



HARVESTING REPORT

JUNE 2021

CRICKLEWOOD FOREST



Hauler operations on Landing 8.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Cricklewood – June 2021

Summary

- Gross revenue for the month is **\$850,211.12**
- Costs for the month are **\$414,903.43**
- Net income for the month is **\$435,307.68**
- Tonnes harvested for the month is **5,284.92**
- Net income per tonne for the month is **\$82.37**
- Area cleared for the month is **5.8** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$17,704,307.82**
- Project costs to date are **\$11,628,339.65**
- Project net income to date is **\$6,075,968.17**
- Tonnes harvested to date is **134,273.05**
- Net income per tonne to date is **\$45.25**
- Recoverable volume per hectare to date is **764.7** tonnes
- Net income per hectare to date is **\$34,601.19**
- Total forest area is **315.8** hectares, approximate hectares cleared to date is **175.6** 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 **\$850,211.12** with an average sale price over all grades of **\$160.87** per tonne.

June 2021 - Log Markets, Hawkes Bay

The June export prices have lifted \$10.57/Jas m³ on average. The increase has benefited all log grades.

Radiata log inventories on the main Chinese ports we monitor have started to increase to 3.9Mm³, with daily offtake down under the 60Km³ per day range as July is likely to be the lowest demand month of the year for softwoods as the hot season impacts on construction.

Major commodities including copper, iron ore, coal and logs increased to record levels during May as demand outstripped supply as the global recovery gathers pace. In June however, while log prices have continued to increase, prices of other major commodities appear to have peaked. Prices remain at historically high levels as the market fundamentals are still strong.

As July beckons, the question on most minds' is now – have we also reached peak log price?

New Zealand export volumes continue to be constrained by the usual issues of infrastructure and winter weather. Congestion at some New Zealand load ports, especially Gisborne - remains very significant. China disport congestion is also reducing supply capacity as log vessels wait behind a wide range of commodity cargoes.

Freight continues to be a battle. Spot rates are high and congestion / demurrage costs are also high. The spot market impacts on all export regions and New Zealand rates in the high US\$50's are not disproportionately high. The Baltic Index has been moving up and oil has hit over US\$70/barrel which are both negative drivers for our market. Oil has now come off the recent peak with the strengthening of the US\$.

The US Federal Reserve revised their projections on when US interest rates may rise. This announcement led to a 3% drop in the NZ\$ / US\$ exchange rate, pushing it under its recent 71-73 cent range.

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 June is as follows:

