



HARVESTING REPORT

June 2021

HEREFORD FOREST



Looking towards Landing 203, Olliver Road.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Hereford – June 2021

Summary

- Gross revenue for the month is **\$1,271,080.84**
- Costs for the month are **\$730,387.43**
- Net income for the month is **\$540,693.41**
- Tonnes harvested for the month is **7,826.21**
- Net income per tonne for the month is **\$69.09**
- Area cleared for the month is **10.80** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$5,408,279.24**
- Project costs to date are **\$4,458,238.81**
- Project net income to date is **\$950,040.43**
- Tonnes harvested to date is **38,664.01**
- Net income per tonne to date is **\$24.57**
- Recoverable volume per hectare to date is **673.6** tonnes
- Net income per hectare to date is **\$16,551.23**
- Total forest area is **180.5** hectares, approximate hectares cleared to date is **57.4** 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 **\$1,271,080.84** with an average sale price over all grades of **\$162.41** per tonne.

June 2021 - Log Markets, Gisborne and Hawkes Bay

The June export prices in Gisborne have dipped \$4.56/Jas m³ on average and the decrease has affected all log grades. However, the June export prices in Napier have lifted \$10.57/Jas m³ on average and 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 \$9 in Gisborne and \$12 in Hawkes Bay this quarter due to strong AWG export pricing and considering winter effects on Jas conversions.

Grade Recovery

Grade out turn for June is as follows:

