk shipping of non-commodity items that were previously shipped in containers.

The NZD has bounced around in the 0.712 – 0.73 range during May and continues to hinder gains to New Zealand forest owner from increased CFR log prices in China.

Domestic pruned log prices have lifted \$12 this quarter due to strong AWG export pricing and factoring in the winter effects on Jas conversion.

Grade Recovery

Grade out turn for May is as follows:

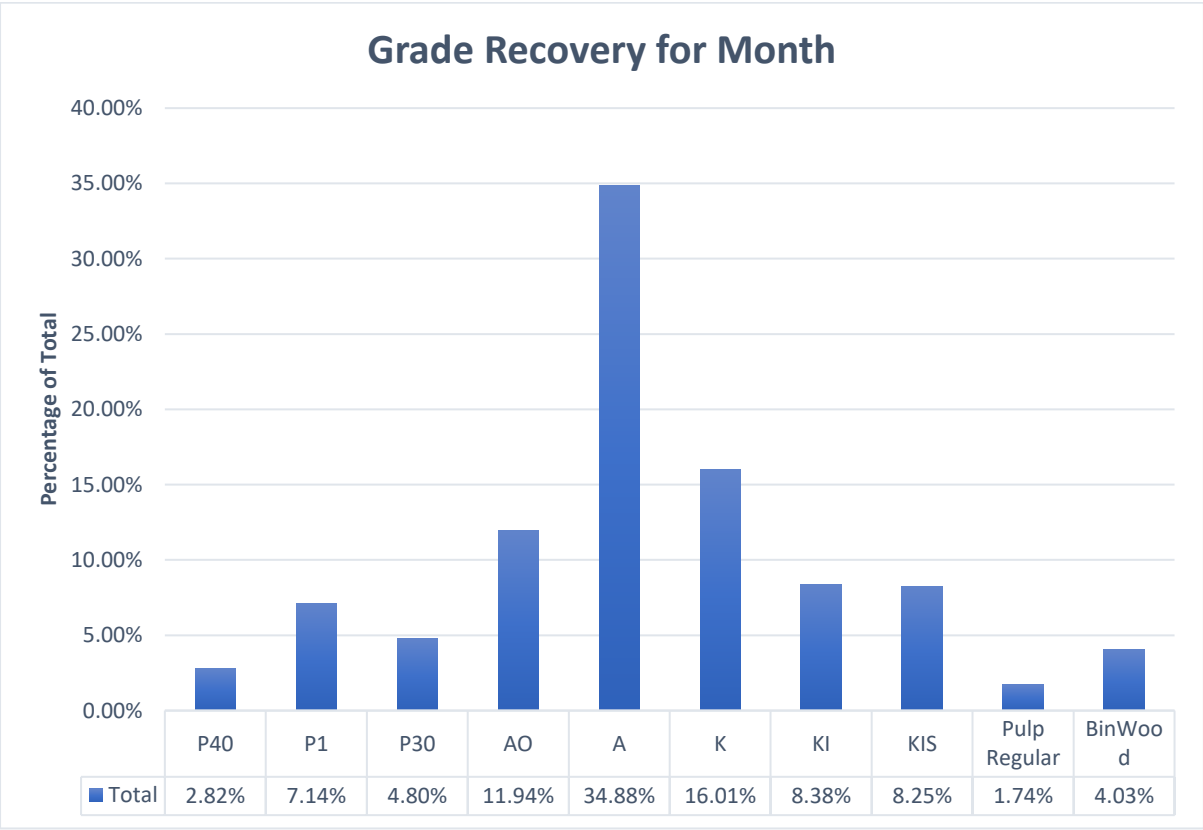


Chart 1: Grade Recovery for Month

Pruned recovery for May comprised 15% of total volume, 7% of which was sold to domestic mills. Pruned recovery is lower than anticipated due to the clearing out of harvested logs left on the skids.

