



HARVESTING REPORT

May 2021

WINCHESTER FOREST



Maloy Road construction on the lower section of the road towards the crossing.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Winchester – May 2021

Summary

- Gross revenue for the month is **\$789,000.97**
- Costs for the month are **\$623,697.34**
- Net income for the month is **\$165,303.62**
- Tonnes harvested for the month is **4,946.4**
- Net income per tonne for the month is **\$33.42**
- Area cleared for the month is **7.4** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$6,955,303.08**
- Project costs to date are **\$4,871,126.99**
- Project net income to date is **\$2,084,176.10**
- Tonnes harvested to date is **47,998.14**
- Net income per tonne to date is **\$43.42**
- Recoverable volume per hectare to date is **687.7** tonnes
- Net income per hectare to date is **\$29,859.26**
- Total forest area is **136** hectares, approximate hectares cleared to date is **69.8** 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 **\$789,000.97** with an average sale price over all grades of **\$159.51** per tonne.

Log Markets

May 2021 - Log Markets, Gisborne and Hawkes Bay

The Gisborne export prices for May have lifted \$6.74/Jas m³ on average and the increase has mainly benefited the lower value sawlog log grades. The Hawkes Bay export prices for May 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 \$9 for Gisborne and \$12 for Hawkes Bay this quarter due to strong AWG export pricing and considering winter effects on Jas conversions.

Grade Recovery

Grade out turn for May is as follows:

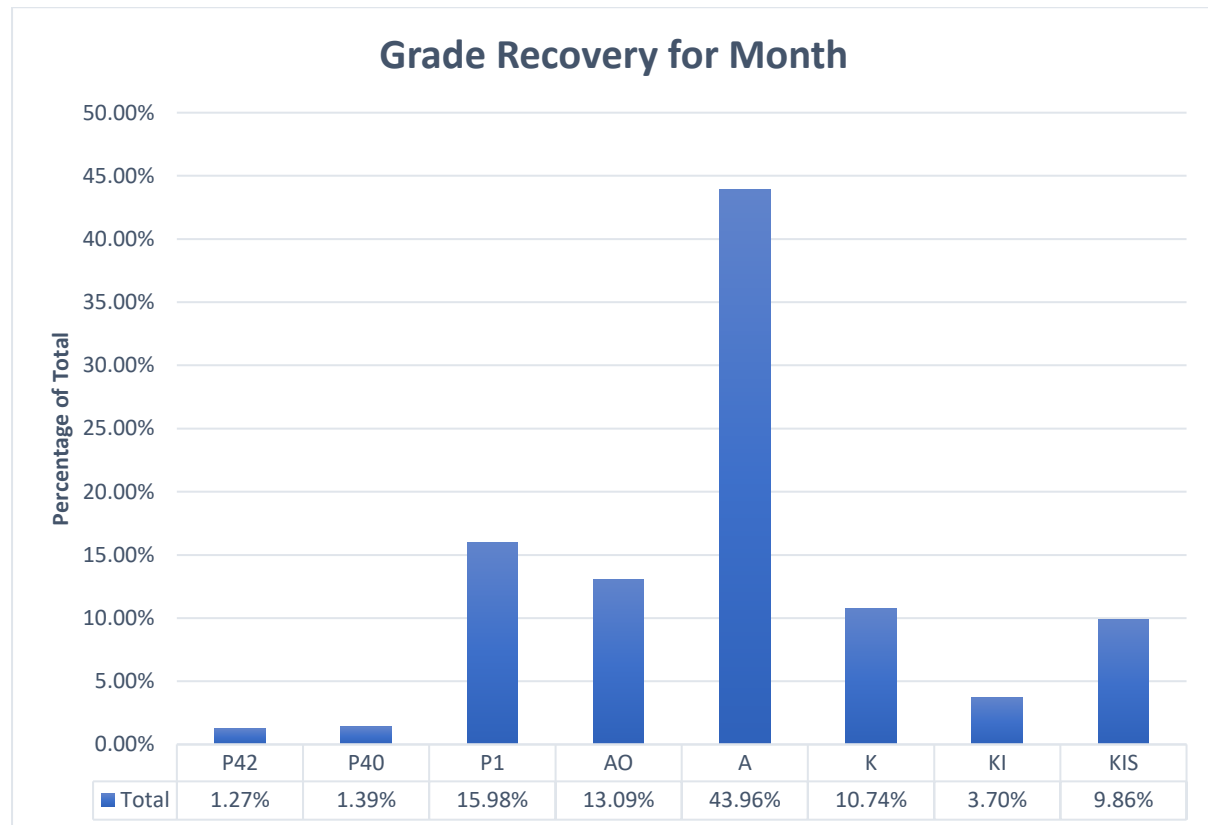


Chart 1: Grade Recovery for Month

Pruned recovery for May comprised 19% of total volume, 16% of which was sold as domestic P1 grade.

High quality sawlog (AO, A and K grades) accounted for 68% of log sales with lower quality export logs (KI and KIS grades) totalling 13% of the total volume.

Expenditure

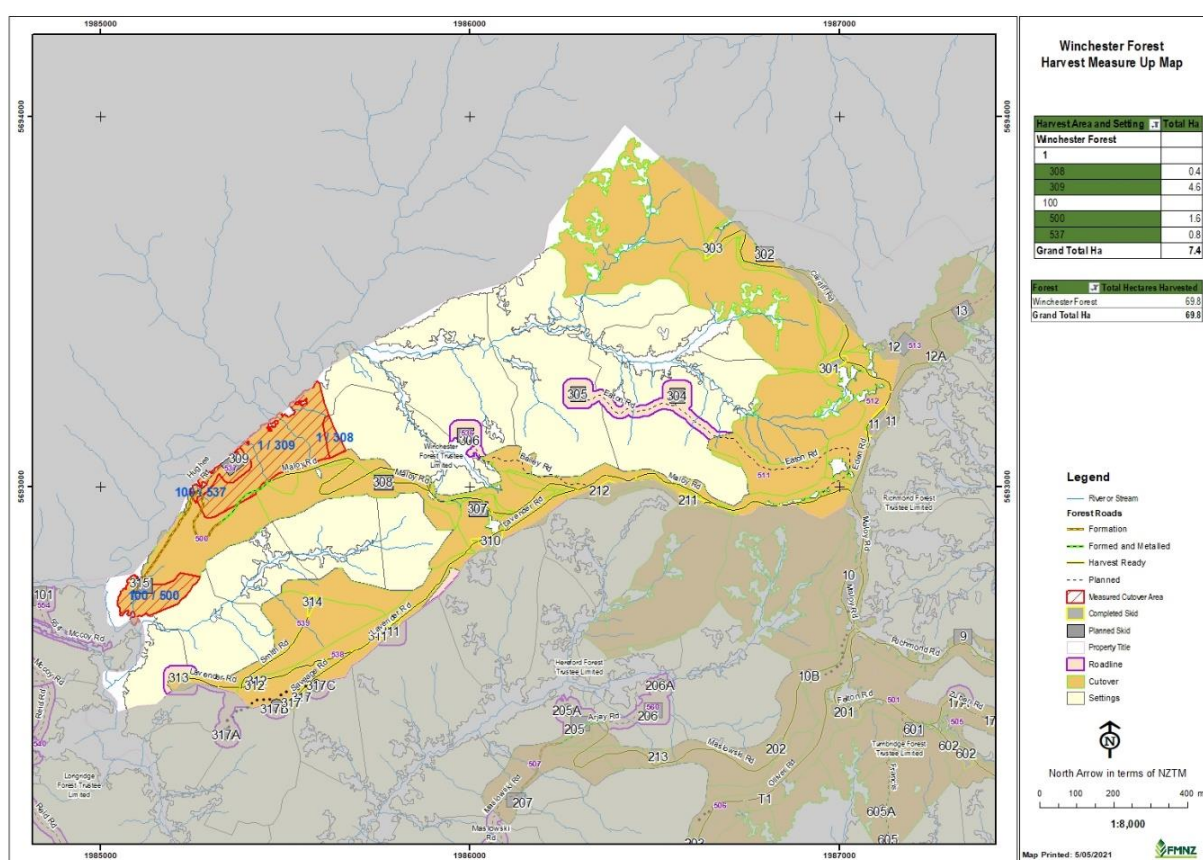
Harvesting

The total logging cost for the month was **\$205,176.67**, an average of **\$41.48** per tonne.