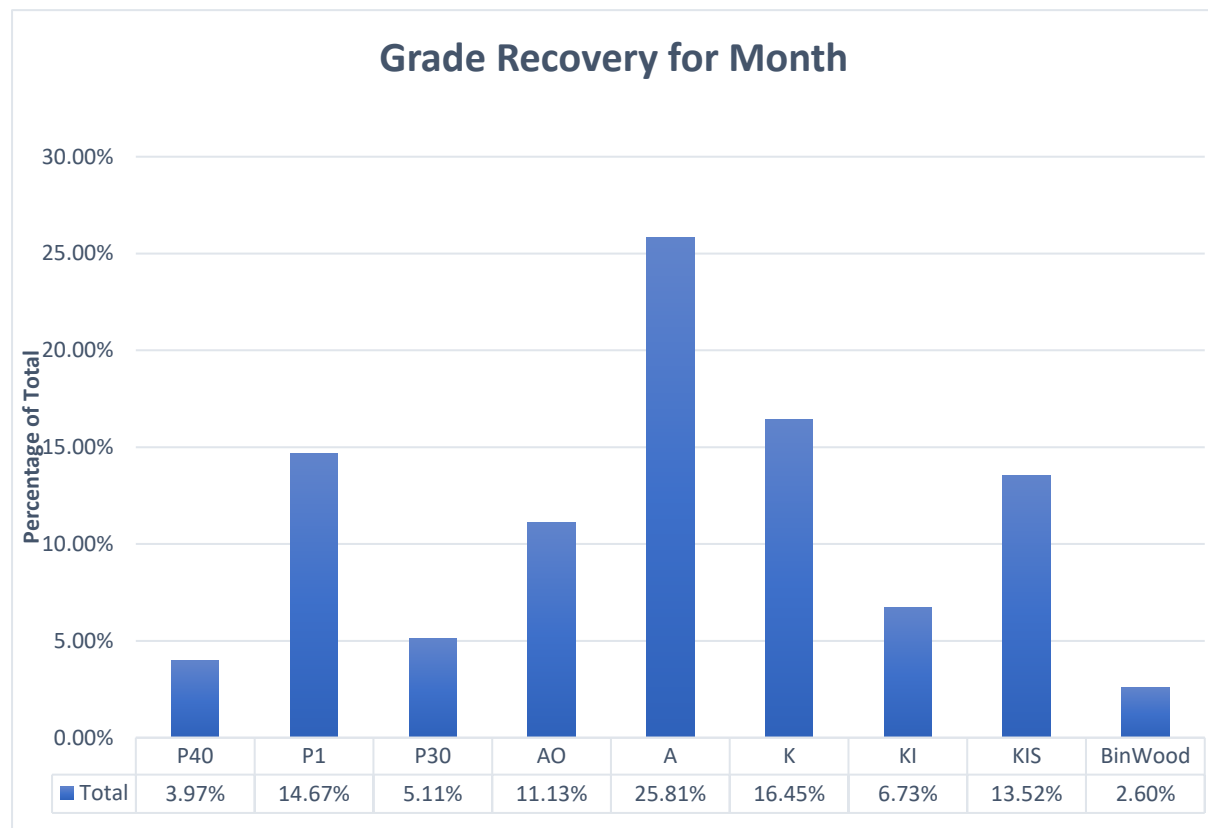


Chart 1: Grade Recovery for Month

Pruned recovery for June comprised of 24% overall sales volume, 15% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 53% of the total production volume, with lower quality export (KI and KIS grades) comprising 20% of volume.

The remaining 3% of production was made up of domestic pulp and binwood.