High quality export (AO, A and K grades) comprised 63% of log sales with lower quality export logs (KI and KIS grades) totalling 17% of volume.

The remaining 5% was sold as domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **\$85,841.97**, an average of **\$42.50** per tonne.

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

LOGGING COSTS	TONNES	TOTAL
May		\$85,841.97
	2,019.85	\$85,841.97

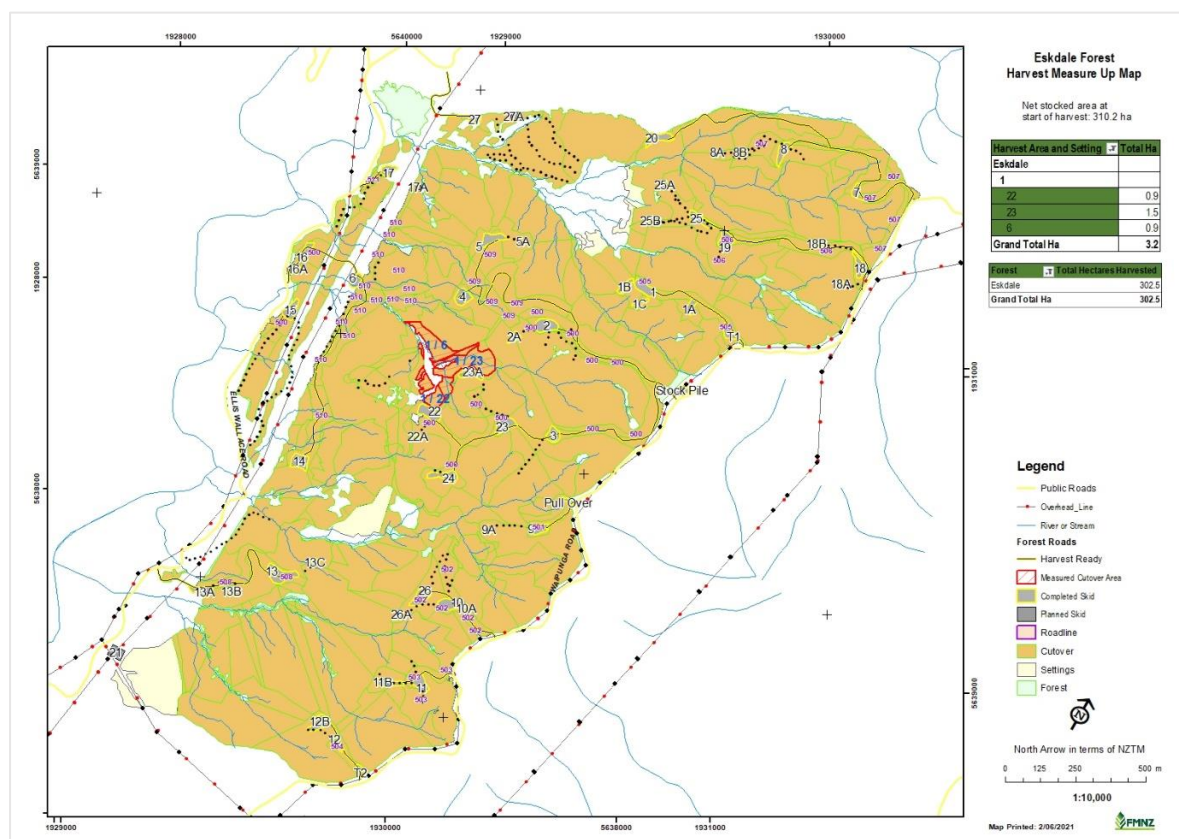
Table 1: Logging Costs

The logging unit rate was increased for Setting 23 because of the two-staging of some of the wood.

ADDITIONAL HARVEST COSTS		TOTAL
May	Establishment	\$1,202.50
		\$1,202.50

Table 2: Additional Logging Costs

Establishment costs are for the forwarder to be used for Setting 23 which requires logs to be two-staged approximately 275 metres from a narrow pad overlooking the steep limestone bluff area.



