



HARVESTING REPORT

July 2021

BAYVIEW FOREST



Setting 3 in foreground with Setting 28 back face. The sensitive native riparian strip is left undamaged from harvesting.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Bayview – July 2021

Summary

- Gross revenue for the month is **\$1,081,336.07**
- Costs for the month are **\$407,795.18**
- Net income for the month is **\$673,540.89**
- Tonnes harvested for the month is **6,548.06**
- Net income per tonne for the month is **\$102.86**
- Area cleared for the month is **9.3** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$23,288,489.58**
- Project costs to date are **\$12,135,666.80**
- Project net income to date is **\$11,152,822.78**
- Tonnes harvested to date is **173,539.85**
- Net income per tonne to date is **\$64.27**
- Recoverable volume per hectare to date is **681.1** tonnes
- Net income per hectare to date is **\$43,770.89**
- Total forest area is **286.5** hectares, approximate hectares cleared to date is **254.8** 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 **\$1,081,336.07** with an average sale price over all grades of **\$165.14** per tonne.

July 2021 - Log Markets, Hawkes Bay

The July export prices have dropped \$2.86/Jas m³ on average. The decrease has affected all log grades.

Radiata log inventories on the main Chinese ports we monitor have increased relatively quickly to 4.5Mm³ – 5.0Mm³, with daily offtake still down under the 60Km³ per day range.

This variation in the total softwood stock numbers is due to the Chinese government forcing some sawmills to relocate from Taicang, Jiangsu Province. Many log processing facilities in Taicang will have to close or relocate after the government, with very little warning, imposed regulation in early July that will restrict sawmilling to specific identified industrial districts. Initial estimates are this will reduce milling capacity by about 50%.

Taicang was China's second largest port for softwood imports and received about 20% of China's total softwood imports. It is just over 50km north-west of Shanghai so the regulations are likely to be a combination of government wanting to change land use as well as reduce pollution. This land will most likely be repurposed for housing or higher tech companies.

The disruption at Taicang has been a contributing factor in easing prices, as has resistance to higher prices in the market. The Chinese government has been talking down commodity prices and several of our exporters' customers have reacted quickly to defer development projects. There has also been an increase in domestic harvest levels in south China and that is now starting to reflect in lower levels of demand from that market.

Spot freight is in the high US\$50's. The forecast for August is rates in the mid US\$60's/m³ including delay costs. Freight rates are an additional US\$20+/m³ for volume ex Gisborne due to the extensive delays now occurring there due to a combination of berth repair and adverse weather reducing berth capacity.

The NZD weakened against the USD over July dropping from 0.7277 to 0.6982 against the USD. This helped reduce the drop in AWG pricing for July.

Domestic pruned log prices have lifted \$4 this quarter due to strong AWG export pricing and factoring in the winter effects on Jas conversions.

Grade Recovery

Grade out turn for July is as follows:

