



HARVESTING REPORT

May 2021

TANGOIO FOREST



Setting 49 viewed from T9, the swing yarder operating from a two-stage pad and processing on 49.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Tangoio – May 2021

Summary

- Gross revenue for the month is **\$1,354,064.52**
- Costs for the month are **\$373,573.19**
- Net income for the month is **\$980,491.33**
- Tonnes harvested for the month is **6,298.68**
- Net income per tonne for the month is **\$103.10 (log revenue only)**
- Area cleared for the month is **9.5** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$31,815,136.88**
- Project costs to date are **\$17,696,951.87**
- Project net income to date is **\$14,118,185.00**
- Tonnes harvested to date is **230,847.89**
- Net income per tonne to date is **\$61.16**
- Recoverable volume per hectare to date is **688.5** tonnes
- Net income per hectare to date is **\$42,106.13**
- Total forest area is **538.9** hectares, approximate hectares cleared to date is **335.3** 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 from log sales for the month was **\$1,022,936.93** with an average sale price over all grades of **\$162.40** per tonne.

Total gross income for the month was **\$1,354,064.52** which includes **\$331,127.59** which is revenue relating to the reimbursement of shared engineering costs relating to the insurance salvage work carried out on the burnt areas of the forest.

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:

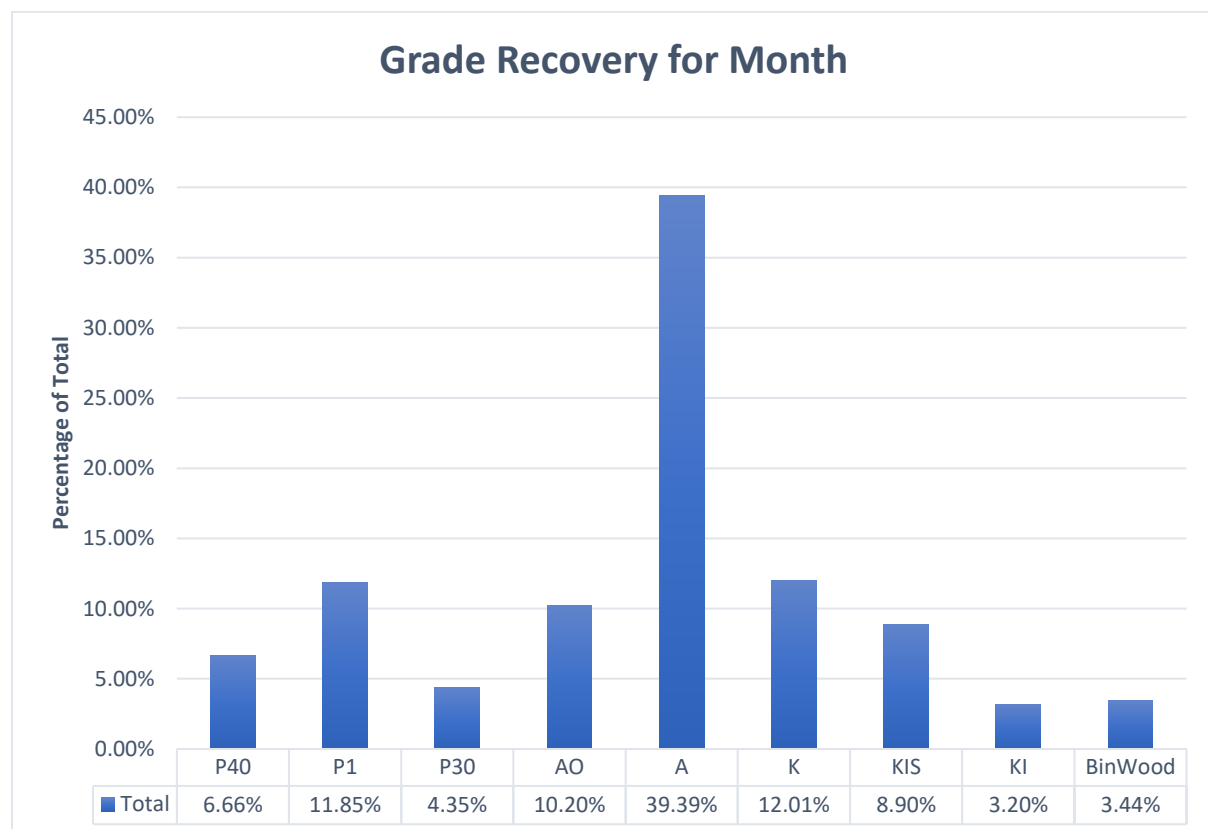


Chart 1: Grade Recovery for Month

Pruned recovery for May comprised 33% of total volume. Domestic pruned sales contributed 12% to overall pruned production.

High quality export sawlog (AO, A and K grades) accounted for 62% of the total production with lower quality export logs (KI and KIS grades) totalling 12%.

The remaining 3% was sold as binwood.

Truck capacity constraints in May have caused a prioritising of quality grades uplifted which has resulted in a high percentage of quality grades for the month.