Pic 1: Progress Map

Setting 23 is the final setting in Eskdale for the swing yarder crew to complete. From the completion in May, the crew will be departing the forest.

Planned activities for June:

There is no planned harvesting for June.

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 **\$25,480.48** which is an average unit rate of **\$12.62** per tonne.

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

CARTAGE COSTS		TOTAL
May	Cartage - Truck	\$25,480.48
	Weighbridge	\$672.76
		\$26,153.24

Table 3: Cartage Costs

The average cart rate for May inclusive of weighbridge fees is **\$12.95** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
May	Establishment - Engineering		\$560.00	\$560.00
	Rehab		\$19,937.50	\$19,937.50
			\$20,497.50	\$20,497.50

Table 4: Engineering Costs

Engineering work included post-harvest rehabilitation on Dankert, Eskbay, Morrison, Picken and Scott Roads. This work included tidying up landings, tracking associated with harvest operations and removing temporary crossings.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
May	\$142,642.08	\$14,220,065.84

Table 5: Total Revenue

The net revenue for the month equates to an average of **\$70.62** per tonne, or **\$44,575.65** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
May	Management	\$11,542.23
	FGC levy	\$634.83
		\$12,177.07

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
May	Consumables	\$41.51
		\$41.51

Table 7: Miscellaneous Expenses

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

Health and Safety

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

Environmental

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

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.