Expenditure

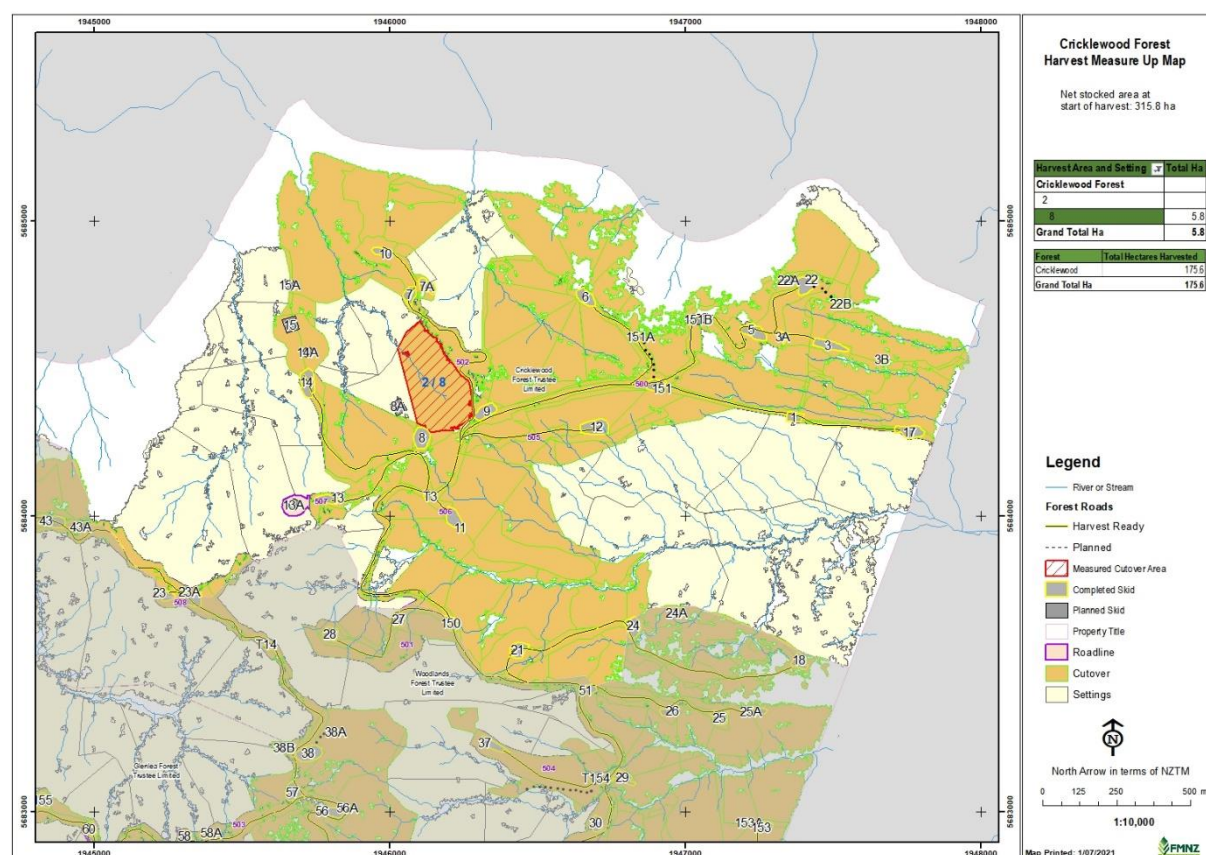
Harvesting

The total logging cost for the month was **\$208,653.20**, an average of **\$39.48** per tonne.

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

LOGGING COSTS	TONNES	TOTAL
June		\$208,653.20
	5,284.92	\$208,653.20

Table 1: Logging Costs



Pic 1: Progress Map

Logs were loaded out from Landings 14 (clearance of landing area for construction) and 10 (remaining stock from last month). The crew spent most of June harvesting Setting 8 which is an easy hauler setting.

There was a specific discussion with HBRC regarding harvesting in the NES red zone area on the faces above the Waiau River. HBRC have required drone photos to show harvesting can be undertaken successfully and without damage to the site.

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 **\$152,391.44** which is an average unit rate of **\$28.84** per tonne.

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

CARTAGE COSTS		TOTAL
June	Cartage - Truck	\$152,391.44
	Weighbridge	\$1,752.16
	Trailer Lifting	\$30.00
		\$154,173.60

Table 2: Cartage Costs

The average cart rate for June inclusive of weighbridge and trailer lifting fees is **\$29.17** per tonne.

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

Engineering

ENGINEERING		RL	CF	TOTAL
June	Establishment - Engineering	\$800.00	\$160.00	\$960.00
	R&M - Road Maintenance		\$3,630.00	\$3,630.00
	Loadout Bay Construction	\$1,210.00	\$440.00	\$1,650.00
	R&M		\$3,385.40	\$3,385.40
	Pavement	\$432.00		\$432.00
	R&M - Event Clean-up		\$1,650.00	\$1,650.00
	Stockpile Works	\$204.00		\$204.00
	Culverts	-\$3,795.12		-\$3,795.12
	Fluming	-\$1,586.00		-\$1,586.00
	R&M - Culverts Maintenance		\$75.00	\$75.00
	Rehab		\$8,162.00	\$8,162.00
		-\$2,735.12	\$17,502.40	\$14,767.28

Table 3: Engineering Costs

In June, work was completed on Moonlight Road which included drum rolling the pavement and spreading metal on loadout bays on Landings 8 and 14. Rehabilitation was also completed on Hunters, Lookout and Waiau River Roads and landings.

There was a credit for unused culverts and flumes on-sold to Woodlands Forest.

Planned Activities for July 2021

Planned activities for July are to finish clearfelling Setting 8 and then move to Setting 18 on East Road to commence clearfelling on the Rotongaio Station boundary.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
June	\$435,307.68	\$6,075,968.17

Table 4: Total Revenue

The net revenue for the month equates to an average of **\$82.37** per tonne, or **\$75,053.05** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
June	Management	\$34,008.44
	FGC levy	\$1,701.85
		\$35,710.29

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
June	Consumables	\$308.12
	Other	\$95.00
	Security	\$13.04
		\$416.16

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during June, log stencils, 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.