Expenditure

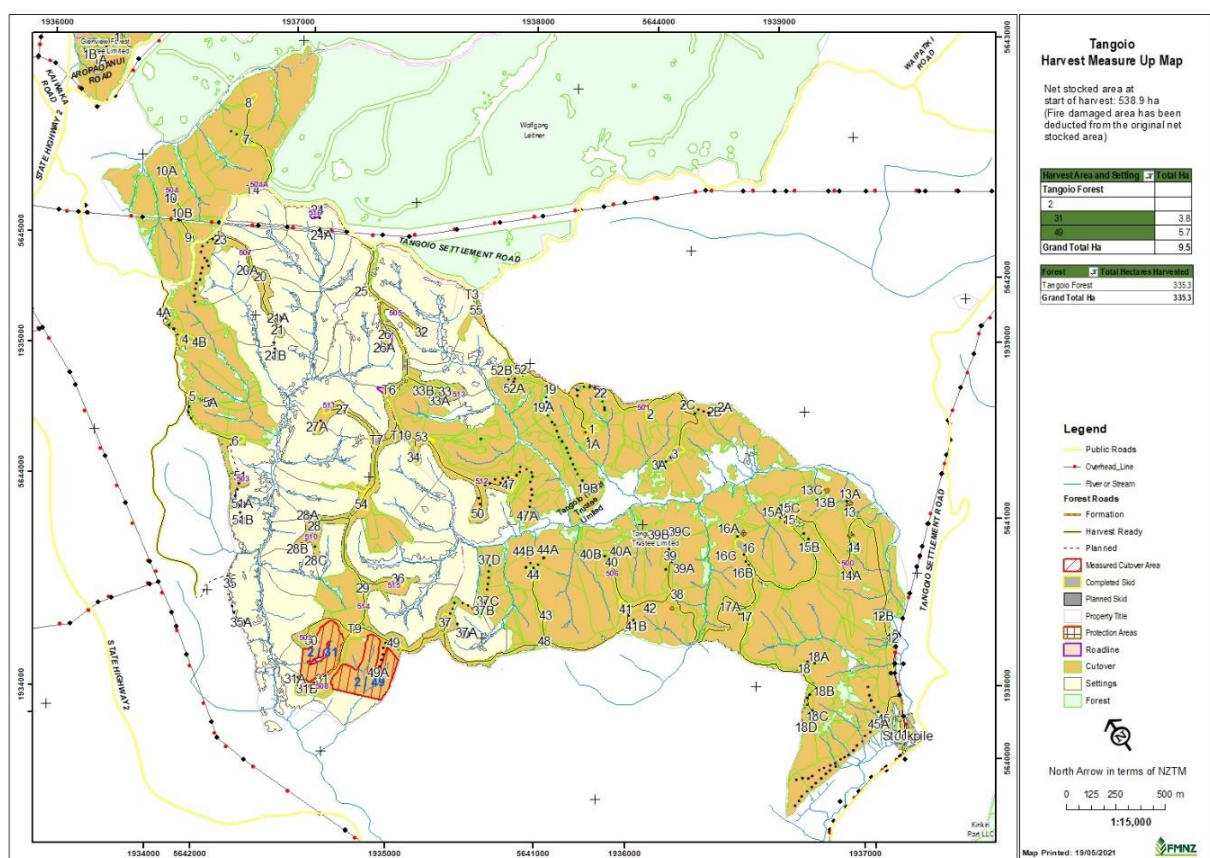
Harvesting

The total logging cost for the month was **\$232,686.08**, an average of **\$36.94** per tonne.

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

LOGGING COSTS	TONNES	TOTAL
May		\$232,686.08
	6,482.27	\$232,686.08

Table 1: Logging Costs



Pic 1: Progress Map

Harvesting during May occurred around Landings 30 and 49 which are along the boundary of the forest.

The harvesting across the Rauwirikokomuka Stream which flows to the Tangoio Falls will be undertaken from Landing 30 on Rakautiti Road. This is a change to the harvest plan which had harvesting away from the stream because of the sensitivity of the Tangoio Falls. In conjunction with the logging contractor, the ability to fully suspend the stems across the stream was agreed and there will be a net saving to the forest after increasing the logging rate slightly to complete this work.

Planned Activities for June 2021

Complete Landing 30 and then move onto Landing 28 on Pakuri Road. The crew will progressively clearfell up the catchment.

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 **\$81,656.73** which is an average unit rate of **\$12.96** per tonne.

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

CARTAGE COSTS		TOTAL
May	Cartage - Truck	\$81,656.73
	Weighbridge	\$2,007.46
	Trailer Lifting	\$12.00
		\$83,676.20

