



HARVESTING REPORT

August 2021

OAK BRIDGE FOREST



Back end of harvest line in Setting 137.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Oak Bridge – August 2021

Summary

- Gross revenue for the month is **\$518,327.32**
- Costs for the month are **\$354,613.16**
- Net income for the month is **\$163,714.16**
- Tonnes harvested for the month is **3,768.81**
- Net income per tonne for the month is **\$43.44**
- Area cleared for the month is **7.3** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$9,486,726.35**
- Project costs to date are **\$6,549,256.79**
- Project net income to date is **\$2,937,469.56**
- Tonnes harvested to date is **66,531.45**
- Net income per tonne to date is **\$44.15**
- Recoverable volume per hectare to date is **789.2** tonnes
- Net income per hectare to date is **\$34,845.43**
- Total forest area is **193.8** hectares, approximate hectares cleared to date is **84.3** 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 for the month was **\$518,327.32** with an average sale price over all grades of **\$137.53** per tonne.

August 2021 - Log Markets, Hawkes Bay

The August export prices have dropped \$33.21/Jas m³ on average. The decrease has affected the sawlog grades to a greater extent.

Radiata log inventories on the main Chinese ports we monitor have increased marginally to 4.53Mm³, with daily offtake 70Km³ per day range but with significant volume awaiting discharge from ships waiting at port.

If Covid related lockdowns do not escalate further, Chinese demand should remain solid over the balance of 2021, slowly increasing as traditionally production lifts in Quarter 4.

This month exporters have been reluctant to set AWG prices as there was a stand off from customers opening LC's (Letters of Credit) for vessels on route, but these were a lot more forthcoming once the New Zealand lockdown was announced.

The two weeks at the end of August where harvesting ceased has helped clear most port stocks in New Zealand. Log storage, berth availability, stevedoring performance and general infrastructure issues are limiting to varying degrees further production. The average number of vessels departing New Zealand each month has been 55 this year and there are currently less than 35 planned for September. This will hopefully assist with port congestion in China with vessels now waiting up to three weeks.

Port congestion in both New Zealand and in China continues to run at record levels, with the result that not only are final freight costs increased significantly but the capacity of the fleet is being reduced. At the China end we are seeing an increase in delays due to Covid restrictions at a number of Chinese ports, particularly in the Yangtze basin. August final freight costs including delays will be over US\$70.

The NZD weakened against the USD when the Level 4 lockdown was announced, dropping from 0.702 to 0.683. The exchange rate then rebounded to pre-lockdown trading margins.

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 August is as follows:

