



HARVESTING REPORT

May 2021

IRONGATE FOREST



Overlooking completed Landing 22 at the end of Court Road, with last loads to send to market.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Irongate – May 2021

Summary

- Gross revenue for the month is **\$763,602.34**
- Costs for the month are **\$315,569.05**
- Net income for the month is **\$448,033.29**
- Tonnes harvested for the month is **4,824.35**
- Net income per tonne for the month is **\$92.87**
- Area cleared for the month is **5** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$11,366,151.02**
- Project costs to date are **\$8,120,488.01**
- Project net income to date is **\$3,245,663.01**
- Tonnes harvested to date is **85,141.68**
- Net income per tonne to date is **\$38.12**
- Recoverable volume per hectare to date is **691.6** tonnes
- Net income per hectare to date is **\$26,366.07**
- Total forest area is **348.9** hectares, approximate hectares cleared to date is **123.1** 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 **\$763,602.34** with an average sale price over all grades of **\$158.28** 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:

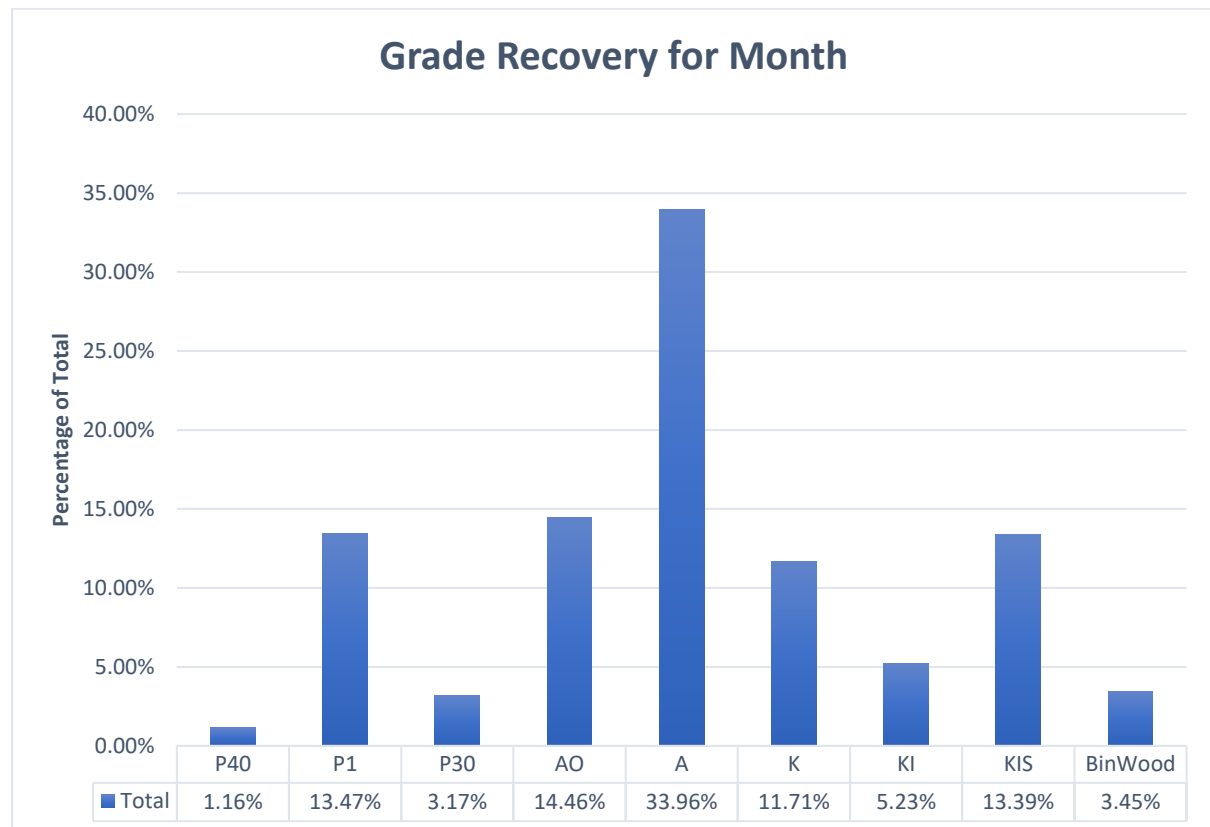


Chart 1: Grade Recovery for Month

Pruned recovery for May comprised 18% of total production and was sold as high-quality pruned grades. Of this volume, 13% was sold to domestic sawmills as P1.

