# HARVESTING REPORT
## September 2021

# BAYVIEW FOREST

**Line shift in progress, moving the tail rope.**

# Clearfell Harvesting Report – Bayview – September 2021

## Summary

- Gross revenue for the month is **$1,111,095.76**
- Costs for the month are **$474,484.80**
- Net income for the month is **$636,610.96**
- Tonnes harvested for the month is **7,913.48**
- Net income per tonne for the month is **$80.45**
- Area cleared for the month is **8.4** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$25,067,112.45**
- Project costs to date are **$12,909,733.97**
- Project net income to date is **$12,157,378.47**
- Tonnes harvested to date is **186,512.94**
- Net income per tonne to date is **$65.18**
- Recoverable volume per hectare to date is **682.9** tonnes
- Net income per hectare to date is **$65.18**
- Total forest area is **286.5** hectares, approximate hectares cleared to date is **273.1** 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 **$1,111,095.76** with an average sale price over all grades of **$140.41** per tonne**.**

## September 2021 - Log Markets, Hawkes Bay

The September export prices have remained flat at $0.64/Jas m$^3$ on average. The slight increase has been to the pruned grades.

Radiata log inventories on the main Chinese ports we monitor have increased again to 4.75Mm$^3$, with daily offtake 73Km$^3$ per day range. For the market to show any strength, we need an increase in demand and a downward inventory trend.

The outlook for Chinese port inventories is not great for this time of the of year. Current on port volumes haven't changed much from the previous month, with a significant amount on the water awaiting discharge at ports.

There is concern for the property sector in China as property developer Evergrande faces the risk of default. The company currently has 778 projects underway in 223 cities. The property sector contributes 28% of the Chinese economy and is seen as key to China's economic development. Even if the Chinese Government opts to let Evergrande default rather than bail it out directly, authorities are likely to be involved in coordinating the continuation of these projects that employ 163,000 people.

Shipping congestion in China has reached the point where nearly 10% of the worlds' handy sized fleet capacity were queuing off the China coast. This has two effects, high demurrage and reduced capacity. The congestion has been caused by Chinese authorities reacting to Covid outbreaks by closing ports, delaying berthing, and imposing strict procedures that have reduced ship handling capacity. There has also been strong demand for grain, minerals and iron ore imports.

The NZD remained relatively unchanged from the end of August through to end of September (0.6972 – 0.7039) having little impact on AWG pricing.

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 September is as follows:

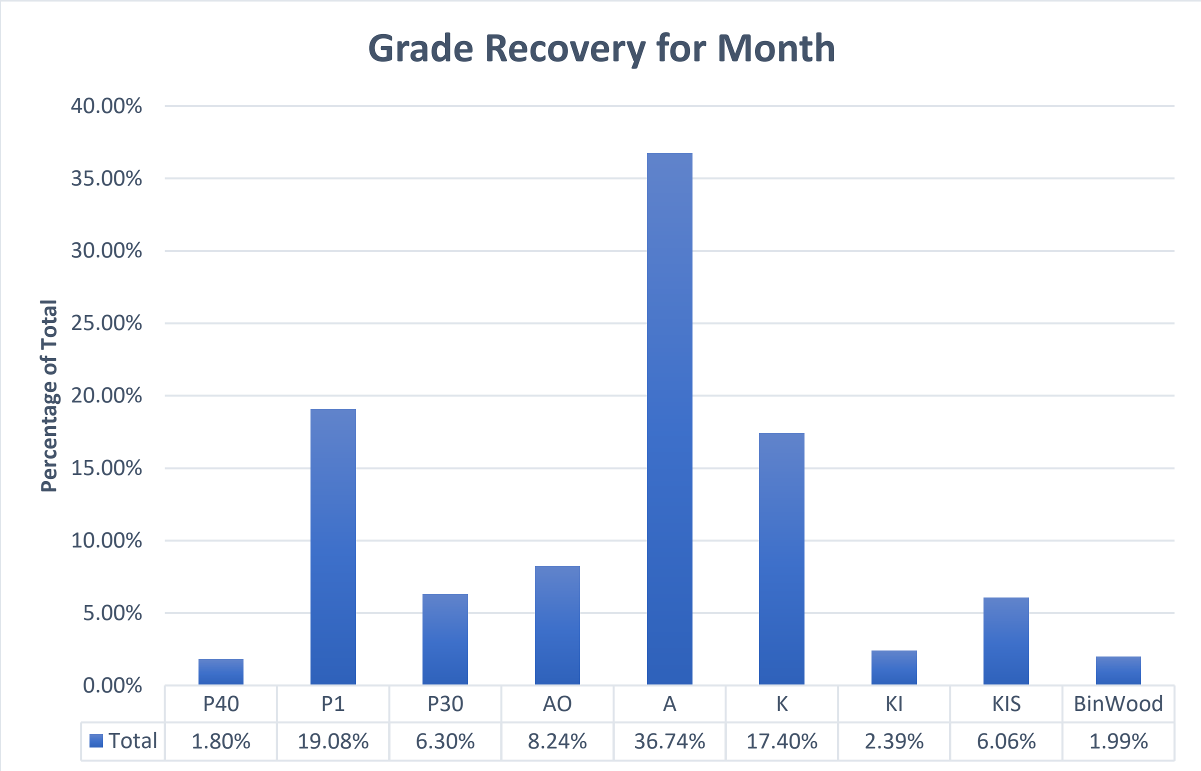



**Chart 1: Grade Recovery for Month**

Pruned recovery for September comprised 27% of overall sales volume, 19% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 62% of the total production volume, with lower quality export (KI and KIS grades) comprising 9% of volume.

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

# Expenditure

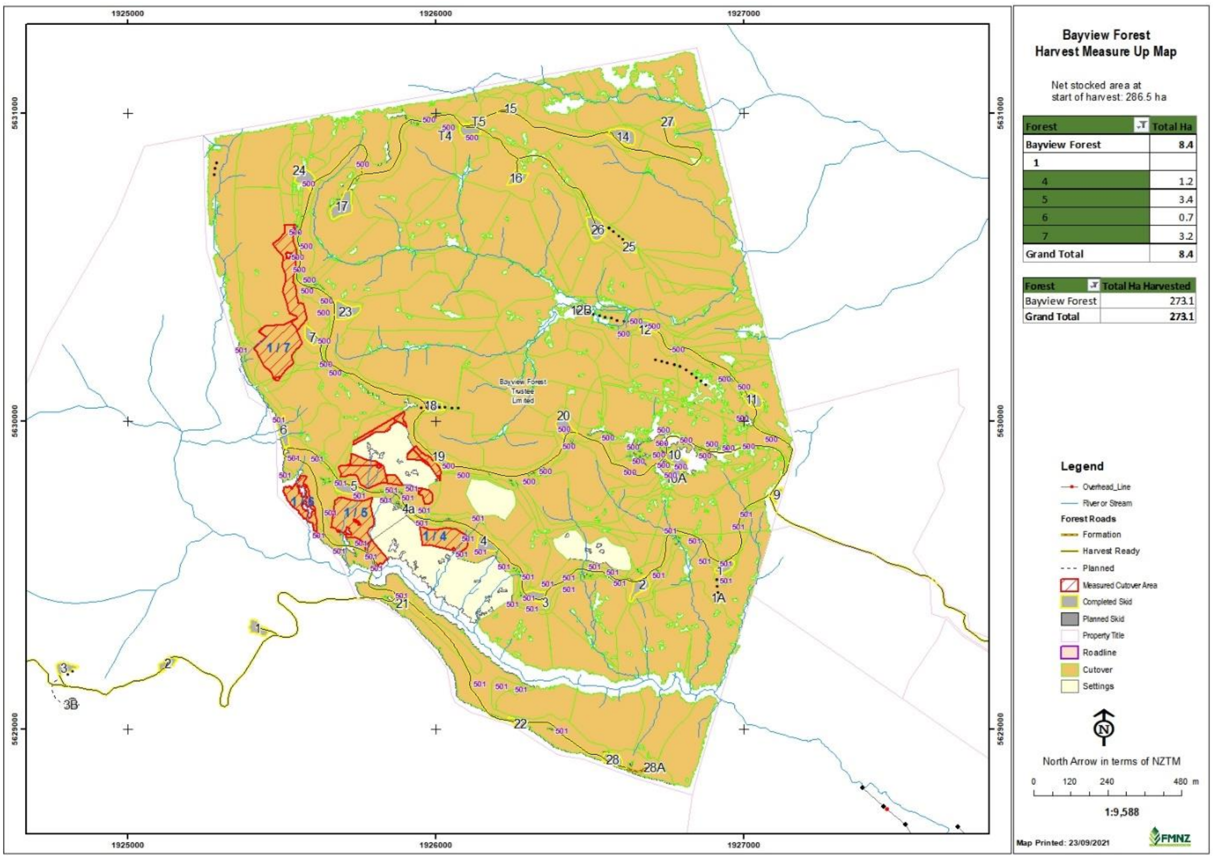
## Harvesting

The total logging cost for the month was **$297,871.66**, an average of **$37.64** per tonne.

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

| LOGGING COSTS | | TOTAL |
|---|---|---|
| September | | $297,871.66 |
| | | **$297,871.66** |

Table 1: Logging Costs




Pic 1: Progress Map

Harvesting during September occurred in Settings 4, 5, 6 and 7. The top half of Setting 7 was pulled to Cedar Road and processed on two temporary pads and then the crew moved back to continue work in Setting 5. Once Setting 6 was finished the swing yarder moved to a temporary pad on Holden Road above Setting 4 to pull the last of the trees below Holden Road and two-staged it to Landing 4 to be processed.