Security cost was for a heavy-duty chain purchased to lock the gate on Waiau River Road.

Health and Safety

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

Environmental

ENVIRONMENTAL		TOTAL
June	Environmental Monitoring	\$1,182.90
		\$1,182.90

Table 7: Environmental Expenses

The Hawke's Bay Regional Council visited the forest on the 16th of June and assessed both consented and permitted harvesting and earthworks activities as being *fully compliant* and noted that *"streams and stream banks in red / very high Erosion Susceptibility Classification (ESC) zones appeared to have very little slash remaining indicating a high level of competency in the planning and execution of the harvesting operation"*.

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.

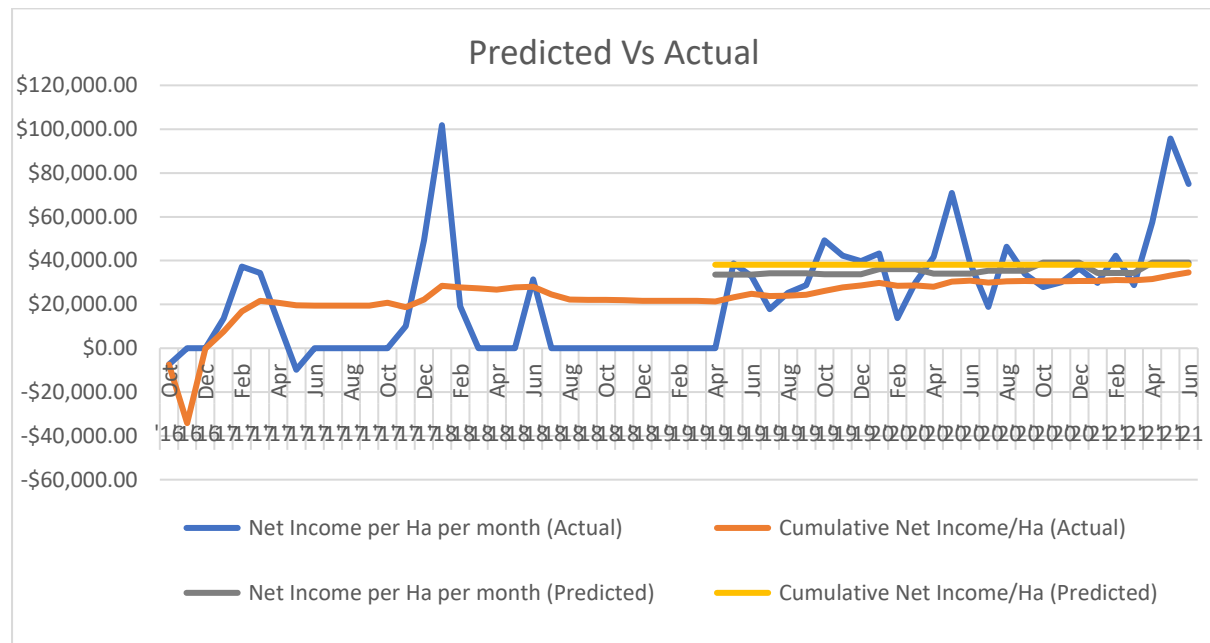


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$45.25**, forecast was \$50.70.

Gross return per tonne to date is **\$131.85**, forecast was \$135.61.

Net return per hectare to date is **\$34,601.19**, forecast was \$38,119.31.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Cricklewood Forest Partnership

01/06/2021 to 30/06/2021

Paid to bank account # 02-0792-0001502-000

GST # 61-378-960

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp		137.18		\$45.50	\$6,241.69
TOTAL BINWOOD SALES		137.18			\$6,241.69

Domestic					
Pruned Dom		29.96		\$204.50	\$6,126.82
Pruned Dom	P1 4.9	333.32		\$192.50	\$64,164.10
Pruned Dom	P1 4.9	412.18		\$202.00	\$83,260.36
TOTAL DOMESTIC SALES		775.46			\$153,551.28