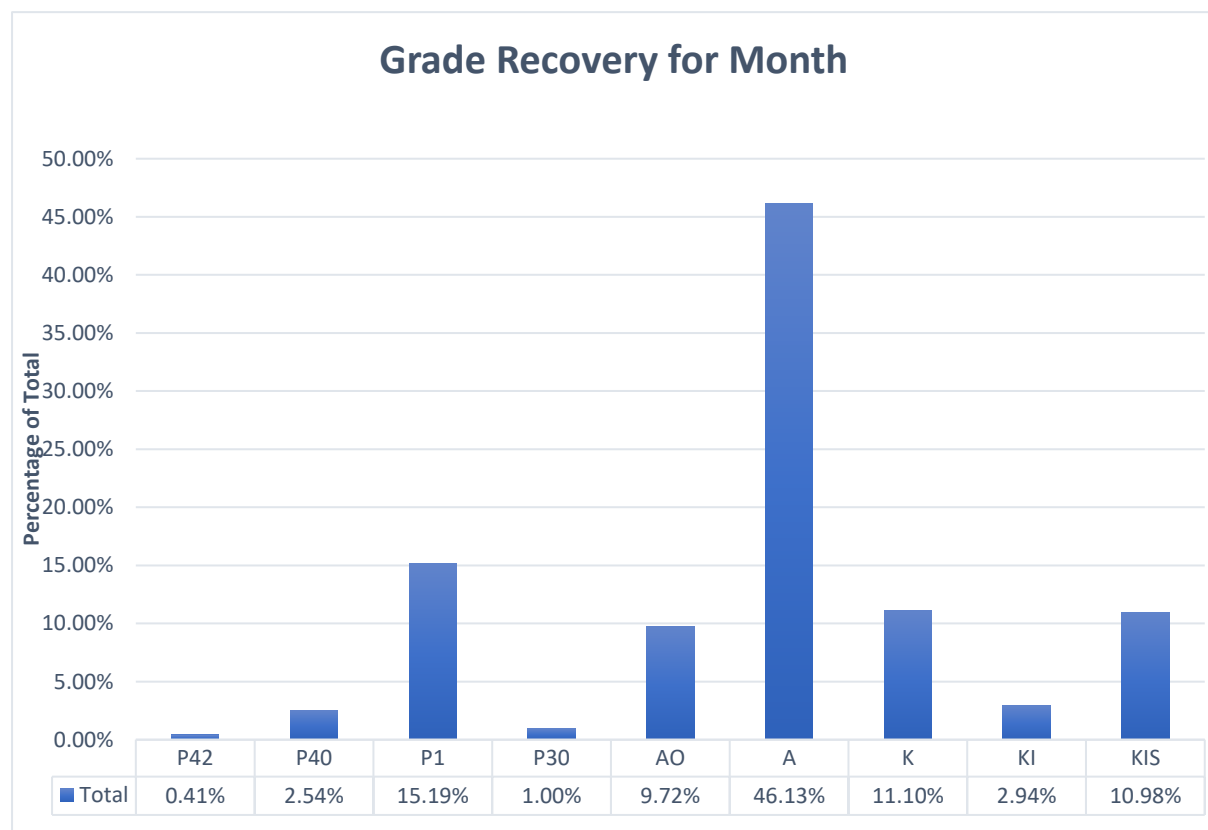


Chart 1: Grade Recovery for Month

Pruned recovery for June comprised 19% of overall sales volume, 15% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 67% of the total production volume, with lower quality export (KI and KIS grades) comprising 14% of volume.

There were no domestic pulp or binwood sales.

Expenditure

Harvesting

The total logging cost for the month was **\$324,631.19**, an average of **\$41.48** per tonne.

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

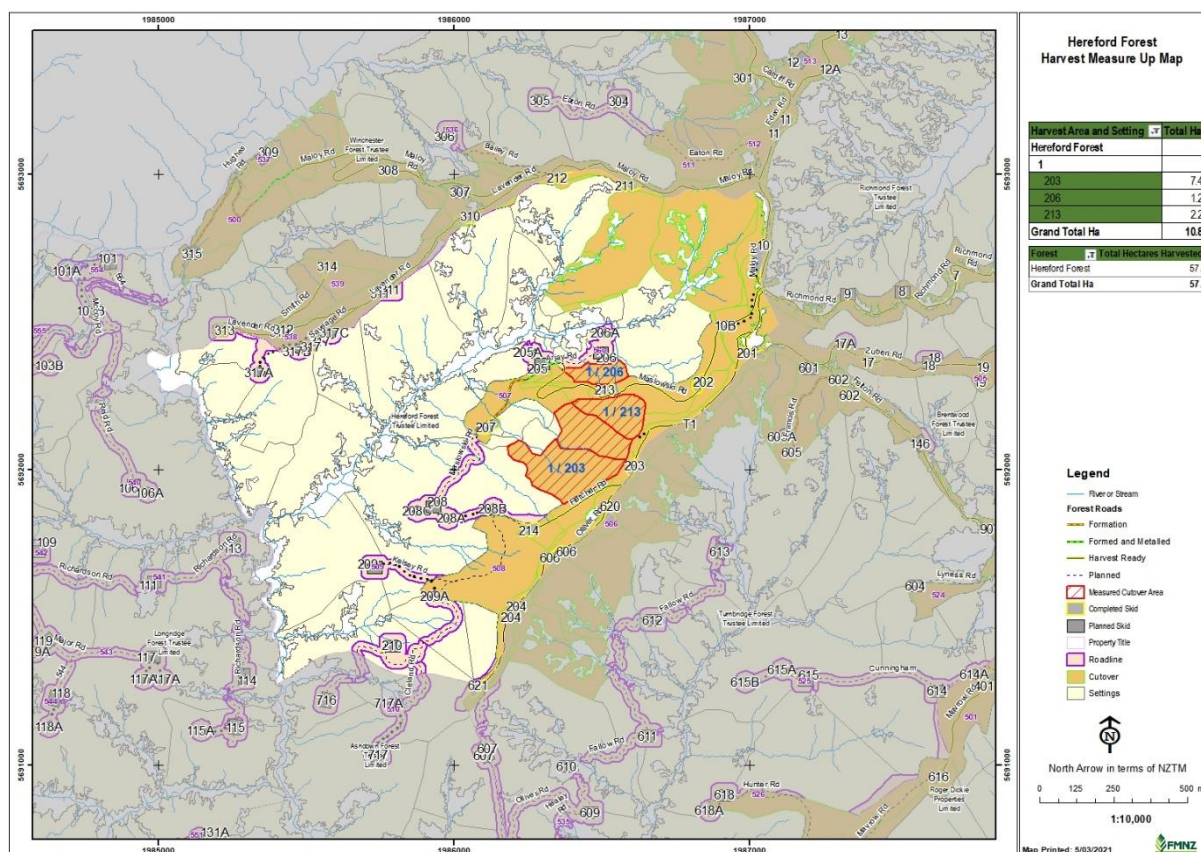
LOGGING COSTS	TONNES	TOTAL
June		\$324,631.19
	7,826.21	\$324,631.19

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
June	Tracking	\$720.00
		\$720.00

Table 2: Additional Logging Costs

Tracking was for the Log 16 harvest crew to access roadline salvage wood in Setting 507.