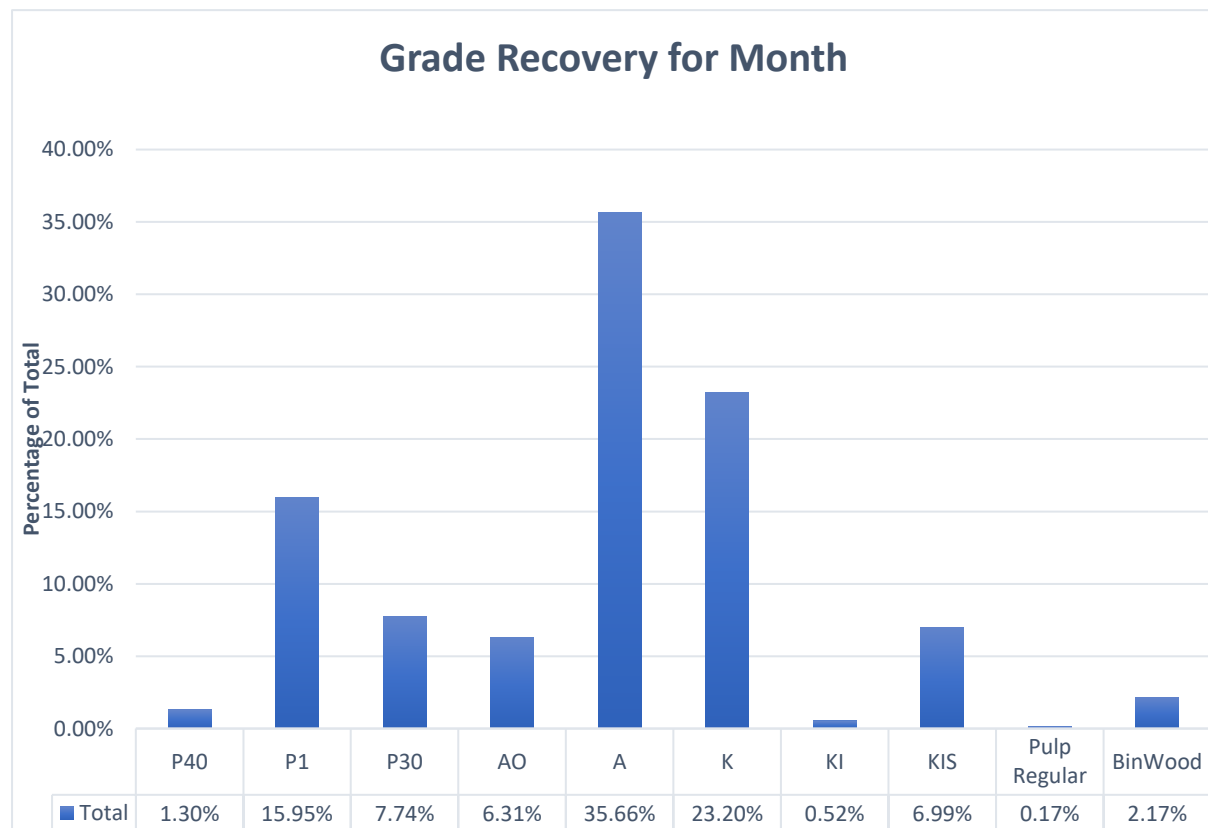


Chart 1: Grade Recovery for Month

Pruned recovery for July comprised 25% of overall sales volume, 16% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 65% of the total production volume, with lower quality export (KI and KIS grades) comprising 8% of volume.

The remaining 2% of production was made up of domestic pulp and binwood.