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

LOGGING COSTS	TONNES	TOTAL
May		\$205,176.67
	4,946.4	\$205,176.67

Table 1: Logging Costs



Pic 1: Progress Map

Harvesting during May was at the bottom of Maloy Road and was undertaken to provide sunlight to the road and maintain a dryer pavement than if it was shaded from the trees.

The harvesting at the crossing point was to provide access to a temporary crossing to Long Ridge Forest.

Planned Activities for June 2021

Laying of Papa as a sub-base on the clay formation on the lower section of Maloy Road, which will give access to the stream at the bottom and then install the temporary crossing to Long Ridge Forest.

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 **\$131,122.66** which is an average unit rate of **\$26.51** per tonne.

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

CARTAGE COSTS		TOTAL
May	Cartage - Truck	\$108,210.86
	Cartage – Rail	\$22,911.80
	Weighbridge	\$1,759.21
	Trailer Lifting	\$55.72
		\$132,937.59

Table 2: Cartage Costs

The average cart rate for May inclusive of weighbridge fees and trailer lifting is **\$26.88** per tonne.

Some volume was carted to Gisborne Port and some 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
May	R&M - Road Maintenance	\$20,672.20		\$20,672.20
	Trucks - Cart & Dump	\$72,270.02		\$72,270.02
	Spread from stockpile	\$6,911.00		\$6,911.00
	Stockpile Works	\$4,647.11		\$4,647.11
	Culvert Installation	\$491.00		\$491.00
	Culverts	\$7,126.34		\$7,126.34
	Culverts - Freight	\$362.50		\$362.50
	Landings	\$2,616.00		\$2,616.00
	Loadout Bay Construction	\$351.00		\$351.00
	Pavement	\$2,385.00		\$2,385.00
	Road Formation	\$48,584.60		\$48,584.60
	Metal Rock	\$80,161.29		\$80,161.29
	R&M	\$280.28		\$280.28
	R&M - Event Cleanup	\$982.00		\$982.00
	Establishment - Engineering	\$648.00		\$648.00
	Fluming	\$1,586.00		\$1,586.00
	Rehab	\$2,040.00		\$2,040.00
		\$252,114.34		\$252,114.34

Table 3: Engineering Costs

Earthworks in May continued down Maloy Road towards the Longview crossing just past Landing 315. There was a large volume of road maintenance required on both Maloy and Richmond Roads due to wet weather.

There was also an adjustment for metal incorrectly charged through the May engineering invoices.

Work will continue down Maloy Road in June, finishing the pavement for the final sections. Winchester will not cover any cost from Hughes Road to the Longview crossing as this roading component is to access the next forests.

As wet weather continues, we can expect further shared cost maintenance will be required on Richmond Road.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
May	\$165,303.62	\$2,084,176.10

Table 4: Total Revenue

The net revenue for the month equates to an average of **\$33.42** per tonne, or **\$22,338.33** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
May	Management	\$31,560.04
	FGC levy	\$1,627.94
		\$33,187.98

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
May	Consumables	\$96.87
	Traffic Management	\$183.89
		\$280.76

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.

Traffic management is for the purchase of road sign boards and call up markers for road users to use for position identification.

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.