Pic 1: Progress Map

In June, McIndoe Logging crew, Log 16 carried out harvesting on roadline Settings 507 and clearfell Setting 213 while Log 24 carried out clearfell harvest of Setting 203.

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 **\$250,742.88** which is an average unit rate of **\$32.04** per tonne.

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

CARTAGE COSTS		TOTAL
June	Cartage - Truck	\$233,312.66
	Cartage – Rail	\$17,430.23
	Weighbridge	\$2,702.64
	Trailer Lifting	\$55.72
		\$253,501.25

Table 3: Cartage Costs

The average cart rate for June inclusive of weighbridge and trailer lifting fees is **\$32.39** 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
June	Establishment - Engineering		\$256.32	\$256.32
	R&M	\$96.46	\$927.21	\$1,023.67
	R&M - Road Maintenance	\$252.07	\$4,748.03	\$5,000.11
	R&M - Metal		\$3,283.28	\$3,283.28
	Trucks - Cart & Dump	\$7,600.35	\$20,891.49	\$28,491.84
	Other		\$20.50	\$20.50
	Fluming	\$1,586.00		\$1,586.00
	Landings	\$5,340.00		\$5,340.00
	Loadout Bay Construction	\$363.02	\$79.04	\$442.06
	Metal Rock	\$6,176.37	\$18,335.86	\$24,512.23
	Road Formation	\$300.00		\$300.00
	Spread from stockpile	\$130.00		\$130.00
	Stockpile Works	\$727.75	\$755.11	\$1,482.86
	Culverts	\$2,846.34		\$2,846.34
	Metal Lime	\$2,519.71	\$4,001.89	\$6,521.59
	Pads	\$2,760.00	\$1925.00	\$4,685.00
	R&M - Event Clean-up	\$3,558.50	\$8497.12	\$12,055.62
		\$34,256.57	\$63,720.84	\$97,977.41

Table 4: Engineering Costs

New road construction was completed on Maslowski Road in June. Landings and pads were also constructed on Fletcher Road (203B) and Olliver Road (621). Loadout bays required metalling on Landings 203 and 205.

There was a significant weather event in June which caused major slips on the main access road into the Ruakituri forest block along with slips throughout the block. The main slips were a cost that was split between all forest partnerships as it was not related to production volume.

Planned Activities for July 2021

The planned activities for July are to continue clearfell harvesting operations along Olliver Road and further rainfall event clean-up on Richmond Road.

Landing 206 on Arjay Road will be completed in July. There may also be some continued clean-up costs from the weather event in June as well as maintenance associated with harvesting activities.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
June	\$540,693.41	\$950,040.43

Table 5: Total Revenue

The net revenue for the month equates to an average of **\$69.09** per tonne, or **\$50,064.20** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
June	Management	\$50,843.23
	FGC levy	\$2,532.91
		\$53,376.14

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
June	Consumables	\$181.44
		\$181.44

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during June and for the purchase of EnviroSan used to treat the ends of pruned export logs along with a solo sprayer for applying it.

Health and Safety

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

Environmental

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

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.