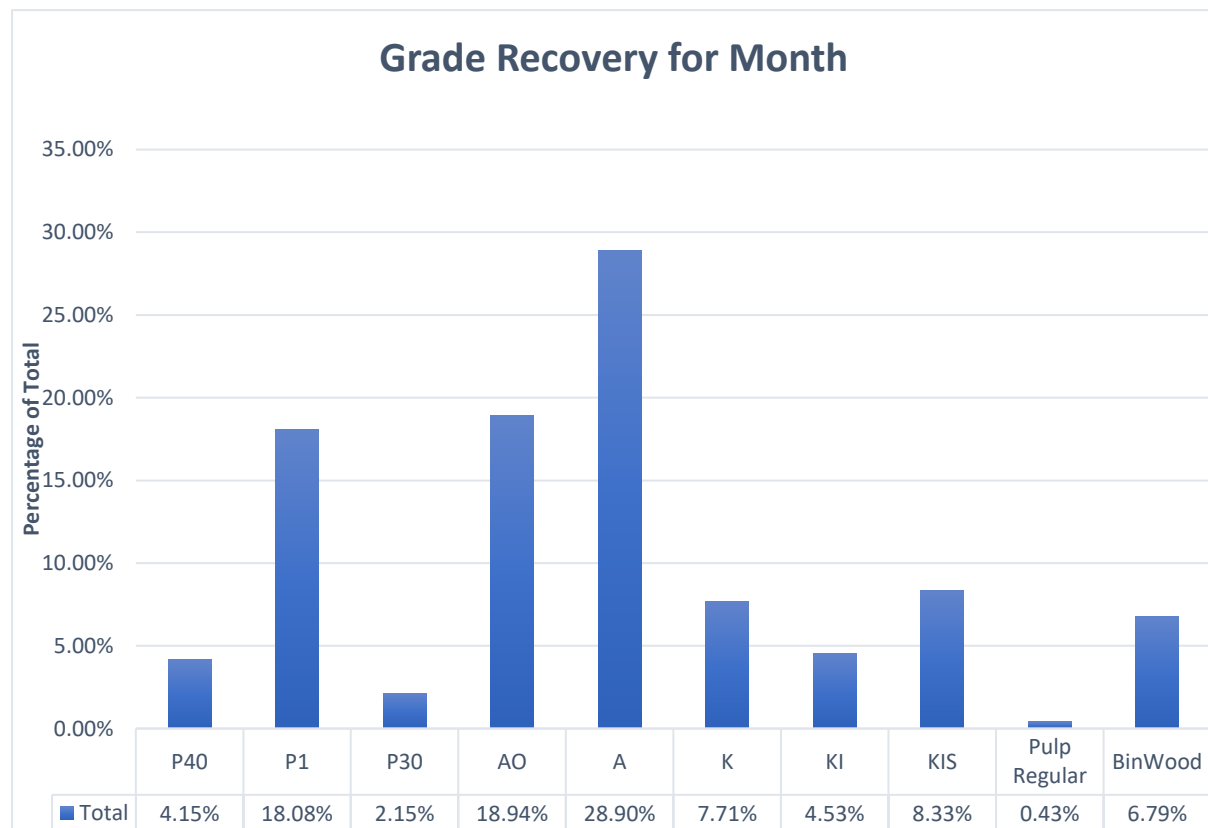


Chart 1: Grade Recovery for Month

Pruned recovery for August comprised 24% of overall sales volume, 18% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 56% of the total production volume, with lower quality export (KI and KIS grades) comprising 13% of volume.

The remaining 7% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **\$160,559.61**, an average of **\$42.60** per tonne.

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

LOGGING COSTS		TOTAL
August		\$155,799.61
		\$4,760.00
		\$160,559.61

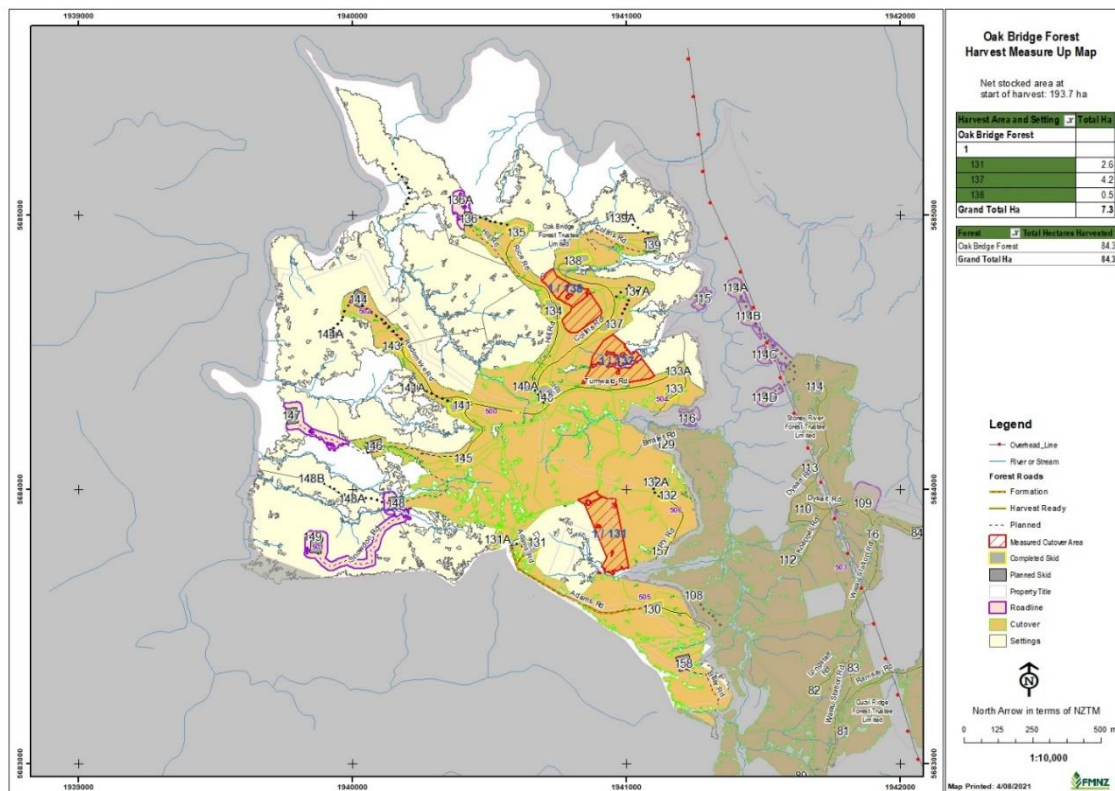
Table 1: Logging Costs

There was an hourly logging rate for felling the windthrow in Setting 132 with the Tigercat 855 machine. Clearing the windblown trees with a person on the ground posed too much of a health and safety risk.