Expenditure

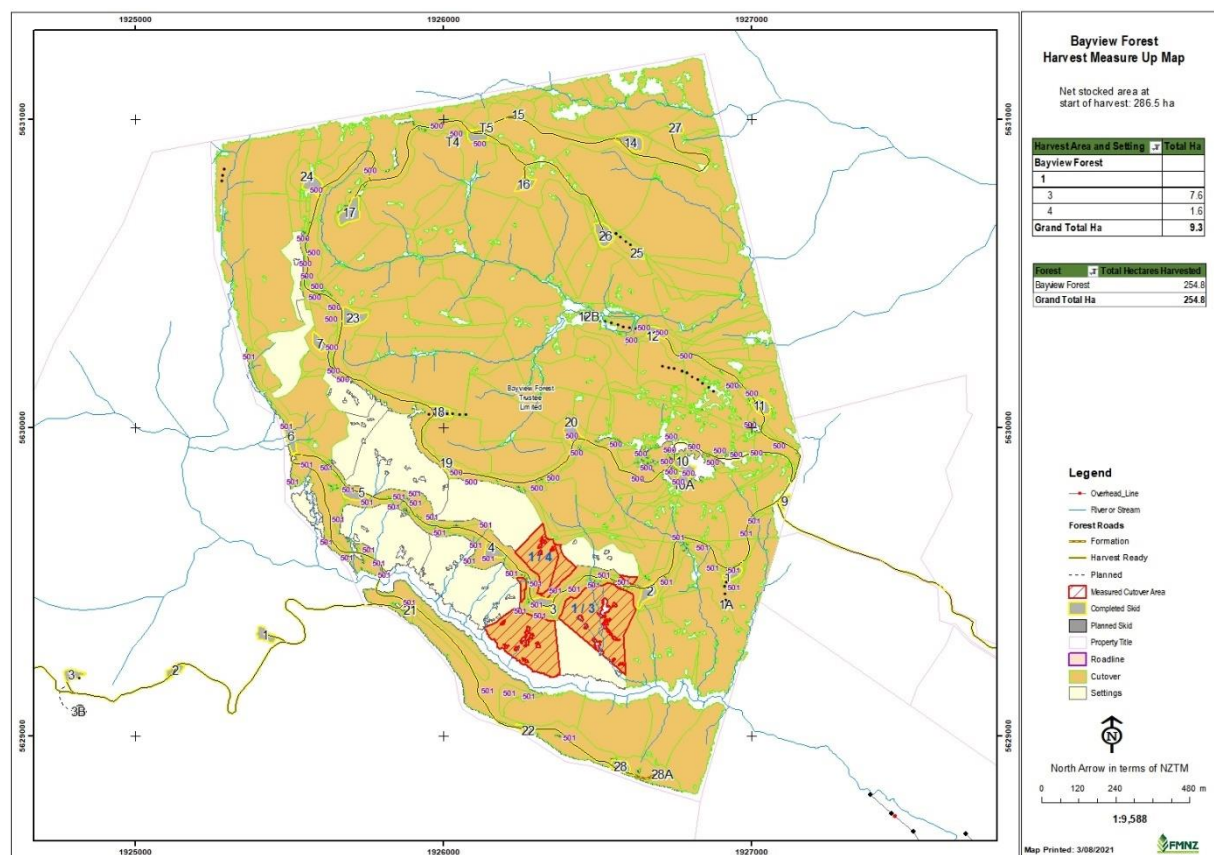
Harvesting

The total logging cost for the month was **\$246,075.88**, an average of **\$37.58** per tonne.

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

LOGGING COSTS		TOTAL
July		\$246,075.88
		\$246,075.88

Table 1: Logging Costs



Pic 1: Progress Map

During July, clearfell harvesting continued in Setting 3 with the swing yarder. The tail hold of the swing yarder was put on the other side of the native riparian area to keep the wires high enough to avoid any damage to this sensitive area and improve deflection for extracting to Setting 3.

Ground-base harvesting occurred in Setting 4 above Holden Road, pulling it down to Landing 4. Setting 4 was a difficult area to log due to rock outcrops at the top of the setting, therefore production slowed a little.

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 **\$91,724.39** which is an average unit rate of **\$14.01** per tonne.

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

CARTAGE COSTS		TOTAL
July	Cartage - Truck	\$91,724.39
	Weighbridge	\$1,991.74
	Trailer Lifting	\$60.00
		\$93,776.13

Table 2: Cartage Costs

The average cart rate for July inclusive of weighbridge and trailer lifting fees is **\$14.32** per tonne.

Trailer lifting costs are for using the public gantry to reload trailers for loads delivered outside the normal hours of the facility provided by the Napier Port.

Engineering

ENGINEERING		RL	CF	TOTAL
July	R&M	\$2,480.00		\$2,480.00
	R&M - Road Maintenance	\$1,980.00		\$1,980.00
	Road Formation		\$910.00	\$910.00
	Trucks - Cart & Dump	\$1,320.00		\$1,320.00
	Metal - Winning	\$675.00		\$675.00
	R&M - Metal	\$5,755.00		\$5,755.00
	Rehab	\$9,075.00		\$9,075.00
		\$21,285.00	\$910.00	\$22,195.00

Table 3: Engineering Costs

The bulk of work completed in July was maintenance associated with the harvest of wood from Holden Road along with post-harvest rehabilitation. There was a short section of road formation as a bypass was created around harvest operations on the road.

Planned Activities for August 2021

The planned activities for August are to complete the clearfell harvest of Setting 3 and continue ground-base harvest of Setting 4. Then the swing yarder will move to Setting 6 and then onto Landing 5 to pull Setting 5 below Arnot Road, which will be manually felled.