Table 2: Cartage Costs

The average cart rate for May inclusive of weighbridge fees and trailer lifting is **\$13.28** per tonne.

Trailer lifting costs is for the use of the public gantry when loads have been delivered to the port outside of the hours the port supplied facility.

Engineering

ENGINEERING		RL	CF	TOTAL
May	R&M - Road Maintenance		\$4,980.00	\$4,980.00
	Loadout Bay Construction	\$240.00		\$240.00
	Metal Rock		\$2,174.30	\$2,174.30
	Establishment - Engineering		\$1,040.00	\$1,040.00
	R&M - Metal		\$720.00	\$720.00
	Rehab		\$4,725.00	\$4,725.00
		\$240.00	\$13,639.30	\$13,879.30

Table 3: Engineering Costs

Earthworks in May was predominantly around maintenance work required to enable extraction of clearfell volume. Rehabilitation was completed on Mann and Browne Roads.

No new earthworks are planned for June.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
May	\$980,491.33	\$14,118,154.57

Table 4: Total Revenue

The net revenue for the month equates to an average of **\$103.10 (log revenue only)** per tonne, or **\$68,354.01** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
May	Management	\$40,917.48
	FGC levy	\$2,139.15
		\$43,056.63

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
May	Consumables	\$179.99
	Other	\$95.00
		\$274.99

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.

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.