The harvesting of Bayview Forest is quickly coming to an end. It is expected that by mid-November 2021 all of the trees of Bayview Forest will have been harvested.

## 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 **$110,748.31** which is an average unit rate of **$13.99** per tonne.

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

| CARTAGE COSTS | | TOTAL |
|---|---|---|
| September | Cartage - Truck | $110,748.31 |
| | Weighbridge | $2,437.07 |
| | Trailer Lifting | $36.00 |
| | | **$113,221.38** |

Table 2: Cartage Costs

The average cart rate for September inclusive of weighbridge and trailer lifting fees is **$14.31** per tonne.

Trailer lifting costs are for use of 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 |
|---|---|---|---|---|
| September | Culverts | | $684.14 | $684.14 |
| | Establishment - Engineering | | $400.00 | $400.00 |
| | Grass Seeding | | $141.00 | $141.00 |
| | Landings | $1,260.00 | | $1,260.00 |
| | Loadout Bay Metal | $1,089.00 | | $1,089.00 |
| | Pads | $450.00 | | $450.00 |
| | R&M | | $5,160.00 | $5,160.00 |
| | R&M - Culverts Maintenance | | $375.00 | $375.00 |
| | Rehab | | $3,075.00 | $3,075.00 |
| | Road Formation | $1,425.00 | | $1,425.00 |
| | Temp Landings | $1,575.00 | | $1,575.00 |
| | Trucks - Cart & Dump | | $420.00 | $420.00 |
| | | **$5,799.00** | **$10,255.14** | **$16,054.14** |

Table 3: Engineering Costs

Engineering in September was predominantly maintenance on Cedar and Holden Roads. A concrete culvert was replaced with a plastic culvert on the main access road as it had failed and was becoming hazardous.

A small pad was constructed between Landings 4 and 5 to assist the harvest of a blind section of trees in Setting 4.

## Planned Activities for October 2021

Log 9 will move the swing yarder to Landing 4A and pull the last off Setting 4 above Holden Road and will then move to Setting 5 before moving out of the forest in approximately November. Log 14 will work in Setting 7 with the pole hauler before they move out of the forest around the end of October.

A rehabilitation work program is being put together to tidy up forest roads as harvesting is completed.

## Net Revenue

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

| MONTH | NET MONTH | NET PROJECT |
|---|---|---|
| September | **$636,610.96** | **$12,157,378.47** |

Table 4: Total Revenue

The net revenue for the month equates to an average of **$80.45** per tonne, or **$75,787.02** per hectare.

## Fees and Levies

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

| FEES & LEVIES | | TOTAL |
|---|---|---|
| September | Management | $44,443.83 |
| | FGC levy | $2,623.99 |
| | | **$47,067.82** |

Table 5: Fees and Levies

## Miscellaneous

See Table 6 below:

| MISCELLANEOUS | | TOTAL |
|---|---|---|
| September | Consumables | $166.18 |
| | Other | $106.63 |
| | | **$269.81** |

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during September and for antisapstain used to treat the ends of pruned export logs.

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

## Health and Safety

There was one property damage incident reported during September. A digger driver caused slight damage to a truck when he backed into it. He assumed it had moved after tooting to it, which is the usual signal. This was noted as poor communication as he should have checked to see if the truck had moved. Better communication was required.