Export					
Pruned Exp	P40 3.9	0.00	204.894	\$210.00	\$43,027.74
Pruned Exp	P40 3.9	0.00	13.903	\$218.00	\$3,030.85
Pruned Exp	P30 3.9	0.00	253.823	\$185.00	\$46,957.25
Pruned Exp	P30 3.9	0.00	19.617	\$190.00	\$3,727.23
A40	AO 3.8	0.00	593.268	\$167.00	\$99,075.76
A40	AO 3.9	0.00	14.305	\$171.00	\$2,446.15
A30	A 3.8	0.00	88.191	\$164.00	\$14,463.32
A30	A 3.8	0.00	343.562	\$165.00	\$56,687.73
A30	A 5.8	0.00	125.065	\$166.00	\$20,760.79
A30	A 5.8	0.00	754.558	\$167.00	\$126,011.19
A30	A 5.8	0.00	32.112	\$171.00	\$5,491.15
K	K 3.8	0.00	292.925	\$157.00	\$45,989.22
K	K 3.8	0.00	15.713	\$160.00	\$2,514.08
K	K 5.8	0.00	456.807	\$159.00	\$72,632.31
K	K 5.8	0.00	54.507	\$163.00	\$8,884.64
KI	KI 3.8	0.00	52.650	\$148.00	\$7,792.20
KI	KI 3.8	0.00	298.849	\$149.00	\$44,528.50
TOTAL EXPORT SALES		0.00	3,614.749		\$604,020.11

Export Pulp					
Export Pulp	KIS 2.9	0.00	197.759	\$130.00	\$25,708.67
Export Pulp	KIS 2.9	0.00	31.248	\$133.00	\$4,155.98
Export Pulp	KIS 2.9	0.00	27.488	\$136.00	\$3,738.37
Export Pulp	KIS 3.8	0.00	339.901	\$141.00	\$47,926.04
Export Pulp	KIS 3.8	0.00	33.349	\$146.00	\$4,868.95
TOTAL EXPORT PULP SALES		0.00	629.745		\$86,398.01
TOTAL		912.64	4,244.494		\$850,211.09

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	\$34,008.44
TOTAL FEES	\$34,008.44
LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$1,701.86
TOTAL LEVIES	\$1,701.86
COSTS	
Harvesting	\$208,653.20
Cartage	\$152,391.44
Weighbridge	\$1,752.16
Consumables	\$308.12
Culvert Pipes	-\$3,795.12
Environmental Monitoring	\$1,182.90
Establishment	\$960.00
Fluming	-\$1,586.00
Loadout Bay: Construction	\$1,650.00
Metalling: Grading & Rolling	\$432.00
Other	\$95.00
Post Harvest Rehab	\$8,162.00
R&M - Culvert Maintenance	\$75.00
R&M - Event Cleanup	\$1,650.00
R&M - Road Maintenance	\$3,630.00
Repairs & Maintenance	\$3,385.40
Security	\$13.04
Stockpile Works	\$204.00
Trailer Lifting	\$30.00
TOTAL COSTS	\$379,193.14
TOTAL FEES, LEVIES & COSTS	\$414,903.44
NET INCOME	
NET INCOME	\$435,307.65
GST	\$65,296.15
NET INCOME (INCLUDING GST)	\$500,603.80



Photo 1: Digger shovelling stems to the hauler ropes in Setting 10.



Photo 2: View over cutover to hauler working on Landing 8 in the distance.



Photo 3: K & S Beard Logging crew, Log 11's ground-base machines on Landing 14.



Photo 4: Log 11 operations with hauler ropes across Setting 8.



Photo 5: Hauler ropes across Setting 8.