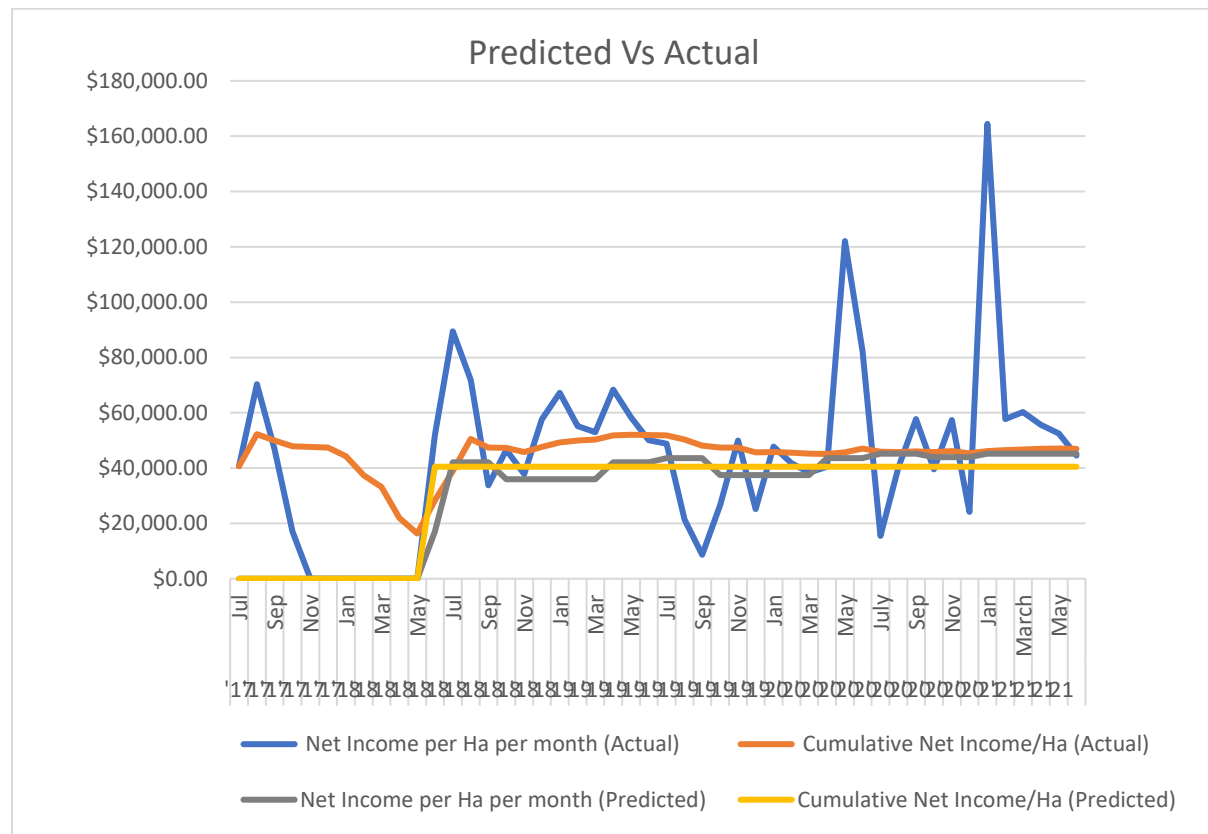


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$62.62**, forecast was \$46.07.

Gross return per tonne to date is **\$137.80**, forecast was \$135.42.

Net return per hectare to date is **\$47,008.48**, forecast was \$34,595.00.

Kind Regards

Paul Rouppe van der Voort
Harvest Manager

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Eskdale Forest Partnership

01/05/2021 to 31/05/2021

Paid to bank account # 02-0792-0001369-00

GST # 97-910-500

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp		81.42		\$45.50	\$3,704.61
TOTAL BINWOOD SALES		81.42			\$3,704.61

Domestic					
Pruned Dom		59.30		\$204.50	\$12,126.85
Pruned Dom	P1 4.9	84.94		\$202.00	\$17,157.88
TOTAL DOMESTIC SALES		144.24			\$29,284.73

Domestic Pulp					
Pulp		35.22		\$45.50	\$1,602.51
TOTAL DOMESTIC PULP SALES		35.22			\$1,602.51

Export					
Pruned Exp	P40 3.9	0.00	52.680	\$195.00	\$10,272.60
Pruned Exp	P30 3.9	0.00	96.051	\$170.00	\$16,328.67
A40	AO 3.8	0.00	234.719	\$158.00	\$37,085.60
A30	A 3.8	0.00	228.155	\$155.00	\$35,364.03
A30	A 5.8	0.00	444.791	\$158.00	\$70,276.98
K	K 3.8	0.00	100.741	\$147.00	\$14,808.93
K	K 5.8	0.00	185.174	\$149.00	\$27,590.93
KI	KI 3.8	0.00	158.148	\$135.00	\$21,349.98
TOTAL EXPORT SALES		0.00	1,500.459		\$233,077.72

Export Pulp					
Export Pulp	KIS 2.9	0.00	48.616	\$123.00	\$5,979.77
Export Pulp	KIS 3.8	0.00	112.836	\$131.00	\$14,781.52
Export Pulp	KIS 5.8	0.00	0.940	\$133.00	\$125.02
TOTAL EXPORT PULP SALES		0.00	162.392		\$20,886.31
TOTAL		260.88	1,662.851		\$288,555.88

FEES		
FMNZ Management Fee @ %		\$11,542.23
TOTAL FEES		\$11,542.23

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$634.83
TOTAL LEVIES	\$634.83
COSTS	
Harvesting	\$85,841.97
Cartage	\$25,480.48
Weighbridge	\$672.76
Consumables	\$41.51
Establishment	\$1,762.50
Post Harvest Rehab	\$19,937.50
TOTAL COSTS	\$133,736.72
TOTAL FEES, LEVIES & COSTS	\$145,913.78
NET INCOME	\$142,642.10
GST	\$21,396.32
NET INCOME (INCLUDING GST)	\$164,038.42