ADDITIONAL HARVEST COSTS		TOTAL
August	Establishment	\$890.00
		\$890.00

Table 2: Additional Logging Costs

Establishment costs are for transporting the harvest crews' carriage and containers to Colins Road and for piloting the 313 digger across from Stoney River Forest.



Pic 1: Progress Map

Covid Level 4 lockdown commenced on 18th August and halted production for two weeks. We were able to cart out for two days at the end of August as the ports had run out of logs and had ships to load. MBIE gave a dispensation for this. This worked well for us as enabled us to clear log stocks from the forest before work recommenced.

Harvesting recommenced in Covid Level 3 on 31st August.

The harvest crew completed harvesting of the windthrow in Setting 132 and then moved to Landing 137. From this landing they extracted down to Putere Road and shovelled trees from between Turnbridge and Putere Roads. While felling alongside Putere Road the traffic control was required to manage public traffic. The crew extracted wood between Hill and Collins Roads to Setting 137 as well as a small portion from Setting 138.

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 **\$124,412.92** which is an average unit rate of **\$33.01** per tonne.

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

CARTAGE COSTS		TOTAL
August	Cartage - Truck	\$124,412.92
	Weighbridge	\$1,140.85
		\$125,553.77

Table 3: Cartage Costs

The average cart rate for August inclusive of weighbridge fees is **\$33.31** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
August	Rehab		\$10,150.00	\$10,150.00
	Establishment - Engineering		\$75.00	\$75.00
	Loadout Bay Construction	\$770.00		\$770.00
	Metal Rock	\$8,109.54		\$8,109.54
	Road Formation	\$3500.00		\$3,500.00
	Spread from stockpile	\$440.00		\$440.00
	R&M		\$108.00	\$108.00
	Trucks - Cart & Dump	\$9,000.00		\$9,000.00
	R&M - Road Maintenance		\$1,274.00	\$1,274.00
	Stockpile Works	\$889.20		\$889.20
		\$22,708.74	\$11,607.00	\$34,315.74

Table 4: Engineering Costs

Earthworks in August was mainly around the surfacing of Adams Road and overlaying with papa to bridge soft parts of the road to Landing 131. Post-harvest rehabilitation was also completed on Collins, Fry and Turnwald Roads.

Planned Activities for September 2021

Once Adams Road has been metalled the harvest crew will take their machines back up the ridge track to Setting 131 where they will remain for a couple of months.

Metal supply is a problem in the Putere forests which is slowing completion of key roads (Adams Road), however this is expected to be completed in September.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
August	\$163,714.16	\$2,937,469.56

Table 5: Total Revenue

The net revenue for the month equates to an average of **\$43.44** per tonne, or **\$22,426.60** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
August	Management	\$20,733.09
	FGC levy	\$1,258.81
		\$21,991.90

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
August	Consultancy Fees	\$614.39
	Consumables	\$67.54
	Other	\$688.21
	Traffic Management	\$9,932.00
		\$11,302.14

Table 7: Miscellaneous Expenses

Consultancy fees are for a late invoice for a Log Value Recovery audit conducted in May.

Consumable costs are for docket books used for the loadout of logs during August.

Other costs are for the proportional costs of operating the forest digital radio network, the proportional annual costs for the land lease location of the Putere repeater, and for a donation of children's snack packs for the Putere School Cross Country event.

Traffic Management costs are for school bus signage for Putere Road and for public road traffic control between 1st and 17th August for felling trees close to Putere Road.

Health and Safety

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

Environmental

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

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.