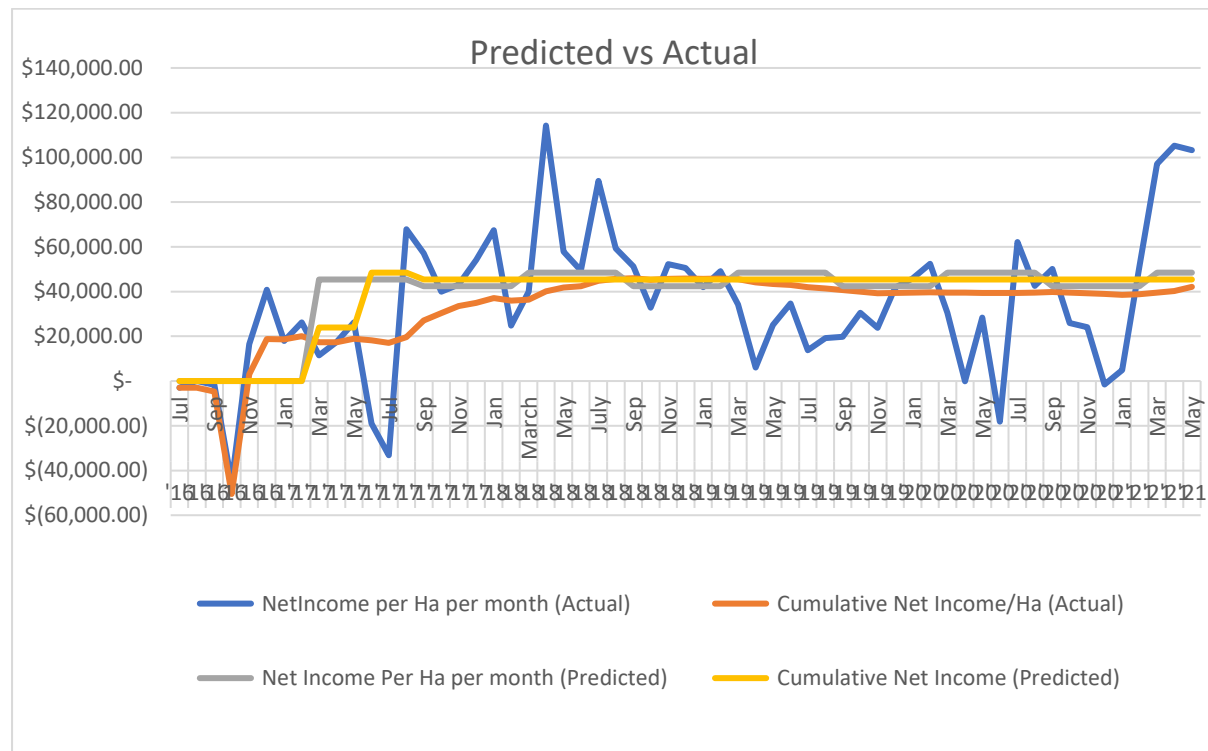


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$61.16**, forecast was \$66.81.

Gross return per tonne to date is **\$137.82**, forecast was \$126.50.

Net return per hectare to date is **\$42,106.13**, forecast was \$45,373.11.

Kind Regards

Paul Rouppe van der Voort
Harvest Manager

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Tangoio Forest Partnership

01/05/2021 to 31/05/2021

Paid to bank account # 02-0792-0001473-000

GST # 56-852-220

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp		216.50		\$45.50	\$9,850.75
TOTAL BINWOOD SALES		216.50			\$9,850.75

Domestic					
Pruned Dom		89.68		\$204.00	\$18,294.72
Pruned Dom	P1 4.9	656.60		\$202.00	\$132,633.20
TOTAL DOMESTIC SALES		746.28			\$150,927.92

Export					
Pruned Exp	P40 3.9	0.00	82.357	\$195.00	\$16,059.61
Pruned Exp	P40 3.9	0.00	54.945	\$197.00	\$10,824.17
Pruned Exp	P40 5.8	0.00	96.276	\$200.00	\$19,255.20
Pruned Exp	P40 5.9	0.00	199.895	\$200.00	\$39,979.00
Pruned Exp	P30 3.9	0.00	79.211	\$166.00	\$13,149.03
Pruned Exp	P30 3.9	0.00	201.300	\$170.00	\$34,221.00
A40	AO 3.8	0.00	203.709	\$158.00	\$32,186.02
A40	AO 3.9	0.00	488.682	\$161.00	\$78,677.80
A30	A 3.8	0.00	1,024.399	\$155.00	\$158,781.85
A30	A 5.8	0.00	916.889	\$157.00	\$143,951.57
A30	A 5.8	0.00	657.354	\$158.00	\$103,861.93
K	K 3.8	0.00	235.000	\$147.00	\$34,545.00
K	K 3.8	0.00	140.333	\$148.00	\$20,769.28
K	K 5.8	0.00	175.462	\$149.00	\$26,143.84
K	K 5.8	0.00	200.968	\$150.00	\$30,145.20
KI	KI 3.8	0.00	59.124	\$135.00	\$7,981.74
KI	KI 3.8	0.00	151.437	\$139.00	\$21,049.74
TOTAL EXPORT SALES		0.00	4,967.341		\$791,581.98