High quality export sawlog (AO, A and K grades) accounted for 60% of the total production volume with low quality export sawlog (KI and KIS grades) comprising 19% of volume.

The remaining 3% of production was sold as domestic binwood.

There has been a shortage of trucking capacity through May, the spread of grades loaded out during the month has been affected by the shortage.

Expenditure

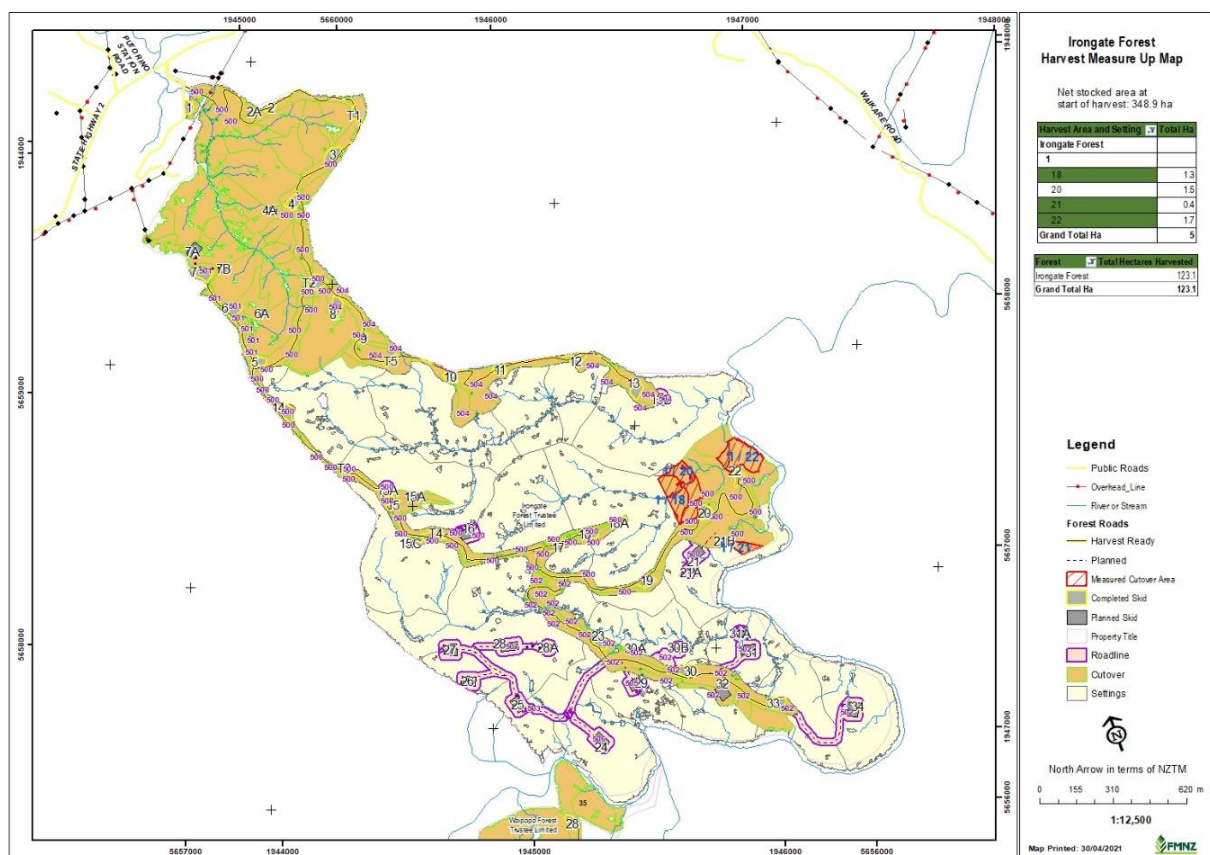
Harvesting

The total logging cost for the month was **\$184,987.29**, an average of **\$38.34** per tonne.