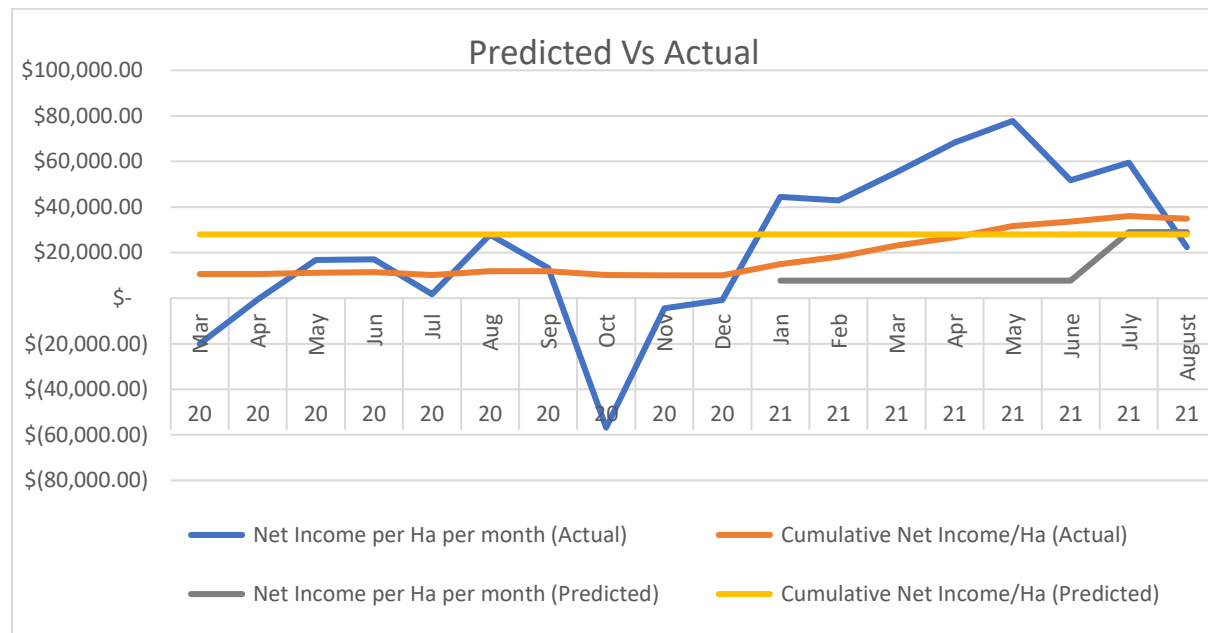


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$44.15**, forecast was \$38.79.

Gross return per tonne to date is **\$142.59**, forecast was \$133.79.

Net return per hectare to date is **\$34,845.43**, forecast was \$27,973.30.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Oak Bridge Forest Partnership

01/08/2021 to 31/08/2021

Paid to bank account # 02-0792-0001537-000

GST # 61-378-812

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp		255.96		\$45.50	\$11,646.18
TOTAL BINWOOD SALES		255.96			\$11,646.18

Domestic					
Pruned Dom		268.20		\$209.50	\$56,187.90
Pruned Dom	P1 4.9	413.28		\$207.00	\$85,548.96
TOTAL DOMESTIC SALES		681.48			\$141,736.86

Domestic Pulp					
Pulp		16.18		\$45.50	\$736.19
TOTAL DOMESTIC PULP SALES		16.18			\$736.19

Export					
Pruned Exp	P40 3.9	0.00	157.361	\$183.00	\$28,797.06
Pruned Exp	P30 3.9	0.00	94.147	\$150.00	\$14,122.05
A40	AO 3.8	0.00	759.965	\$129.00	\$98,035.49
A30	A 3.8	0.00	256.375	\$127.00	\$32,559.63
A30	A 5.8	0.00	848.305	\$129.00	\$109,431.35
K	K 3.8	0.00	72.674	\$119.00	\$8,648.21
K	K 5.8	0.00	199.543	\$121.00	\$24,144.70
KI	KI 3.8	0.00	169.085	\$111.00	\$18,768.43
TOTAL EXPORT SALES		0.00	2,557.455		\$334,506.92

Export Pulp					
Export Pulp	KIS 2.9	0.00	156.128	\$93.00	\$14,519.90
Export Pulp	KIS 3.8	0.00	147.391	\$103.00	\$15,181.27
TOTAL EXPORT PULP SALES		0.00	303.519		\$29,701.17
TOTAL		953.62	2,860.974		\$518,327.32