CRICKLEWOOD 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	June 21	Grand Total
Engineering	Corduroy					-\$385.00					-\$385.00
	Crossings	-\$2,080.00									-\$2,080.00
	Culvert Installation			-\$510.30	-\$2,712.00	-\$882.00	-\$5,316.00				-\$9,420.30
	Culverts	-\$14,035.61	-\$21,380.60	-\$4,748.27	-\$7,394.51	-\$17,359.39	-\$2,846.34			\$3,795.12	-\$63,969.60
	Culverts - Freight		-\$624.00	-\$2,660.00	-\$680.00	-\$2,790.00	-\$640.00				-\$7,394.00
	Entranceway - Seal	-\$2,497.47			-\$73.70						-\$2,571.17
	Establishment - Engineering	-\$4,302.60	-\$2,160.00	-\$1,187.35	-\$3,477.40	-\$7,067.43	-\$1,680.00	-\$1,832.00	-\$60.00	-\$960.00	-\$22,726.78
	Fluming		-\$5,942.75	-\$1,076.20	-\$893.00	-\$7,119.27	-\$1,586.00			\$1,586.00	-\$15,031.22
	Grass Seeding				-\$436.15	-\$1,842.41	-\$285.00	-\$585.50	-\$380.00		-\$3,529.06
	Landings	-\$18,280.00	-\$24,067.50	-\$33,180.44	-\$27,456.00	-\$46,300.00	-\$3,591.00				-\$152,874.94
	Loader Hire				-\$1,950.64	-\$3,327.00					-\$5,277.64
	Loadout Bay Construction					-\$2,486.65		-\$1,471.00		-\$1,650.00	-\$5,607.65
	Loadout Bay Metal	-\$1,292.83			-\$280.00	-\$2,879.00	-\$385.00				-\$4,836.83
	Metal Lime					-\$912.00					-\$912.00
	Metal Rock	-\$119,579.52	-\$124,267.33	-\$30,222.35	-\$39,243.06	-\$63,221.76	-\$28,110.49				-\$404,644.51
	Other				-\$801.67	-\$1,474.79					-\$2,276.46
	Pads		-\$3,555.00			-\$8,031.00	-\$1,296.00				-\$12,882.00
	Pavement			-\$11,603.72	-\$876.00	-\$5,902.30	-\$748.90	-\$1,962.60		-\$432.00	-\$21,525.52
	Public Roads		-\$2,166.67								-\$2,166.67
	R&M		-\$4,145.00	-\$10,492.20	-\$40,460.70	-\$10,359.10	-\$4,334.00	-\$1,540.58		-\$3,385.40	-\$74,716.98
	R&M - Metal		-\$2,040.00			-\$1,045.00	-\$742.31				-\$3,827.31
	R&M - Road Maintenance	-\$6,905.00	-\$52,336.05	-\$2,135.00		-\$1,265.00	-\$3,335.10	-\$6,084.40	-\$1,656.60	-\$3,630.00	-\$77,347.15
	Rehab				-\$10,187.21	-\$26,016.00	-\$7,547.00		-\$2,562.00	-\$8,162.00	-\$54,474.21
	Rehab - Skids/Pads		-\$1,235.00								-\$1,235.00
	Road Formation	-\$58,574.50	-\$127,867.31	-\$76,797.90	-\$9,150.60	-\$132,481.00	-\$24,714.00				-\$429,585.31
	Sediment Control				-\$26.88	-\$390.61					-\$417.49
	Spread from stockpile		-\$5,165.91	-\$41,780.72	-\$24,922.97	-\$20,187.50	-\$4,400.00	-\$1,980.00			-\$98,437.11
	Stockpile Works					-\$15,195.13	-\$4,815.30	-\$1,209.00		-\$204.00	-\$21,423.43
	Temp Landings					-\$12,333.00					-\$12,333.00
	Trucks - Cart & Dump		-\$27,194.82	-\$14,400.45	-\$43,249.62	-\$58,804.12	-\$27,520.00	-\$1,680.00			-\$172,849.02
	Trucks - Cart & Spread	-\$43,665.93	-\$59,790.58		-\$2,559.00	-\$3,905.00					-\$109,920.51
	Upgrade Roads	-\$12,687.42									-\$12,687.42
	R&M - Culverts Maintenance									-\$75.00	-\$75.00