Work in August will continue to include maintenance and rehabilitation. Rehabilitation of Landing 3 and the old establishment track from Landing 1 down over to Arnot Road area will take place and Landing 6 will require some work in August before clearfell can commence.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
July	\$673,540.89	\$11,152,822.78

Table 4: Total Revenue

The net revenue for the month equates to an average of **\$102.86** per tonne, or per **\$72,423.75** hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
July	Management	\$43,253.44
	FGC levy	\$2,152.23
		\$45,405.67

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
July	Consumables	\$228.50
	Other	\$114.00
		\$342.50

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during July, for Antisapstain used to treat the ends of pruned export logs, and for a replacement export log stencil.

Other costs are for the proportional costs of operating the forest digital radio network.

Health and Safety

In Setting 4, a tether assist winch machine was used in a trial by the logging contractor. This allowed the falling machine to fell and bunch to a shovel log position on the steeper slope above Holden Road at Landing 4. The tether winch assist is not designed to physically hold the falling machine, but to provide assistance should the felling machine slide or require assistance to traffic up and down the steep slopes. The increasing use of tether machines is a drive to reduce the exposure to people undertaking manual falling, and therefore reduce the likelihood of serious injury.

During the month of July there were two property damage incidents reported.

The first incident occurred when a John Deere self-levelling machine received damage to its toolbox due to the lack of traction and slid down a hill in extremely wet conditions. It hit a tree stump causing damage to the toolbox on the machine.

In the second incident, a log truck driver hit a tree stump while backing into the loadout pad. This resulted in the mudguard getting ripped off. The incident was caused by a temporary skid with stumps along the edge of the loadout area, so the driver needed to take additional care of his surroundings while backing onto the loadout area. Stumps are to be removed and logs have been placed as a barrier in the interim.

Environmental

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

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.

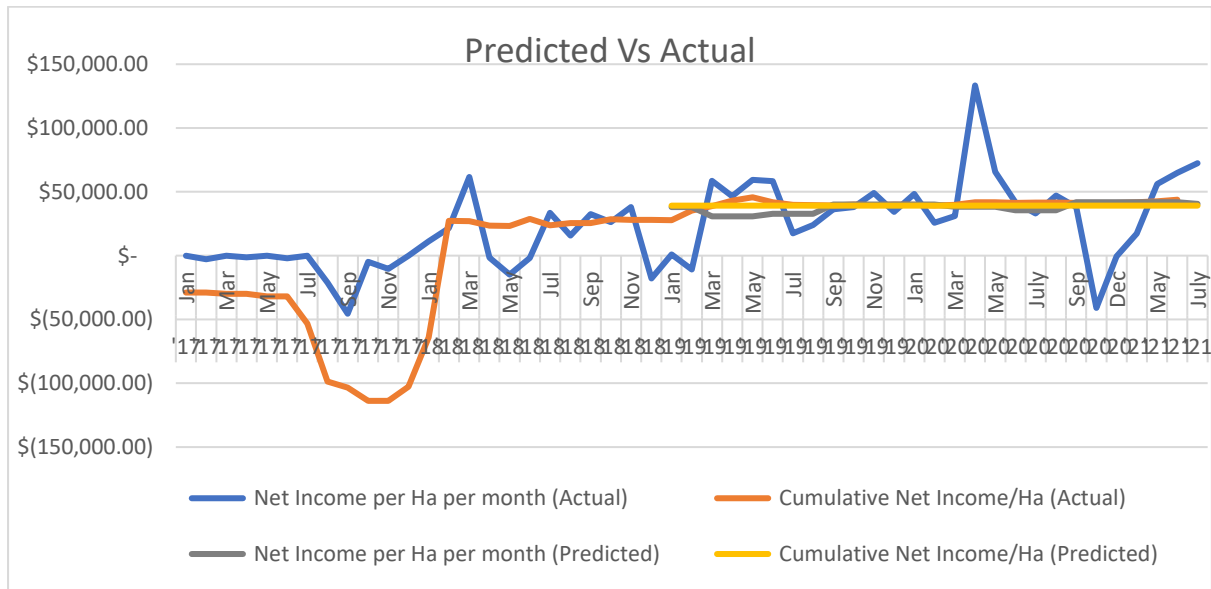


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$64.27** forecast was \$60.76.