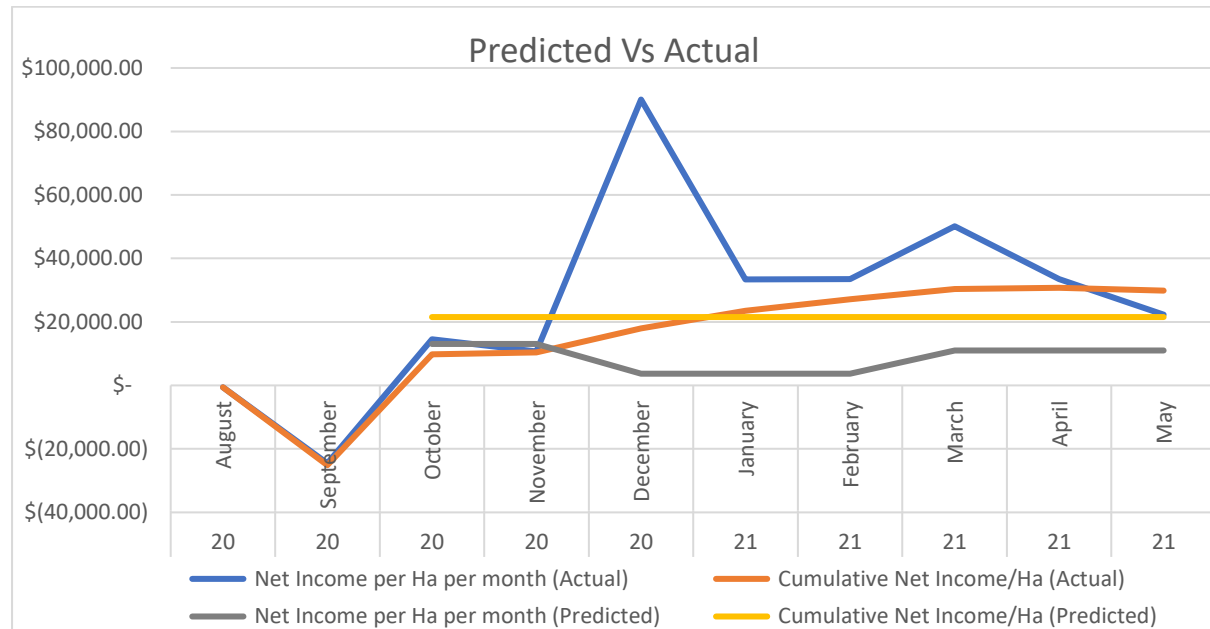


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$41.42**, forecast was \$30.75.

Gross return per tonne to date is **\$144.91**, forecast was \$130.87.

Net return per hectare to date is **\$29,859.26**, forecast was \$21,535.06.

Kind Regards

Paul Rouppe van der Voort
Harvest Manager

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Winchester Forest Partnership

01/04/2021 to 30/04/2021

Paid to bank account # 02-0792-0001705-000

GST # 062-990-732

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Domestic					
Pruned Dom	P1 4.3	93.72		\$202.00	\$18,931.44
Pruned Dom	P1 4.9	286.08		\$202.00	\$57,788.16
Pruned Dom	P1 5.5	484.04		\$185.24	\$89,663.57
TOTAL DOMESTIC SALES		863.84			\$166,383.17

Export					
Pruned Exp	P42 5.9	0.00	32.543	\$199.72	\$6,499.49
Pruned Exp	P40 5.8	0.00	32.554	\$185.00	\$6,022.49
Pruned Exp	P30 3.9	0.00	33.130	\$166.68	\$5,522.11
A40	AO 3.9	0.00	290.699	\$147.00	\$42,732.75
A40	AO 3.9	0.00	36.689	\$147.86	\$5,424.84
A30	A 3.8	0.00	139.049	\$142.00	\$19,744.96
A30	A 3.8	0.00	333.078	\$145.00	\$48,296.31
A30	A 3.8	0.00	33.441	\$145.04	\$4,850.28
A30	A 3.8	0.00	34.363	\$152.10	\$5,226.61
A30	A 5.8	0.00	880.516	\$144.00	\$126,794.30
A30	A 5.8	0.00	36.592	\$146.86	\$5,373.90
A30	A 5.8	0.00	517.025	\$147.00	\$76,002.68
A30	A 5.8	0.00	173.787	\$154.94	\$26,926.56
K	K 3.8	0.00	96.303	\$134.00	\$12,904.60
K	K 3.8	0.00	32.661	\$135.98	\$4,441.24
K	K 3.8	0.00	229.080	\$138.00	\$31,613.04
K	K 3.8	0.00	30.955	\$143.99	\$4,457.21
K	K 5.8	0.00	33.091	\$135.00	\$4,467.28
K	K 5.8	0.00	150.134	\$140.00	\$21,018.76
KI	KI 3.8	0.00	32.750	\$129.00	\$4,224.75
TOTAL EXPORT SALES		0.00	3,178.440		\$462,544.16