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

LOGGING COSTS	TONNES	TOTAL
May		\$184,987.29
	4,824.35	\$184,987.29

Table 1: Logging Costs



Pic 1: Progress Map

Harvesting during May was at the end of Court Road at Landing 22 and then moved to Landing 20 on Court Road. The decision to clearfell these settings is to harvest the forest working into the prevailing wind to reduce risk from the effects of strong winds.

Planned Activities for June 2021

The crew will move from Landing 20 to Landing 17. This shift was to ensure access to stocks still to be uplifted from Landings 20 and 22 was not cut off as they would be if they were harvesting off Landing 19.

It is anticipated a roadline crew will establish for extraction on Siobhan Road by the end of 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 **\$91,994.62** which is an average unit rate of **\$19.07** per tonne.

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

CARTAGE COSTS		TOTAL
May	Cartage - Truck	\$91,994.62
	Weighbridge	\$1,577.06
	Trailer Lifting	\$6.00
		\$93,577.68

Table 2: Cartage Costs

The average cart rate for May inclusive of weighbridge fees and trailer lifting is **\$19.40** per tonne.

Trailer lifting costs are for the use of the public grantry for loading trailers for loads delivered outside of the normal hours of the facilities which are supplied by the Port of Napier.

Engineering

ENGINEERING		RL	CF	TOTAL
May	R&M - Road Maintenance		\$947.70	\$947.70
	Culverts	\$2,846.34		\$2,846.34
	Culverts - Freight	\$437.40		\$437.40
	Fluming	\$190.07		\$190.07
		\$3,473.81	\$947.70	\$4,421.51

Table 3: Engineering Costs

Earthworks in May were associated with maintenance work on Landing 17 in preparation for harvest activities. Culverts were purchased for the formation of Landing 17 to 18 which will commence in June.

Siobhan Road will have some construction begin in July as a low production roadlining crew begins operations.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
May	\$448,033.30	\$3,245,663.01

Table 4: Total Revenue

The net revenue for the month equates to an average of **\$92.87** per tonne, or **\$448,033.29** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
May	Management	\$30,544.09
	FGC levy	\$1,625.32
		\$32,169.41

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
May	Consumables	\$133.16
	Other	\$280.00
		\$413.16

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during May and for the purchase of Envirosan used to treat the ends of pruned export logs.

Other costs are for the proportional costs of operating the forest digital radio network and costs for a log recovery audit.

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.