ESKDALE CUMULATIVES									
Categories	Descriptions	Jun 17 - Feb 18	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	Grand Total
Engineering	Culvert Installation		-\$13,977.97	-\$12,700.25	-\$13,604.00				-\$40,282.22
	Culverts	-\$29,273.89	-\$37,244.07	-\$53,264.22	-\$14,500.36				-\$134,282.54
	Culverts - Freight	-\$832.50	-\$250.00	-\$1,067.00	-\$942.50				-\$3,092.00
	Entranceway - Seal	-\$13,770.00	-\$17,995.00						-\$31,765.00
	Establishment - Engineering	-\$8,950.00	-\$6,687.50	-\$12,929.00	-\$9,450.00	-\$400.00	-\$687.50	-\$560.00	-\$39,664.00
	Fluming	-\$1,104.00	-\$4,109.22	-\$9,702.40	-\$7,405.98				-\$22,321.60
	Geotextiles	-\$4,174.80	-\$11,865.80						-\$16,040.60
	Grass Seeding		-\$2,156.00	-\$16,535.65	-\$4,819.55				-\$23,511.20
	Landings	-\$61,637.50	-\$173,778.50	-\$172,910.00	-\$92,160.00				-\$500,486.00
	Loader Hire			-\$19,678.50	-\$1,600.00				-\$21,278.50
	Loadout Bay Construction		-\$5,342.00	-\$1,237.50	-\$1,130.00	-\$440.00			-\$8,149.50
	Loadout Bay Metal		-\$11,065.00	-\$7,094.82	-\$895.00				-\$19,054.82
	Metal - Winning		-\$23,211.30						-\$23,211.30
	Metal Lime		-\$27,456.87	-\$55,569.78	-\$45,706.21				-\$128,732.86
	Metal Rock	-\$26,704.15	-\$116,726.34	-\$59,622.75	-\$52,637.58				-\$255,690.82
	Other		-\$11,547.20	-\$5,008.84	-\$1,155.97				-\$17,712.01
	Pads		-\$34,580.00	-\$58,500.00	-\$29,720.00	-\$3,080.00			-\$125,880.00
	Pavement		-\$49,606.50	-\$50,230.00	-\$21,752.50				-\$121,589.00
	Polycorn	-\$1,657.50		-\$1,177.50					-\$2,835.00
	Public Roads		-\$675.00	-\$8,611.50					-\$9,286.50
	R&M		-\$35,439.00	-\$31,747.20	-\$31,135.00				-\$98,321.20
	R&M - Culverts Maintenance				-\$750.00				-\$750.00
	R&M - Event Cleanup		-\$1,800.00						-\$1,800.00
	R&M - Metal				-\$6,201.93				-\$6,201.93
	R&M - Road Maintenance				-\$10,600.00	-\$440.00			-\$11,040.00
	Rehab		-\$35,925.00	-\$59,975.00	-\$45,605.00		-\$1,575.00	-\$19,937.50	-\$163,017.50
	Rehab - Environmental	-\$1,552.50	-\$6,440.00	-\$436.90					-\$8,429.40
	Rehab - Skids/Pads				-\$880.00				-\$880.00
	Road Formation	-\$91,630.75	-\$152,425.75	-\$303,311.84	-\$239,777.50				-\$787,145.84
	Sediment Control			-\$462.36	-\$2,953.23				-\$3,415.59
	Spread from stockpile		-\$56,568.25	-\$74,082.65	-\$23,676.40				-\$154,327.30
	Stockpile Works				-\$17,880.00				-\$17,880.00
	Temp Landings		-\$450.00	-\$6,360.00					-\$6,810.00
	Trucks - Cart & Dump	-\$60,915.00	-\$307,976.40	-\$182,901.43	-\$80,702.56				-\$632,495.39
	Trucks - Cart & Spread	-\$49,894.50	-\$68,263.70	-\$11,545.00	-\$34,166.15				-\$163,869.35