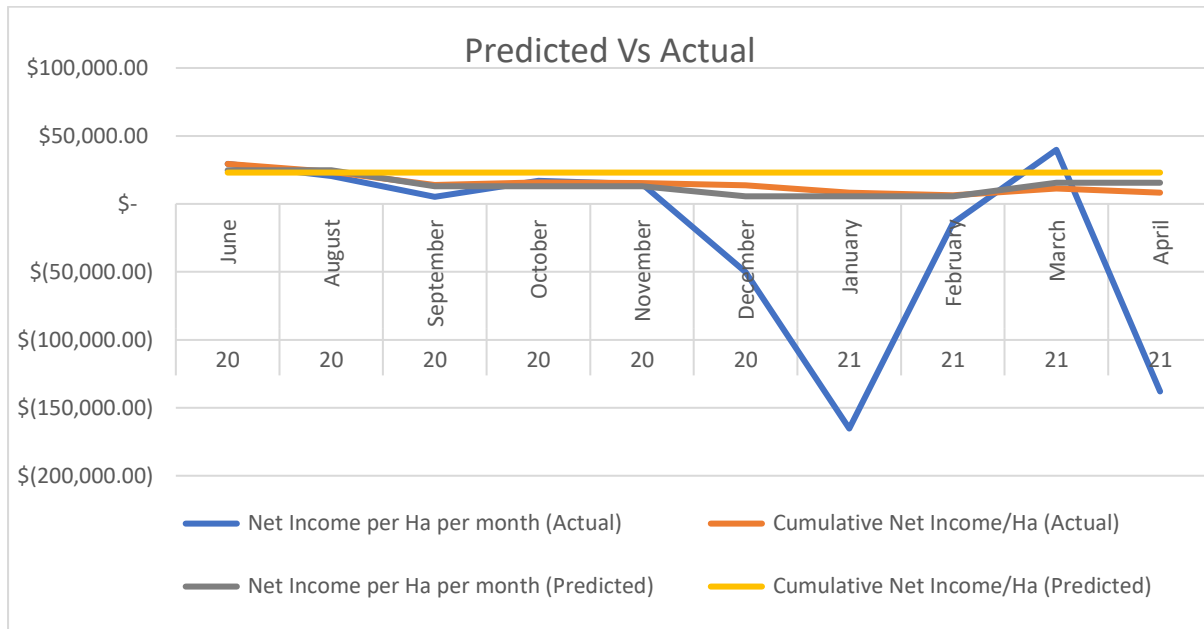


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$24.57**, forecast was \$34.49.

Gross return per tonne to date is **\$139.88**, forecast was 131.31.

Net return per hectare to date is **\$16,551.23**, forecast was \$23,032.71.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Hereford Forest Partnership

01/06/2021 to 30/06/2021

Paid to bank account # 02-0792-0001692-000

GST # 62-990-236

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Domestic					
Pruned Dom	P1 4.3	240.30		\$202.00	\$48,540.60
Pruned Dom	P1 4.9	401.56		\$202.00	\$81,115.12
Pruned Dom	P1 5.5	546.72		\$185.24	\$101,274.41
TOTAL DOMESTIC SALES		1,188.58			\$230,930.13

Export					
Pruned Exp	P42 5.9	0.00	31.317	\$203.68	\$6,378.65
Pruned Exp	P40 5.8	0.00	136.512	\$201.00	\$27,438.91
Pruned Exp	P40 5.8	0.00	65.797	\$212.00	\$13,948.96
Pruned Exp	P30 3.9	0.00	45.148	\$180.00	\$8,126.64
Pruned Exp	P30 3.9	0.00	34.809	\$185.00	\$6,439.66
A40	AO 3.8	0.00	100.493	\$167.00	\$16,782.33
A40	AO 3.9	0.00	277.819	\$158.00	\$43,895.40
A40	AO 3.9	0.00	397.150	\$170.00	\$67,515.50
A30	A 3.8	0.00	303.944	\$153.00	\$46,503.43
A30	A 3.8	0.00	732.268	\$164.00	\$120,137.22
A30	A 3.8	0.00	111.016	\$165.00	\$18,317.64
A30	A 5.8	0.00	430.610	\$155.00	\$66,744.55
A30	A 5.8	0.00	33.925	\$156.92	\$5,323.51
A30	A 5.8	0.00	1,831.410	\$166.00	\$304,014.06
A30	A 5.8	0.00	140.116	\$167.00	\$23,399.37
K	K 3.8	0.00	339.452	\$157.00	\$53,250.63
K	K 5.8	0.00	130.119	\$146.00	\$18,997.37
K	K 5.8	0.00	98.290	\$147.03	\$14,451.58
K	K 5.8	0.00	270.096	\$159.00	\$42,945.26
KI	KI 3.8	0.00	32.391	\$136.00	\$4,405.18
KI	KI 3.8	0.00	156.190	\$148.00	\$23,116.12
KI	KI 3.8	0.00	31.750	\$149.00	\$4,730.75
TOTAL EXPORT SALES		0.00	5,730.622		\$936,862.72