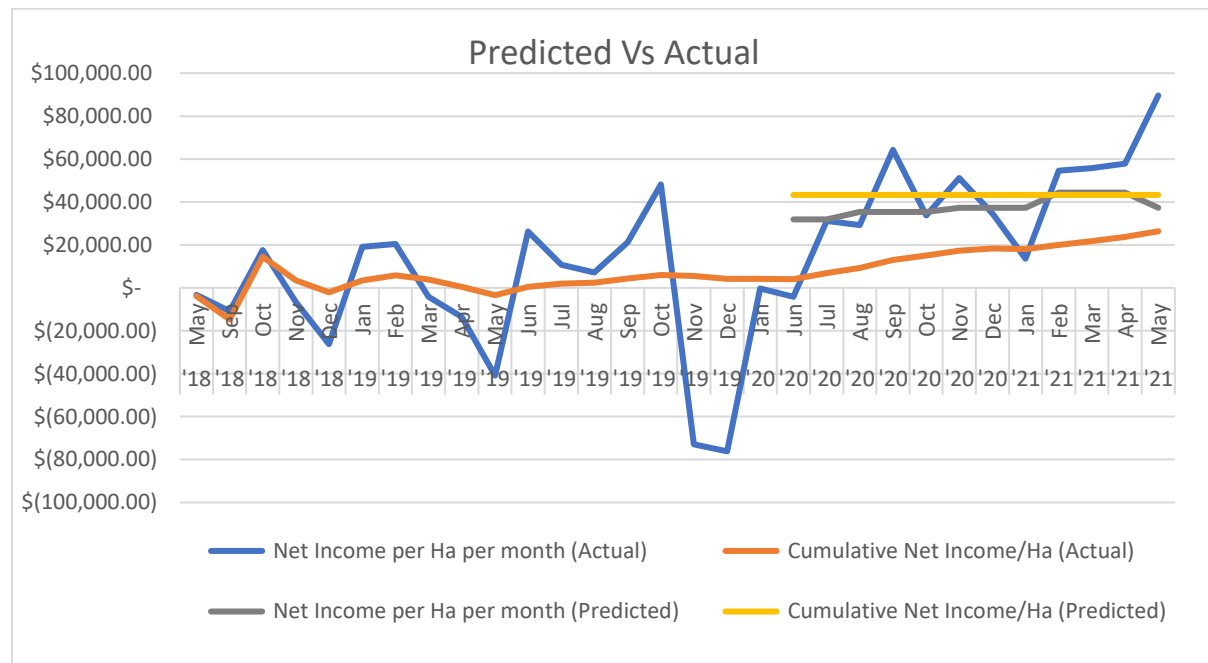


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$38.12**, forecast was \$63.97.

Gross return per tonne to date is **\$133.50**, forecast was \$136.79.

Net return per hectare to date is **\$26,366.07**, forecast was \$43,272.91.

Kind Regards

Paul Rouppe van der Voort
Harvest Manager

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Irongate Forest Partnership

01/05/2021 to 31/05/2021

Paid to bank account # 02-0792-0001430-00

GST # 60-931-348

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp		166.44		\$45.50	\$7,573.02
TOTAL BINWOOD SALES		166.44			\$7,573.02

Domestic					
Pruned Dom		254.28		\$204.50	\$52,000.26
Pruned Dom	P1 4.9	395.58		\$202.00	\$79,907.16
TOTAL DOMESTIC SALES		649.86			\$131,907.42

Export					
Pruned Exp	P40 3.9	0.00	60.213	\$195.00	\$11,741.53
Pruned Exp	P30 3.9	0.00	162.048	\$170.00	\$27,548.16
A40	AO 3.8	0.00	200.011	\$158.00	\$31,601.74
A40	AO 3.9	0.00	543.981	\$161.00	\$87,580.94
A30	A 3.8	0.00	543.224	\$155.00	\$84,199.72
A30	A 5.8	0.00	579.610	\$157.00	\$90,998.77
A30	A 5.8	0.00	571.207	\$158.00	\$90,250.71
K	K 3.8	0.00	145.624	\$147.00	\$21,406.73
K	K 3.8	0.00	160.799	\$148.00	\$23,798.25
K	K 5.8	0.00	147.317	\$149.00	\$21,950.23
K	K 5.8	0.00	136.918	\$150.00	\$20,537.70
KI	KI 3.8	0.00	165.342	\$135.00	\$22,321.17
KI	KI 3.8	0.00	87.991	\$139.00	\$12,230.75
TOTAL EXPORT SALES		0.00	3,504.285		\$546,166.40

Export Pulp					
Export Pulp	KIS 2.9	0.00	46.306	\$123.00	\$5,695.64
Export Pulp	KIS 2.9	0.00	162.161	\$124.00	\$20,107.96
Export Pulp	KIS 3.8	0.00	142.281	\$131.00	\$18,638.81
Export Pulp	KIS 3.8	0.00	253.887	\$132.00	\$33,513.08
TOTAL EXPORT PULP SALES		0.00	604.635		\$77,955.49
TOTAL		816.30	4,108.920		\$763,602.33