	R&M - Event Cleanup									-\$1,650.00	-\$1,650.00
Engineering Total		-\$283,900.88	-\$463,938.52	-\$230,794.90	-\$216,831.12	-\$453,961.47	-\$123,892.44	-\$18,345.08	-\$4,658.60	-\$14,767.28	-\$1,811,090.28
Fees	FGC levy	-\$1,812.35	-\$3,889.67	-\$422.75	-\$11,282.07	-\$14,108.67	-\$2,031.20	-\$1,071.32	-\$1,691.28	-\$1,701.85	-\$38,011.16
	Management	-\$37,117.01	-\$80,785.48	-\$9,738.89	-\$203,391.10	-\$256,071.32	-\$35,519.84	-\$19,560.11	-\$31,980.33	-\$34,008.44	-\$708,172.52
Fees Total		-\$38,929.36	-\$84,675.15	-\$10,161.64	-\$214,673.17	-\$270,179.98	-\$37,551.03	-\$20,631.44	-\$33,671.61	-\$35,710.30	-\$746,183.68
Harvesting	Cartage - Trans Shipping				-\$495.00						-\$495.00
	Cartage - Truck	-\$175,677.48	-\$378,840.46	-\$42,923.31	-\$1,198,921.51	-\$1,400,311.75	-\$175,709.41	-\$91,563.36	-\$147,334.69	-\$152,391.44	-\$3,763,673.40
	Establishment - harvesting	-\$3,656.25			-\$28,624.50				-\$480.00		-\$32,760.75
	Logging	-\$253,432.64	-\$526,166.32	-\$66,452.62	-\$1,653,461.22	-\$1,938,819.20	-\$234,073.20	-\$120,398.80	-\$199,554.40	-\$208,653.20	-\$5,201,011.61
	Logging - Hourly				-\$2,500.00						-\$2,500.00
	Tracking		-\$2,220.00								-\$2,220.00
	Trailer Lifting	-\$144.43	-\$1,021.01			-\$6.00	-\$30.00	-\$12.00		-\$30.00	-\$1,243.44
	Weighbridge	-\$2,319.94	-\$5,013.06	-\$627.23	-\$13,871.63	-\$16,267.29	-\$1,740.20	-\$896.63	-\$1,640.27	-\$1,752.16	-\$44,128.40
Harvesting Total		-\$435,230.73	-\$913,260.84	-\$110,003.16	-\$2,897,873.87	-\$3,355,404.23	-\$411,552.81	-\$212,870.79	-\$349,009.37	-\$362,826.79	-\$9,048,032.59
Income	Log Sales	\$927,920.00	\$2,019,637.11	\$243,472.23	\$5,084,777.48	\$6,401,782.88	\$887,995.91	\$489,002.87	\$799,508.23	\$850,211.12	\$17,704,307.82
Income Total		\$927,920.00	\$2,019,637.11	\$243,472.23	\$5,084,777.48	\$6,401,782.88	\$887,995.91	\$489,002.87	\$799,508.23	\$850,211.12	\$17,704,307.82
Miscellaneous	Consultancy Fees			-\$165.84	-\$386.36						-\$552.20
	Consumables	-\$410.98	-\$570.21	-\$124.85	-\$1,530.32	-\$2,297.60	-\$146.85	-\$59.09	-\$141.25	-\$308.12	-\$5,589.28
	Environmental Monitoring				-\$150.00					-\$1,182.90	-\$1,332.90
	Fencing				-\$391.18						-\$391.18
	Other		-\$123.60	-\$4,996.02	-\$2,577.03	-\$2,905.15	-\$95.00	-\$95.00	-\$95.00	-\$95.00	-\$10,981.81
	Royalty payments			-\$500.00							-\$500.00
	Security			-\$45.75	-\$396.30	-\$101.25	-\$568.91	-\$1,757.30		-\$13.04	-\$2,882.55
	Traffic Management	-\$109.22		-\$189.20	-\$222.34	-\$282.41					-\$803.17
Miscellaneous Total		-\$520.20	-\$693.81	-\$6,021.66	-\$5,653.53	-\$5,586.41	-\$810.76	-\$1,911.39	-\$236.25	-\$1,599.06	-\$23,033.09
Grand Total		\$169,338.83	\$557,068.78	-\$113,509.13	\$1,749,745.79	\$2,316,650.79	\$314,188.87	\$235,244.17	\$411,932.40	\$435,307.68	\$6,075,968.17