Export Pulp					
Export Pulp	KIS 2.9	0.00	15.709	\$123.00	\$1,932.21
Export Pulp	KIS 2.9	0.00	64.014	\$130.00	\$8,321.82
Export Pulp	KIS 2.9	0.00	82.833	\$133.00	\$11,016.79
Export Pulp	KIS 3.8	0.00	72.815	\$130.00	\$9,465.95
Export Pulp	KIS 3.8	0.00	85.438	\$130.49	\$11,148.80
Export Pulp	KIS 3.8	0.00	435.478	\$141.00	\$61,402.40
TOTAL EXPORT PULP SALES		0.00	756.287		\$103,287.97
TOTAL		1,188.58	6,486.909		\$1,271,080.82

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	\$50,843.23
TOTAL FEES	\$50,843.23
LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$2,532.91
TOTAL LEVIES	\$2,532.91
COSTS	
Harvesting	\$324,631.19
Cartage	\$233,312.66
Weighbridge	\$2,702.64
Cartage - Rail	\$17,430.23
Consumables	\$181.44
Culvert Pipes	\$2,846.34
Establishment	\$256.32
Fluming	\$1,586.00
Landings	\$5,340.00
Loadout Bay: Construction	\$442.06
Metal Lime m3	\$6,521.59
Metal Rock m3	\$24,512.23
Metalling: Cart to stockpile	\$28,491.84
Metalling: Spread from Stockpile	\$130.00
Other	\$20.50
Pads	\$4,685.00
R&M - Event Cleanup	\$12,055.62
R&M - Metal	\$3,283.28
R&M - Road Maintenance	\$5,000.11
Repairs & Maintenance	\$1,023.67
Road Formation	\$300.00
Stockpile Works	\$1,482.86
Tracking	\$720.00
Trailer Lifting	\$55.72
TOTAL COSTS	\$677,011.29
TOTAL FEES, LEVIES & COSTS	\$730,387.43
NET INCOME	
NET INCOME	\$540,693.39
GST	\$81,104.01
NET INCOME (INCLUDING GST)	\$621,797.40



Photo 1: Carting from Setting 203, Olliver Road.



Photo 2: Battery concrete ford crossing on Richmond Road.



Photo 3: Pad being built to roadline Setting 508.



Photo 4: Drone footage of operations on Landing 203.



Photo 5: Setting 203 harvest face.