FEES	
FMNZ Management Fee @ %	\$30,544.09
TOTAL FEES	\$30,544.09

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$1,625.32
TOTAL LEVIES	\$1,625.32
COSTS	
Harvesting	\$184,987.29
Cartage	\$91,994.62
Weighbridge	\$1,577.06
Consumables	\$133.16
Culvert Pipes	\$2,846.34
Culverts - Freight	\$437.39
Fluming	\$190.07
Other	\$280.00
R&M - Road Maintenance	\$947.70
Trailer Lifting	\$6.00
TOTAL COSTS	\$283,399.63
TOTAL FEES, LEVIES & COSTS	\$315,569.04
NET INCOME	\$448,033.29
GST	\$67,204.99
NET INCOME (INCLUDING GST)	\$515,238.28



Photo 1: Machines resting after hauling all stems to Landing 20.



Photo 2: Logs awaiting loadout on Landing 22.



Photo 3: Processing and fleeting on Landing 20.



Photo 4: Logs awaiting loadout on Landing 22.



Photo 5: Lonely edge tree waiting to be felled in Setting 22.



Photo 6: Loaded truck about to leave Landing 20.

IRONGATE CUMULATIVES

Categories	Descriptions	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	Grand Total
Engineering	Bidem	-\$450.00	-\$300.00					-\$750.00
	Borrow Pit	-\$720.00		-\$7,373.28				-\$8,093.28
	Culvert Installation	-\$13,150.00	-\$31,303.50	-\$1,416.40		-\$1,385.10		-\$47,255.00
	Culverts	-\$23,269.05	-\$40,455.05	-\$5,666.34			-\$2,846.34	-\$72,236.78
	Culverts - Freight		-\$240.00	-\$3,165.93			-\$437.40	-\$3,843.33
	Entranceway - Seal	-\$161,414.66	-\$7,439.70					-\$168,854.36
	Establishment - Engineering	-\$5,165.00	-\$11,310.00	-\$8,452.41	-\$462.50	-\$1,396.50		-\$26,786.41
	Fluming	-\$3,720.09	-\$15,160.18	-\$172.14			-\$190.07	-\$19,242.48
	Geotextiles		-\$320.00					-\$320.00
	Grass Seeding	-\$650.00	-\$3,715.49	-\$1,092.75		-\$618.50		-\$6,076.74
	Landings	-\$64,472.50	-\$115,992.50	-\$48,554.42		-\$1,918.00		-\$230,937.42
	Loader Hire	-\$13,868.72	-\$21,266.15					-\$35,134.87
	Loadout Bay Construction	-\$682.50		-\$883.20		-\$280.00		-\$1,845.70
	Loadout Bay Metal		-\$3,939.77	-\$1,080.00				-\$5,019.77
	Metal Lime		-\$17,120.40	-\$62,617.40		-\$2,145.00		-\$81,882.80
	Metal Rock	-\$90,603.87	-\$124,057.75	-\$9,173.45	-\$2,552.98	-\$5,184.62		-\$231,572.68
	Other	-\$4,517.50	-\$1,680.00	-\$459.50		-\$105.00		-\$6,762.00
	Pads			-\$2,477.70		-\$966.00		-\$3,443.70
	Pavement	-\$33,110.00	-\$53,660.00	-\$15,361.36		-\$672.00		-\$102,803.36
	Polycom	-\$27,390.90	-\$6,807.10					-\$34,198.00
	R&M	-\$22,050.00	-\$53,419.94	-\$21,350.53				-\$96,820.47
	R&M - Culverts Maintenance			-\$550.00				-\$550.00
	R&M - Road Maintenance			-\$22,898.13		-\$3,259.50	-\$947.70	-\$27,105.33
	Rehab	-\$6,897.50	-\$11,007.89	-\$1,677.74				-\$19,583.13