Export Pulp					
Export Pulp	KIS 2.9	0.00	165.928	\$123.00	\$20,409.14
Export Pulp	KIS 2.9	0.00	83.624	\$124.00	\$10,369.38
Export Pulp	KIS 3.8	0.00	145.181	\$131.00	\$19,018.71
Export Pulp	KIS 3.8	0.00	157.417	\$132.00	\$20,779.04
TOTAL EXPORT PULP SALES		0.00	552.150		\$70,576.27
TOTAL		962.78	5,519.491		\$1,022,936.92

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	\$40,917.48
TOTAL FEES	\$40,917.48
LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$2,139.15
TOTAL LEVIES	\$2,139.15
COSTS	
Harvesting	\$232,886.08
Cartage	\$81,656.73
Weighbridge	\$2,007.46
Consumables	\$179.99
Establishment	\$1,040.00
Loadout Bay: Construction	\$240.00
Metal Rock m3	\$2,174.30
Other	\$95.00
Post Harvest Rehab	\$4,725.00
R&M - Metal	\$720.00
R&M - Road Maintenance	\$4,980.00
Trailer Lifting	\$12.00
TOTAL COSTS	\$330,516.57
TOTAL FEES, LEVIES & COSTS	\$373,573.19
NET INCOME	
NET INCOME	\$980,491.32
GST	\$147,073.70
NET INCOME (INCLUDING GST)	\$1,127,565.02



Photo 1: K & S Beard Logging crew, Log 12 processing on Landing 49.



Photo 2: Swing yarder operation in Setting 49.



Photo 3: Swing yarder pulling Setting 49.



Photo 4: Skidder pulling a drag from the swing yarder in Setting 49.



Photo 5: Sutton Road leading to Landing 49.