Gross return per tonne to date is **\$134.19**, forecast was \$123.57.

Net return per hectare to date is **\$43,770.89** forecast was \$39,198.21.

Kind Regards

FMNZ HARVEST TEAM

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Bayview Forest Partnership

01/07/2021 to 31/07/2021

Paid to bank account # 02-0792-0001377-000

GST # 59-186-078

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp		141.88		\$45.50	\$6,455.54
TOTAL BINWOOD SALES		141.88			\$6,455.54

Domestic					
Pruned Dom	P1 4.9	1,012.18		\$207.00	\$209,521.26
Pruned Dom	P1 5.5	32.44		\$209.50	\$6,796.18
TOTAL DOMESTIC SALES		1,044.62			\$216,317.44

Domestic Pulp					
Pulp		10.92		\$45.50	\$496.86
TOTAL DOMESTIC PULP SALES		10.92			\$496.86

Export					
Pruned Exp	P40 3.9	0.00	14.279	\$208.00	\$2,970.03
Pruned Exp	P40 5.9	0.00	72.486	\$208.00	\$15,077.09
Pruned Exp	P30 3.9	0.00	483.218	\$178.00	\$86,012.80
Pruned Exp	P30 5.1	0.00	28.919	\$178.00	\$5,147.58
A40	AO 3.8	0.00	440.648	\$165.00	\$72,706.92
A30	A 3.8	0.00	141.064	\$161.00	\$22,711.30
A30	A 3.8	0.00	208.364	\$162.00	\$33,754.97
A30	A 5.8	0.00	908.672	\$163.00	\$148,113.54
A30	A 5.8	0.00	1,007.020	\$165.00	\$166,158.30
K	K 3.8	0.00	461.254	\$154.00	\$71,033.12
K	K 5.8	0.00	1,100.269	\$156.00	\$171,641.96
KI	KI 3.8	0.00	17.161	\$145.00	\$2,488.35
KI	KI 3.8	0.00	16.913	\$146.00	\$2,469.30
TOTAL EXPORT SALES		0.00	4,900.267		\$800,285.26

Export Pulp					
Export Pulp	KIS 2.9	0.00	96.341	\$130.00	\$12,524.33
Export Pulp	KIS 3.8	0.00	322.578	\$138.00	\$44,515.76
Export Pulp	KIS 5.8	0.00	5.292	\$140.00	\$740.88
TOTAL EXPORT PULP SALES		0.00	424.211		\$57,780.97
TOTAL		1,197.42	5,324.478		\$1,081,336.07

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	\$43,253.44
TOTAL FEES	\$43,253.44
LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$2,152.22
TOTAL LEVIES	\$2,152.22
COSTS	
Harvesting	\$246,075.88
Cartage	\$91,724.39
Weighbridge	\$1,991.74
Consumables	\$228.50
Metal - Winning	\$675.00
Metalling: Cart to stockpile	\$1,320.00
Other	\$114.00
Post Harvest Rehab	\$9,075.00
R&M - Metal	\$5,755.00
R&M - Road Maintenance	\$1,980.00
Repairs & Maintenance	\$2,480.00
Road Formation	\$910.00
Trailer Lifting	\$60.00
TOTAL COSTS	\$362,389.51
TOTAL FEES, LEVIES & COSTS	\$407,795.17
NET INCOME	
NET INCOME	\$673,540.90
GST	\$101,031.13
NET INCOME (INCLUDING GST)	\$774,572.03



Photo 1: Tethered base machine on Cedar Road.



Photo 2: Tethered harvester felling above Holden Road.



Photo 3: Harvester set up for tethering.



Photo 4: Last of Setting 3 being felled.



Photo 5: Swing yarder with machine used as an anchor.



Photo 6: Machine felled tree area.



Photo 7: Anchor ropes held down by machine.