Export Pulp					
Export Pulp	KIS 2.9	0.00	51.618	\$112.00	\$5,781.22
Export Pulp	KIS 3.8	0.00	27.902	\$119.00	\$3,320.34
Export Pulp	KIS 3.8	0.00	60.598	\$120.87	\$7,324.48
Export Pulp	KIS 3.8	0.00	120.219	\$122.00	\$14,666.72
Export Pulp	KIS 3.8	0.00	29.982	\$126.77	\$3,800.82
TOTAL EXPORT PULP SALES		0.00	290.319		\$34,893.58
TOTAL		863.84	3,468.759		\$663,820.91

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	\$31,560.04
TOTAL FEES	\$31,560.04
LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$1,627.94
TOTAL LEVIES	\$1,627.94
COSTS	
Harvesting	\$205,176.67
Cartage	\$108,210.86
Weighbridge	\$1,759.21
Cartage - Rail	\$22,911.80
Consumables	\$96.87
Culvert Installation	\$491.00
Culvert Pipes	\$7,126.34
Culverts - Freight	\$362.50
Establishment	\$648.00
Fluming	\$1,586.00
Landings	\$2,616.00
Loadout Bay: Construction	\$351.00
Metal Rock m3	\$80,161.29
Metalling: Cart to stockpile	\$72,270.02
Metalling: Grading & Rolling	\$2,385.00
Metalling: Spread from Stockpile	\$6,911.00
Post Harvest Rehab	\$2,040.00
R&M - Event Cleanup	\$982.00
R&M - Road Maintenance	\$20,672.20
Repairs & Maintenance	\$280.28
Road Formation	\$48,584.60
Stockpile Works	\$4,647.11
Traffic Management	\$183.89
Trailer Lifting	\$55.72
TOTAL COSTS	\$590,509.37
TOTAL FEES, LEVIES & COSTS	\$623,697.35
NET INCOME	
NET INCOME	\$165,303.63
GST	\$24,795.54
NET INCOME (INCLUDING GST)	\$190,099.17



Photo 1: Looking back up Maloy Road from the crossing.



Photo 2: Overlooking Maloy Road operations.