TANGOIO 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	Apr 21	May 21	Grand Total
Engineering	Borrow Pit		-\$20,357.50	-\$1,454.50						-\$21,812.00
	Corduroy		-\$6,300.00							-\$6,300.00
	Crossings	-\$58,907.68	-\$4,360.00	-\$25,775.00						-\$89,042.68
	Culvert Installation			-\$16,722.40	-\$21,177.48	-\$4,233.25				-\$42,133.13
	Culverts	-\$20,104.76	-\$54,985.33	-\$26,207.09	-\$31,004.01	-\$5,692.68				-\$137,993.87
	Culverts - Freight	-\$642.50	-\$690.00	-\$120.00	-\$450.00	-\$437.40	-\$212.50			-\$2,552.40
	Entranceway - Seal		-\$2,166.96	-\$2,504.31						-\$4,671.27
	Establishment - Engineering	-\$7,000.00	-\$20,311.50	-\$14,052.99	-\$10,962.86	-\$8,472.20	-\$798.00	-\$976.00	-\$1,040.00	-\$63,613.55
	Fluming	-\$4,879.50	-\$1,461.14	-\$4,994.92	-\$32,916.51	-\$3,624.96	-\$3,379.01			-\$51,256.04
	Geotextiles	-\$9,343.47	-\$32,584.60	-\$8,636.20	-\$20,584.28					-\$71,148.55
	Grass Seeding				-\$9,741.70	-\$617.50		-\$683.75		-\$11,042.95
	Landings	-\$76,908.00	-\$82,325.50	-\$69,335.80	-\$202,975.10	-\$67,431.17				-\$498,975.57
	Loader Hire				-\$4,226.40					-\$4,226.40
	Loadout Bay Construction			-\$165.00	-\$3,085.50	-\$3,501.95		-\$882.00	-\$240.00	-\$7,874.45
	Loadout Bay Metal	-\$1,755.00		-\$5,907.46	-\$10,687.84	-\$5,570.95				-\$23,921.25
	Metal - Winning			-\$20,835.21						-\$20,835.21
	Metal Lime	-\$36,216.75	-\$78,590.25	-\$23,426.10	-\$124,475.85	-\$47,299.07				-\$310,008.02
	Metal Rock	-\$11,122.45	-\$49,244.51	-\$28,746.17	-\$109,257.21	-\$32,532.87			-\$2,174.30	-\$233,077.51
	Other		-\$118.60	-\$3,168.90	-\$21,746.07	\$2,680.30				-\$22,353.27
	Pads			-\$20,919.07	-\$15,698.71	-\$6,933.20	-\$8,212.00	-\$5,558.00		-\$57,320.98
	Pavement			-\$67,698.33	-\$147,984.16	-\$2,835.89		-\$196.00		-\$218,714.38
	R&M		-\$10,522.50	-\$30,551.07	-\$36,331.53	-\$17,811.76				-\$95,216.85
	R&M - Culverts Maintenance			-\$325.00						-\$325.00
	R&M - Event Cleanup		-\$12,642.50							-\$12,642.50
	R&M - Metal			-\$804.49	-\$7,355.02	-\$11,123.52			-\$720.00	-\$20,003.02
	R&M - Road Maintenance		-\$9,978.00	-\$5,889.76	-\$2,879.38	-\$12,342.19	-\$1,748.00		-\$4,980.00	-\$37,817.33
	Rehab			-\$24,205.90	-\$59,315.73	-\$18,647.96	-\$6,305.00	-\$756.00	-\$4,725.00	-\$113,955.59
	Rehab - Drainage		-\$2,380.00							-\$2,380.00
	Rehab - Environmental		-\$3,112.50	-\$14,590.00	-\$181.29					-\$17,883.79
	Rehab - Skids/Pads		-\$6,034.70	-\$2,254.63	-\$9,720.00	-\$2,310.00				-\$20,319.33
	Road Formation	-\$98,830.90	-\$321,820.48	-\$105,020.88	-\$203,417.90	-\$43,244.81				-\$772,334.96
	Sediment Control				-\$1,933.50	-\$662.45				-\$2,595.95
	Spread from stockpile	-\$2,500.00	-\$26,035.00	-\$95,728.41	-\$324,870.46	-\$5,706.97				-\$454,840.83
	Stockpile Works					-\$4,290.18		-\$770.00		-\$5,060.18
	Temp Landings			-\$2,678.00	-\$18,427.33					-\$21,105.33
	Trucks - Cart & Dump	-\$28,877.40	-\$109,542.65	-\$76,933.20	-\$658,455.50	-\$49,981.73				-\$923,790.48