Photo 8: Swing yarder bringing loads up to be placed on landing.



Photo 9: Tethered assisted machine feller going over a steep face.



Photo 10: QC grading logs and truck being loaded.

BAYVIEW

	Descriptions	Nov 16 - Feb 17	Mar 17 - Feb 18	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 -Feb 21	Apr 21	May 21	June 21	July 21	Net Income
Income	Log Sales		\$59,390.87	\$2,925,114.64	\$12,262,989.57	\$5,391,059.49		\$468,791.27	\$1,080,947.52	\$1,081,336.07	\$23,269,629.43
	Other Income						\$16,965.00				\$16,965.00
	Royalty						\$1,895.15				\$1,895.15
Income Total			\$59,390.87	\$2,925,114.64	\$12,262,989.57	\$5,391,059.49	\$18,860.15	\$468,791.27	\$1,080,947.52	\$1,081,336.07	\$23,288,489.58
Engineering	Corduroy			-\$1,815.00							-\$1,815.00
	Culvert Installation			-\$24,265.00	-\$22,662.50	-\$2,930.00					-\$49,857.50
	Culverts		-\$3,637.64	-\$22,392.18	-\$35,745.38	-\$12,971.36					-\$74,746.56
	Culverts - Freight				-\$623.00						-\$623.00
	Entranceway - Seal			-\$299.26							-\$299.26
	Establishment - Engineering		-\$1,561.00	-\$3,137.50	-\$10,687.50	-\$5,350.00		-\$807.50	-\$500.00		-\$22,043.50
	Fluming			-\$5,214.07	-\$13,461.31	-\$3,339.93					-\$22,015.31
	Grass Seeding				-\$4,619.53	-\$2,032.62		-\$367.50			-\$7,019.65
	Landings		-\$2,750.16	-\$208,740.00	-\$134,057.50	-\$54,797.50			-\$1,350.00		-\$401,695.16
	Loader Hire				-\$960.00	-\$4,275.00					-\$5,235.00
	Loadout Bay Construction				-\$1,600.00			-\$1,132.50	-\$840.00		-\$3,572.50
	Loadout Bay Metal				-\$660.00	-\$1,470.00					-\$2,130.00
	Metal - Winning			-\$5,572.50		-\$19,545.00				-\$675.00	-\$25,792.50
	Metal Lime		-\$18,815.50		-\$41,368.04						-\$60,183.54
	Metal Rock		-\$119.70	-\$32,394.06	-\$49,118.13	-\$49,549.61					-\$131,181.50
	Other			-\$1,797.50		-\$1,475.00		-\$412.50			-\$3,685.00
	Pads				-\$3,830.00	-\$8,520.00					-\$12,350.00
	Pavement			-\$47,108.75	-\$19,470.00	-\$23,660.00					-\$90,238.75
	Polycom			-\$89.49							-\$89.49
	R&M			-\$31,177.50	-\$28,650.00	-\$23,862.50				-\$2,480.00	-\$86,170.00
	R&M - Culverts Maintenance					-\$232.50					-\$232.50
	R&M - Event Cleanup					-\$1,320.00					-\$1,320.00
	R&M - Metal					-\$5,046.35			-\$3,124.75	-\$5,755.00	-\$13,926.10
	R&M - Road Maintenance					-\$1,500.00		-\$1,500.00	-\$15,440.00	-\$1,980.00	-\$20,420.00
	Rehab			-\$2,970.00	-\$60,462.50	-\$44,340.00		-\$1,785.00		-\$9,075.00	-\$118,632.50
	Rehab - Drainage			-\$877.50	-\$195.00						-\$1,072.50
	Rehab - Environmental			-\$80.19							-\$80.19
	Rehab - Skids/Pads					-\$1,515.00		-\$1,485.00			-\$3,000.00
	Road Formation		-\$41,237.07	-\$272,141.11	-\$375,725.00	-\$74,607.50				-\$910.00	-\$764,620.68