WINCHESTER CUMULATIVES

Categories	Descriptions	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	Grand Total
Engineering	Culvert Installation	-\$7,828.25	-\$5,252.50	-\$600.00	-\$491.00	-\$14,171.75
	Culverts	-\$32,980.26	-\$8,550.90	-\$651.74	-\$7,126.34	-\$49,309.24
	Culverts - Freight	-\$3,412.75	-\$913.50	-\$546.00	-\$362.50	-\$5,234.75
	Establishment - Engineering	-\$6,655.69	-\$240.00		-\$648.00	-\$7,543.69
	Fluming	-\$9,668.75	-\$3,172.00	-\$121.60	-\$1,586.00	-\$14,548.35
	Grass Seeding	-\$610.40	-\$886.50	-\$2,860.88		-\$4,357.78
	Landings	-\$35,105.75	-\$13,170.00		-\$2,616.00	-\$50,891.75
	Loadout Bay Construction	-\$48.00			-\$351.00	-\$399.00
	Loadout Bay Metal	-\$843.00				-\$843.00
	Metal Rock	-\$116,244.53	-\$55,890.00	-\$329.76	-\$80,161.29	-\$252,625.58
	Pavement	-\$14,969.50	-\$6,122.00	-\$6,245.00	-\$2,385.00	-\$29,721.50
	R&M	-\$12,395.02	-\$1,653.68	-\$404.91	-\$280.28	-\$14,733.89
	R&M - Culverts Maintenance	-\$1,293.60				-\$1,293.60
	R&M - Event Cleanup	-\$67.72			-\$982.00	-\$1,049.72
	R&M - Road Maintenance	-\$37,856.44	-\$14,946.22	-\$7,263.95	-\$20,672.20	-\$80,738.81
	Rehab	-\$2,307.41	-\$270.00	-\$4,027.50	-\$2,040.00	-\$8,644.91
	Road Formation	-\$310,418.60	-\$102,067.00	-\$58,008.00	-\$48,584.60	-\$519,078.20
	Sediment Control	-\$383.15				-\$383.15
	Spread from stockpile	-\$21,032.09	-\$9,165.00	-\$12,002.00	-\$6,911.00	-\$49,110.09
	Stockpile Works	-\$7,303.57	-\$4,698.34	-\$2,459.70	-\$4,647.11	-\$19,108.72
	Trucks - Cart & Dump	-\$102,159.06	-\$50,589.27	-\$1,948.08	-\$72,270.02	-\$226,966.43
	Trucks - Cart & Spread	-\$169.30				-\$169.30
	Other		-\$526.40			-\$526.40
	Pads			-\$3,300.00		-\$3,300.00
Engineering Total		-\$723,752.84	-\$278,113.30	-\$100,769.12	-\$252,114.34	-\$1,354,749.60
Fees	FGC levy	-\$9,162.90	-\$2,853.94	-\$1,429.76	-\$1,627.93	-\$15,074.54
	Management	-\$166,839.31	-\$51,583.21	-\$26,552.84	-\$31,560.04	-\$276,535.39
Fees Total		-\$176,002.21	-\$54,437.15	-\$27,982.59	-\$33,187.97	-\$291,609.92
Harvesting	Cartage - Rail	-\$136,431.01	-\$16,295.27	-\$19,915.85	-\$22,911.80	-\$195,553.94
	Cartage - Truck	-\$610,250.34	-\$194,391.35	-\$89,159.91	-\$108,210.86	-\$1,002,012.46
	Establishment - harvesting	-\$10,760.88				-\$10,760.88
	Loading Fee	-\$16,559.16				-\$16,559.16
	Logging	-\$1,235,132.16	-\$355,817.51	-\$178,297.63	-\$205,176.67	-\$1,974,423.98
	Tracking	-\$2,770.50	-\$960.00			-\$3,730.50
	Trailer Lifting	-\$574.24	-\$77.60	-\$47.76	-\$55.72	-\$755.32
	Weighbridge	-\$10,896.04	-\$2,811.22	-\$1,500.47	-\$1,759.21	-\$16,966.94
Harvesting Total		-\$2,023,374.33	-\$570,352.95	-\$288,921.62	-\$338,114.27	-\$3,220,763.17
Income	Log Sales	\$4,170,982.64	\$1,289,580.17	\$663,820.91	\$789,000.97	\$6,913,384.68
	Other Income	\$41,918.40				\$41,918.40
Income Total		\$4,212,901.04	\$1,289,580.17	\$663,820.91	\$789,000.97	\$6,955,303.08
Miscellaneous	Consumables	-\$900.41	-\$176.79	-\$81.86	-\$96.87	-\$1,255.94
	Power Lines	-\$575.00				-\$575.00
	Traffic Management	-\$54.70		-\$50.00	-\$183.89	-\$288.59
	Environmental Monitoring		-\$158.88	-\$203.57		-\$362.45
	Consultancy Fees		-\$78.75	-\$25.31		-\$104.06
	Security		-\$241.02	-\$1,177.24		-\$1,418.26
Miscellaneous Total		-\$1,530.11	-\$655.44	-\$1,537.98	-\$280.76	-\$4,004.30
Grand Total		\$1,288,241.55	\$386,021.33	\$244,609.59	\$165,303.62	\$2,084,176.10