FEES	
FMNZ Management Fee @ %	\$20,733.09
TOTAL FEES	\$20,733.09

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$1,258.82
TOTAL LEVIES	\$1,258.82
COSTS	
Harvesting	\$155,799.61
Cartage	\$124,412.92
Weighbridge	\$1,140.85
Consultancy Fees	\$614.39
Consumables	\$67.54
Establishment	\$965.00
Loadout Bay: Construction	\$770.00
Logging - Hourly	\$4,760.00
Metal Rock m3	\$8,109.54
Metalling: Cart to stockpile	\$9,000.00
Metalling: Spread from Stockpile	\$440.00
Other	\$688.21
Post Harvest Rehab	\$10,150.00
R&M - Road Maintenance	\$1,274.00
Repairs & Maintenance	\$108.00
Road Formation	\$3,500.00
Stockpile Works	\$889.20
Traffic Management	\$9,932.00
TOTAL COSTS	\$332,621.26
TOTAL FEES, LEVIES & COSTS	\$354,613.17
NET INCOME	
NET INCOME	\$163,714.15
GST	\$24,557.12
NET INCOME (INCLUDING GST)	\$188,271.27



Photo 1: Formation of Adams Road.



Photo 2: Stems being processed on Landing 137.

OAK BRIDGE CUMULATIVES

Categories	Descriptions	Nov-17	Mar 18 -Oct 18	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Aug 21	Grand Total
Engineering	Culvert Installation			-\$6,520.58	-\$5,502.00			-\$713.00		-\$2,480.00		-\$15,215.58
	Culverts			-\$14,538.77	-\$16,088.70				-\$2,846.34			-\$33,473.81
	Culverts - Freight			-\$1,935.00	-\$1,065.60				-\$670.00			-\$3,670.60
	Entranceway - Seal			-\$5,991.00	-\$220.00							-\$6,211.00
	Establishment - Engineering			-\$4,178.00	-\$4,811.43		-\$880.00	-\$480.00			-\$75.00	-\$10,424.43
	Fluming			-\$6,044.88	-\$8,564.98				-\$1,586.00			-\$16,195.86
	Grass Seeding			-\$1,043.69	-\$1,362.99			-\$380.00				-\$2,786.68
	Landings			-\$138,957.00	-\$74,504.00	-\$2,074.00	-\$1,176.00		-\$3,882.00	-\$14,120.00		-\$234,713.00
	Loader Hire			-\$14,111.43	-\$3,492.00							-\$17,603.43
	Loadout Bay Construction				-\$1,753.00			-\$2,410.00			-\$770.00	-\$4,933.00
	Loadout Bay Metal				-\$6,433.87	-\$825.00				-\$330.00		-\$7,588.87
	Metal Lime			-\$715.00								-\$715.00
	Metal Rock			-\$59,094.65	-\$60,692.91				-\$12,745.43	-\$4,404.37	-\$8,109.54	-\$145,046.90
	Other			-\$466.66	-\$463.29					-\$240.00		-\$1,169.95
	Pads			-\$9,144.00		-\$2,719.98		-\$765.00		-\$510.00		-\$13,138.98
	Pavement			-\$11,298.10	-\$10,899.00	-\$277.60				-\$684.00		-\$23,158.70
	Public Roads	-\$2,166.67										-\$2,166.67
	R&M			-\$2,489.00	-\$840.00						-\$108.00	-\$3,437.00
	R&M - Culverts Maintenance				-\$80.00							-\$80.00
	Rehab			-\$5,581.21	-\$5,709.00				-\$3,507.00	-\$6,370.00	-\$10,150.00	-\$31,317.21
	Road Formation			-\$159,957.99	-\$128,344.90	-\$160.00			-\$29,628.00	-\$29,594.00	-\$3,500.00	-\$351,184.89
	Sediment Control			-\$85.57	-\$904.59							-\$990.16
	Spread from stockpile			-\$32,300.00	-\$12,734.00	-\$495.00				-\$4,400.00	-\$440.00	-\$50,369.00
	Stockpile Works				-\$9,346.50	-\$144.00	-\$836.00		-\$2,012.10	-\$741.30	-\$889.20	-\$13,969.10
	Temp Landings			-\$345.00								-\$345.00