	Sediment Control				-\$2,030.24	-\$189.52					-\$2,219.76
	Spread from stockpile			-\$63,977.50	-\$51,640.00	-\$44,850.00					-\$160,467.50
	Temp Landings			-\$16,075.00							-\$16,075.00
	Trucks - Cart & Dump			-\$6,115.00	-\$27,176.00	-\$22,996.00				-\$1,320.00	-\$57,607.00
	Trucks - Cart & Spread		-\$12,055.00	-\$16,165.00	-\$7,710.00	-\$8,220.00					-\$44,150.00
	Upgrade Roads	-\$26,051.84	-\$465.00								-\$26,516.84
	Stockpile Works					-\$9,870.00		-\$165.00			-\$10,035.00
	Borrow Pit								-\$2,175.00		-\$2,175.00
Engineering Total		-\$26,051.84	-\$80,641.07	-\$762,404.11	-\$892,451.63	-\$428,465.39		-\$7,655.00	-\$23,429.75	-\$22,195.00	-\$2,243,293.79
Harvesting	Cartage - Trans Shipping				-\$638.00	-\$1,412.50					-\$2,050.50
	Cartage - Truck		-\$4,446.52	-\$248,962.78	-\$1,185,146.82	-\$511,692.76		-\$36,248.66	-\$86,913.81	-\$91,724.39	-\$2,165,135.74
	Establishment - harvesting		-\$1,067.50	-\$7,200.00	-\$13,512.50	-\$3,782.50		-\$5,647.00	-\$375.00		-\$31,584.50
	Logging		-\$15,615.60	-\$811,545.86	-\$3,615,043.04	-\$1,549,011.72		-\$107,463.62	-\$252,803.80	-\$246,075.88	-\$6,597,559.52
	Logging - Hourly					-\$1,109.75					-\$1,109.75
	Tracking				-\$14,052.50	-\$21,235.00					-\$35,287.50
	Weighbridge		-\$136.43	-\$6,999.81	-\$29,174.82	-\$12,609.75		-\$784.26	-\$2,093.28	-\$1,991.74	-\$53,790.08
	Trailer Lifting							-\$6.00	-\$30.00	-\$60.00	-\$96.00
Harvesting Total			-\$21,266.04	-\$1,074,708.45	-\$4,857,567.68	-\$2,100,853.98		-\$150,149.53	-\$342,215.89	-\$339,852.01	-\$8,886,613.59
Fees	FGC levy		-\$105.56	-\$5,433.69	-\$25,300.81	-\$11,043.17		-\$915.31	-\$2,150.60	-\$2,152.23	-\$47,101.36
	Management		-\$2,375.63	-\$117,004.55	-\$490,519.58	-\$215,642.38		-\$18,751.65	-\$43,237.90	-\$43,253.44	-\$930,785.14
Fees Total			-\$2,481.20	-\$122,438.24	-\$515,820.39	-\$226,685.54		-\$19,666.96	-\$45,388.50	-\$45,405.67	-\$977,886.50
Miscellaneous	Consultancy Fees	-\$2,737.00	-\$3,165.46		-\$1,492.71						-\$7,395.17
	Consumables		-\$14.51	-\$617.45	-\$2,008.34	-\$1,655.06		-\$81.44	-\$153.12	-\$228.50	-\$4,758.42
	Environmental Monitoring					-\$350.00	-\$1,352.13		-\$543.00		-\$2,245.13
	Other			-\$4,413.48	-\$1,071.55	-\$99.09			-\$95.00	-\$114.00	-\$5,793.12
	Security			-\$166.95	-\$6,297.21						-\$6,464.16
	Traffic Management				-\$842.91	-\$40.00	-\$160.00		-\$174.00		-\$1,216.91
Miscellaneous Total		-\$2,737.00	-\$3,179.97	-\$5,197.88	-\$11,712.72	-\$2,144.15	-\$1,512.13	-\$81.44	-\$965.12	-\$342.50	-\$27,872.91
Net Income		-\$28,788.84	-\$48,177.41	\$960,365.96	\$5,985,437.15	\$2,632,910.42	\$17,348.02	\$291,238.34	\$668,948.26	\$673,540.89	\$11,152,822.78