	Two Stage		-\$2,030.00						-\$2,030.00
	Upgrade Roads	-\$4,995.50							-\$4,995.50
Engineering Total		-\$357,092.59	-\$1,215,592.37	-\$1,216,662.10	-\$791,807.42	-\$4,360.00	-\$2,262.50	-\$20,497.50	-\$3,608,274.47
Fees	FGC levy	-\$2,898.25	-\$19,671.43	-\$19,923.76	-\$16,936.81	-\$1,781.33	-\$886.15	-\$634.83	-\$62,732.55
	Management	-\$58,471.16	-\$426,655.17	-\$380,369.84	-\$325,700.97	-\$32,861.28	-\$16,082.19	-\$11,542.23	-\$1,251,682.85
Fees Total		-\$61,369.41	-\$446,326.60	-\$400,293.60	-\$342,637.78	-\$34,642.61	-\$16,968.34	-\$12,177.07	-\$1,314,415.39
Harvesting	Cartage - Trans Shipping		-\$385.00	-\$150.00					-\$535.00
	Cartage - Truck	-\$127,685.30	-\$899,194.56	-\$936,067.14	-\$743,931.50	-\$67,791.30	-\$32,720.68	-\$25,480.48	-\$2,832,870.96
	Establishment - harvesting	-\$7,497.50	-\$10,912.50	-\$21,265.00	-\$32,132.50	-\$1,050.00	-\$5,230.00	-\$1,202.50	-\$79,290.00
	Logging	-\$408,207.26	-\$2,890,191.40	-\$2,829,789.01	-\$2,262,506.89	-\$203,628.81	-\$96,683.67	-\$85,841.97	-\$8,776,849.00
	Logging - Hourly			-\$5,000.00	-\$5,120.00	-\$17,280.00			-\$27,400.00
	Tracking		-\$34,429.00	-\$53,830.50	-\$16,365.00	-\$990.00			-\$105,614.50
	Trailer Lifting	-\$651.75			-\$12.00	-\$30.00			-\$693.75
	Weighbridge	-\$3,117.55	-\$25,097.66	-\$22,818.66	-\$18,730.73	-\$1,711.97	-\$736.07	-\$672.76	-\$72,885.40
Harvesting Total		-\$547,159.36	-\$3,860,210.12	-\$3,868,920.31	-\$3,078,798.62	-\$292,482.08	-\$135,370.42	-\$113,197.71	-\$11,896,138.61
Income	Log Sales	\$1,461,779.02	\$10,666,381.10	\$9,509,245.97	\$8,142,524.24	\$821,532.02	\$402,054.74	\$288,555.86	\$31,292,072.95
Income Total		\$1,461,779.02	\$10,666,381.10	\$9,509,245.97	\$8,142,524.24	\$821,532.02	\$402,054.74	\$288,555.86	\$31,292,072.95
Miscellaneous	Consultancy Fees	-\$9,645.13		-\$1,199.86					-\$10,844.99
	Consumables	-\$216.61	-\$2,254.84	-\$1,710.89	-\$2,326.15	-\$82.67	-\$42.57	-\$41.51	-\$6,675.24
	Environmental Monitoring				-\$1,509.50		-\$336.25		-\$1,845.75
	Fencing	-\$10,805.17	-\$491.84						-\$11,297.01
	Other	-\$2,364.41	-\$7,287.61	-\$2,619.60	-\$10,628.88				-\$22,900.49
	Power Lines		-\$2,519.63	-\$97,711.59					-\$100,231.22
	Security	-\$726.00	-\$2,132.28	-\$8,496.85	-\$10,639.24	-\$45.77			-\$22,040.14
	Traffic Management	-\$3,825.00	-\$33,227.50	-\$40,278.17	-\$13.13				-\$77,343.80
Miscellaneous Total		-\$27,582.32	-\$47,913.69	-\$152,016.96	-\$25,116.90	-\$128.44	-\$378.82	-\$41.51	-\$253,178.65
Grand Total		\$468,575.34	\$5,096,338.33	\$3,871,353.01	\$3,904,163.53	\$489,918.90	\$247,074.66	\$142,642.08	\$14,220,065.84