	Trucks - Cart & Dump			-\$140,069.68	-\$84,757.22				-\$13,360.00		-\$9,000.00	-\$247,186.90
	Trucks - Cart & Spread			-\$8,355.00								-\$8,355.00
	R&M - Event Cleanup									-\$280.00		-\$280.00
	R&M - Road Maintenance										-\$1,274.00	-\$1,274.00
Engineering Total		-\$2,166.67		-\$623,222.21	-\$438,569.98	-\$6,695.58	-\$2,892.00	-\$4,748.00	-\$70,236.87	-\$64,153.67	-\$34,315.74	-\$1,247,000.73
Fees	FGC levy			-\$4,539.54	-\$5,362.04	-\$1,894.11	-\$1,382.76	-\$2,032.29	-\$1,683.17	-\$1,976.38	-\$1,258.82	-\$20,129.11
	Management			-\$87,854.77	-\$98,983.07	-\$34,551.50	-\$25,981.03	-\$39,094.89	-\$33,404.94	-\$38,865.76	-\$20,733.09	-\$379,469.05
Fees Total				-\$92,394.31	-\$104,345.10	-\$36,445.61	-\$27,363.79	-\$41,127.18	-\$35,088.11	-\$40,842.14	-\$21,991.91	-\$399,598.16
Harvesting	Cartage - Trans Shipping			-\$725.00	-\$440.00							-\$1,165.00
	Cartage - Truck			-\$527,955.44	-\$534,206.31	-\$168,326.05	-\$126,100.00	-\$190,186.57	-\$156,765.84	-\$196,227.30	-\$124,412.92	-\$2,024,180.44
	Establishment - harvesting			-\$11,780.00	-\$30,751.00		-\$1,050.00			-\$890.00	-\$890.00	-\$45,361.00
	Logging			-\$653,216.42	-\$733,461.89	-\$240,871.42	-\$174,510.69	-\$264,471.73	-\$214,680.07	-\$248,920.25	-\$155,799.61	-\$2,685,932.08
	Logging - Hourly			-\$1,730.00		-\$495.08	-\$2,000.00				-\$4,760.00	-\$8,985.08
	Tracking			-\$1,161.00	-\$11,277.00							-\$12,438.00
	Trailer Lifting				-\$12.00		-\$24.00	-\$42.00	-\$18.00	-\$12.00		-\$108.00
	Weighbridge			-\$5,531.54	-\$5,938.01	-\$1,615.43	-\$1,207.71	-\$1,943.66	-\$1,554.83	-\$1,821.23	-\$1,140.85	-\$20,753.26
Harvesting Total				-\$1,202,099.40	-\$1,316,086.21	-\$411,307.99	-\$304,892.39	-\$456,643.96	-\$373,018.74	-\$447,870.78	-\$287,003.39	-\$4,798,922.85
Income	Log Sales			\$2,196,369.28	\$2,474,576.63	\$863,787.49	\$649,525.78	\$977,372.29	\$835,123.57	\$971,644.01	\$518,327.32	\$9,486,726.36
Income Total				\$2,196,369.28	\$2,474,576.63	\$863,787.49	\$649,525.78	\$977,372.29	\$835,123.57	\$971,644.01	\$518,327.32	\$9,486,726.36
Miscellaneous	Consultancy Fees		-\$165.83								-\$614.39	-\$780.22
	Consumables	-\$56.00	-\$3.31	-\$807.50	-\$859.17	-\$139.48	-\$74.23	-\$144.41	-\$126.43	-\$142.01	-\$67.54	-\$2,420.08
	Other		-\$4,087.52	-\$4,138.18	-\$1,928.26	-\$95.00	-\$95.00	-\$95.00	-\$95.00	-\$114.00	-\$688.21	-\$11,336.18
	Royalty payments		-\$500.00									-\$500.00
	Security			-\$757.00	-\$1,731.83							-\$2,488.83
	Traffic Management			-\$14,040.58	-\$37,781.98	-\$22,432.00		-\$159.65		-\$1,594.02	-\$9,932.00	-\$85,940.23
	Environmental Monitoring									-\$269.50		-\$269.50
Miscellaneous Total		-\$56.00	-\$4,756.66	-\$19,743.27	-\$42,301.25	-\$22,666.48	-\$169.23	-\$399.06	-\$221.43	-\$2,119.53	-\$11,302.14	-\$103,735.04
Grand Total		-\$2,222.67	-\$4,756.66	\$258,910.08	\$573,274.09	\$386,671.84	\$314,208.36	\$474,454.08	\$356,558.41	\$416,657.89	\$163,714.14	\$2,937,469.57