HEREFORD CUMULATIVES

Categories	Descriptions	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 21	Grand Total
Engineering	Culvert Installation	-\$11,337.25	-\$2,351.00	-\$1,785.00			-\$15,473.25
	Culverts	-\$23,601.80	-\$5,898.82			-\$2,846.34	-\$32,346.96
	Culverts - Freight	-\$1,041.20	-\$551.00				-\$1,592.20
	Establishment - Engineering	-\$6,910.04	-\$240.00			-\$256.32	-\$7,406.36
	Fluming	-\$3,416.64	-\$1,268.80	-\$60.80		-\$1,586.00	-\$6,332.24
	Grass Seeding	-\$3,810.20	-\$1,129.25	-\$992.75			-\$5,932.20
	Landings	-\$223,566.84	-\$2,761.00			-\$5,340.00	-\$231,667.84
	Loadout Bay Construction	-\$2,877.94				-\$442.06	-\$3,320.00
	Loadout Bay Metal	-\$2,806.50					-\$2,806.50
	Metal Rock	-\$181,599.76	-\$20,879.05	-\$57,448.91	\$14,174.72	-\$24,512.23	-\$270,265.23
	Other		-\$313.60			-\$20.50	-\$334.10
	Pads	-\$23,420.00	-\$4,551.00			-\$4,685.00	-\$32,656.00
	Pavement	-\$19,564.67	-\$2,977.00	-\$1,710.00			-\$24,251.67
	R&M	-\$17,634.00	-\$955.46			-\$1,023.67	-\$19,613.13
	R&M - Culverts Maintenance	-\$649.50	-\$100.00				-\$749.50
	R&M - Event Cleanup	-\$1,884.76			-\$2,100.00	-\$12,055.62	-\$16,040.38
	R&M - Road Maintenance	-\$22,042.44	-\$10,362.93		-\$690.00	-\$5,000.11	-\$38,095.48
	Rehab	-\$7,370.04		-\$4,375.00	-\$2,275.00		-\$14,020.04
	Road Formation	-\$492,639.64	-\$44,911.00	-\$7,945.00		-\$300.00	-\$545,795.64
	Sediment Control	-\$350.62					-\$350.62
	Spread from stockpile	-\$70,737.35	-\$1,742.00	-\$9,660.00		-\$130.00	-\$82,269.35
	Stockpile Works	-\$9,837.71	-\$1,959.70	-\$4,178.76		-\$1,482.86	-\$17,459.03
	Temp Landings	-\$23,492.00	-\$350.00				-\$23,842.00
	Trucks - Cart & Dump	-\$114,787.33	-\$18,851.58	-\$48,315.97	\$12,610.96	-\$28,491.84	-\$197,835.75
	Trucks - Cart & Spread	-\$2,086.91					-\$2,086.91
	Metal Lime					-\$6,521.59	-\$6,521.59
	R&M - Metal					-\$3,283.28	-\$3,283.28
Engineering Total		-\$1,267,465.14	-\$122,153.18	-\$136,472.19	\$21,720.68	-\$97,977.41	-\$1,602,347.23
Fees	FGC levy	-\$7,166.39	-\$1,614.73			-\$2,532.91	-\$11,314.04
	Management	-\$135,524.15	-\$29,963.78			-\$50,843.23	-\$216,331.17
Fees Total		-\$142,690.54	-\$31,578.52			-\$53,376.14	-\$227,645.21
Harvesting	Cartage - Rail	-\$41,180.09	-\$19,592.84	-\$1,175.32		-\$17,430.23	-\$79,378.48
	Cartage - Truck	-\$585,112.34	-\$97,975.03			-\$233,312.66	-\$916,400.03
	Establishment - harvesting	-\$10,866.71					-\$10,866.71
	Logging	-\$1,057,958.32	-\$193,030.25			-\$324,631.19	-\$1,575,619.76
	Tracking	-\$18,525.00	-\$7,840.00			-\$720.00	-\$27,085.00
	Trailer Lifting	-\$1,777.04	-\$131.92			-\$55.72	-\$1,964.68
	Weighbridge	-\$9,885.15	-\$1,836.94			-\$2,702.64	-\$14,424.73
Harvesting Total		-\$1,725,304.64	-\$320,406.98	-\$1,175.32		-\$578,852.44	-\$2,625,739.38
Income	Log Sales	\$3,388,103.80	\$749,094.61			\$1,271,080.84	\$5,408,279.24
Income Total		\$3,388,103.80	\$749,094.61			\$1,271,080.84	\$5,408,279.24
Miscellaneous	Consumables	-\$1,180.61	-\$108.01	-\$13.00		-\$181.44	-\$1,483.06
	Other	-\$98.61					-\$98.61
	Power Lines	-\$361.55					-\$361.55
	Traffic Management	-\$80.09					-\$80.09
	Environmental Monitoring		-\$158.88	-\$203.57			-\$362.45
	Consultancy Fees		-\$78.75	-\$25.31			-\$104.06
	Security		-\$0.94	-\$16.23			-\$17.17
Miscellaneous Total		-\$1,720.85	-\$346.58	-\$258.11		-\$181.44	-\$2,506.98
Grand Total		\$250,922.63	\$274,609.35	-\$137,905.63	\$21,720.68	\$540,693.41	\$950,040.43