	Trucks - Cart & Spread	-\$8,567.50	-\$102,150.00	-\$251,339.55	-\$137,535.33	-\$20,956.83				-\$520,549.21
	Two Stage			-\$555.00						-\$555.00
Engineering Total		-\$365,655.91	-\$957,714.22	-\$951,545.32	-\$2,227,396.63	-\$373,581.17	-\$20,654.51	-\$9,821.75	-\$13,879.30	-\$4,920,248.80
Fees	FGC levy	-\$2,397.64	-\$11,567.17	-\$18,594.56	-\$18,833.32	-\$7,176.78	-\$1,496.01	-\$1,472.82	-\$2,139.15	-\$63,677.44
	Management	-\$45,716.12	-\$236,093.74	-\$394,616.83	-\$356,533.85	-\$131,290.14	-\$26,819.21	-\$27,372.96	-\$40,917.48	-\$1,259,360.32
Fees Total		-\$48,113.76	-\$247,660.91	-\$413,211.38	-\$375,367.17	-\$138,466.92	-\$28,315.22	-\$28,845.78	-\$43,056.63	-\$1,323,037.77
Harvesting	Cartage - Trans Shipping			-\$1,430.00	-\$1,618.83	-\$150.00				-\$3,198.83
	Cartage - Truck	-\$97,496.80	-\$460,197.01	-\$829,360.11	-\$894,768.90	-\$313,821.47	-\$58,078.63	-\$57,098.29	-\$81,656.73	-\$2,792,477.94
	Establishment - harvesting	-\$8,396.50	-\$8,862.60	-\$10,029.50	-\$5,360.00	-\$3,468.75	-\$840.00			-\$36,957.35
	Logging	-\$351,873.48	-\$1,446,472.98	-\$2,405,674.60	-\$2,647,474.74	-\$932,190.66	-\$158,517.66	-\$165,613.80	-\$232,686.08	-\$8,340,504.00
	Tracking			-\$24,452.98	-\$10,170.38	-\$14,030.70	-\$3,360.00			-\$52,014.06
	Trailer Lifting	-\$954.47	-\$1,734.25			-\$18.00	-\$42.00	-\$60.00	-\$12.00	-\$2,820.72
	Weighbridge	-\$2,661.09	-\$12,833.32	-\$22,127.63	-\$22,648.44	-\$8,505.50	-\$1,471.10	-\$1,471.19	-\$2,007.46	-\$73,725.74
Harvesting Total		-\$461,382.34	-\$1,930,100.17	-\$3,293,074.83	-\$3,582,041.27	-\$1,272,185.08	-\$222,309.39	-\$224,243.28	-\$316,362.28	-\$11,301,698.64
Income	Log Sales	\$1,142,902.94	\$5,902,343.56	\$9,865,421.91	\$8,913,346.28	\$3,282,253.45	\$670,480.17	\$684,324.04	\$1,022,936.93	\$31,484,009.29
	Other Income								\$331,127.59	\$331,127.59
Income Total		\$1,142,902.94	\$5,902,343.56	\$9,865,421.91	\$8,913,346.28	\$3,282,253.45	\$670,480.17	\$684,324.04	\$1,354,064.52	\$31,815,136.88
Miscellaneous	Arboriculture			-\$4,590.00						-\$4,590.00
	Consents	-\$1,853.00								-\$1,853.00
	Consultancy Fees	-\$3,313.75	-\$1,247.50	-\$2,972.83	-\$386.36					-\$7,920.44
	Consumables	-\$451.79	-\$1,641.19	-\$4,368.35	-\$2,168.32	-\$2,005.08	-\$71.42	-\$101.14	-\$179.99	-\$10,987.27
	Fencing		-\$17,722.12							-\$17,722.12
	Other	-\$6,668.96	-\$6,550.13	-\$4,870.97	-\$2,553.93	-\$3,359.50		-\$115.00	-\$95.00	-\$24,213.49
	Power Lines			-\$1,299.49	-\$8,579.24	-\$9,390.00				-\$19,268.73
	Royalty payments			-\$9,024.15						-\$9,024.15
	Security		-\$212.65	-\$864.31	-\$8,095.49	-\$5,521.20				-\$14,693.65
	Traffic Management	-\$4,124.02	-\$7,200.00	-\$16,075.72	-\$12,703.25	-\$535.83				-\$40,638.82
	Environmental Monitoring						-\$979.00	-\$76.00		-\$1,055.00
Miscellaneous Total		-\$16,411.52	-\$34,573.59	-\$44,065.82	-\$34,486.59	-\$20,811.61	-\$1,050.42	-\$292.14	-\$274.99	-\$151,966.67
Grand Total		\$251,339.41	\$2,732,294.67	\$5,163,524.56	\$2,694,054.62	\$1,477,208.68	\$398,150.65	\$421,121.09	\$980,491.33	\$14,118,185.00