	Rehab - Skids/Pads			-\$5,040.00				-\$5,040.00
	Road Formation	-\$149,645.00	-\$200,767.50	-\$60,211.24	-\$874.80	-\$3,863.70		-\$415,362.24
	Spread from stockpile	-\$38,600.00	-\$207,460.00	-\$26,368.67		-\$4,939.25		-\$277,367.92
	Stockpile Works			-\$23,337.53	-\$285.00	-\$2,693.88		-\$26,316.41
	Temp Landings	-\$24,045.00	-\$16,260.00	-\$2,712.84				-\$43,017.84
	Trucks - Cart & Dump	-\$93,215.96	-\$375,208.08	-\$96,113.69	-\$2,000.00	-\$9,850.00		-\$576,387.73
	Trucks - Cart & Spread	-\$107,310.00	-\$720.00	-\$6,373.47				-\$114,403.47
Engineering Total		-\$884,948.25	-\$1,319,611.00	-\$434,580.11	-\$6,175.28	-\$39,277.05	-\$4,421.51	-\$2,689,013.19
Fees	FGC levy	-\$3,627.32	-\$6,340.12	-\$9,709.68	-\$1,331.90	-\$1,432.52	-\$1,625.32	-\$24,066.85
	Management	-\$76,947.89	-\$120,891.23	-\$177,169.21	-\$22,804.22	-\$26,289.39	-\$30,544.09	-\$454,646.04
Fees Total		-\$80,575.21	-\$127,231.35	-\$186,878.89	-\$24,136.12	-\$27,721.91	-\$32,169.42	-\$478,712.89
Harvesting	Cartage - Trans Shipping		-\$360.00			-\$330.00		-\$690.00
	Cartage - Truck	-\$257,618.86	-\$457,389.15	-\$608,344.42	-\$71,163.24	-\$79,425.30	-\$91,994.62	-\$1,565,935.60
	Establishment - harvesting	-\$6,310.00	-\$880.00	-\$8,610.00				-\$15,800.00
	Logging	-\$558,409.75	-\$967,349.56	-\$1,284,779.42	-\$143,249.86	-\$160,536.32	-\$184,987.29	-\$3,299,312.20
	Tracking	-\$5,787.50	-\$11,270.00	-\$1,385.10				-\$18,442.60
	Weighbridge	-\$4,806.67	-\$8,307.85	-\$10,269.27	-\$1,169.98	-\$1,283.32	-\$1,577.06	-\$27,414.14
	Trailer Lifting			-\$24.00			-\$6.00	-\$30.00
Harvesting Total		-\$832,932.78	-\$1,445,556.56	-\$1,913,388.21	-\$215,607.08	-\$241,574.95	-\$278,564.97	-\$4,927,624.54
Income	Log Sales	\$1,923,697.36	\$3,022,280.83	\$4,429,230.15	\$570,105.57	\$657,234.76	\$763,602.34	\$11,366,151.02
Income Total		\$1,923,697.36	\$3,022,280.83	\$4,429,230.15	\$570,105.57	\$657,234.76	\$763,602.34	\$11,366,151.02
Miscellaneous	Consultancy Fees	-\$325.27						-\$325.27
	Consumables	-\$704.74	-\$976.05	-\$1,435.58	-\$372.91	-\$74.93	-\$133.16	-\$3,697.36
	Other	-\$4,400.15	-\$1,530.74	-\$570.78	-\$173.89	-\$95.00	-\$280.00	-\$7,050.56
	Power Lines	-\$1,326.12						-\$1,326.12
	Security	-\$2,688.93	-\$3,965.39	-\$337.46				-\$6,991.78
	Traffic Management	-\$4,160.10	-\$723.69	-\$20.00				-\$4,903.79
	Environmental Monitoring					-\$842.50		-\$842.50
Miscellaneous Total		-\$13,605.31	-\$7,195.87	-\$2,363.82	-\$546.80	-\$1,012.43	-\$413.16	-\$25,137.38
Grand Total		\$111,635.81	\$122,686.06	\$1,892,019.13	\$323,640.29	\$347,648.42	\$448,033.29	\$3,245,663.01