## Environmental

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

## 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.

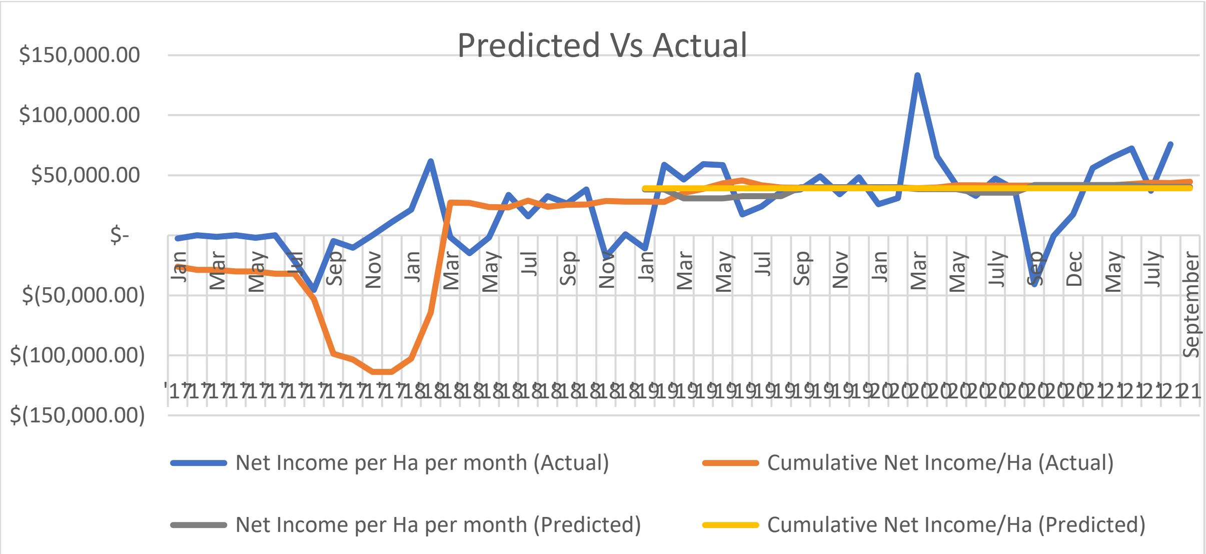



**Chart 2: Actual vs Predicted**

Net return per tonne to date is **$65.18**, forecast was $60.76.

Gross return per tonne to date is **$134.39**, forecast was $123.57.

Net return per hectare to date is **$44,516.22**, forecast was $39,198.21.

Kind Regards

**FMNZ Harvest Team**

## Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

### Historic Harvesting Financial Summary

FMNZ

Bayview Forest Partnership 01/09/2021 to 30/09/2021

Paid to bank account # 02-0792-0001377-000 GST # 59-186-078

| SALES | | | | | |
|---|---|---|---|---|---|
| **Type** | **Grade** | **Tonnes** | **Jas (m3)** | **Sales Price** | **Gross Revenue ($)** |
| **Binwood** | | | | | |
| Pulp | | 157.81 | | $45.50 | $7,180.36 |
| **TOTAL BINWOOD SALES** | | **157.81** | | | **$7,180.36** |
| **Domestic** | | | | | |
| Pruned Dom | | 340.90 | | $209.50 | $71,418.55 |
| Pruned Dom | P1 4.9 | 1,169.00 | | $207.00 | $241,983.00 |
| **TOTAL DOMESTIC SALES** | | **1,509.90** | | | **$313,401.55** |
| **Export** | | | | | |
| Pruned Exp | P40 3.9 | 0.00 | 121.164 | $186.00 | $22,536.50 |
| Pruned Exp | P40 5.9 | 0.00 | 26.902 | $186.00 | $5,003.77 |
| Pruned Exp | P30 3.9 | 0.00 | 225.237 | $150.00 | $33,785.55 |
| Pruned Exp | P30 5.1 | 0.00 | 14.436 | $145.00 | $2,093.22 |
| Pruned Exp | P30 5.1 | 0.00 | 273.996 | $150.00 | $41,099.40 |
| A40 | AO 3.8 | 0.00 | 127.909 | $129.00 | $16,500.26 |
| A40 | AO 3.9 | 0.00 | 575.668 | $130.00 | $74,836.84 |
| A30 | A 3.8 | 0.00 | 399.300 | $124.00 | $49,513.20 |
| A30 | A 3.8 | 0.00 | 55.115 | $127.00 | $6,999.61 |
| A30 | A 5.1 | 0.00 | 0.345 | $129.00 | $44.50 |
| A30 | A 5.8 | 0.00 | 1,937.077 | $126.00 | $244,071.70 |
| A30 | A 5.8 | 0.00 | 401.780 | $129.00 | $51,829.62 |
| K | K 3.8 | 0.00 | 344.209 | $117.00 | $40,272.45 |
| K | K 5.8 | 0.00 | 975.895 | $119.00 | $116,131.51 |
| K | K 5.8 | 0.00 | 176.222 | $121.00 | $21,322.86 |
| KI | KI 3.8 | 0.00 | 187.256 | $108.00 | $20,223.65 |
| **TOTAL EXPORT SALES** | | **0.00** | **5,842.511** | | **$746,264.64** |
| **Export Pulp** | | | | | |
| Export Pulp | KIS 2.9 | 0.00 | 47.203 | $93.00 | $4,389.88 |
| Export Pulp | KIS 2.9 | 0.00 | 104.062 | $96.00 | $9,989.95 |
| Export Pulp | KIS 3.8 | 0.00 | 289.419 | $103.00 | $29,810.16 |
| Export Pulp | KIS 5.8 | 0.00 | 0.564 | $105.00 | $59.22 |
| **TOTAL EXPORT PULP SALES** | | **0.00** | **441.248** | | **$44,249.21** |
| **TOTAL** | | **1,667.71** | **6,283.759** | | **$1,111,095.76** |

## Appendix 1 Harvesting Financial Summary (Continued)

| | |
|---|---|
| **FEES** | |
| FMNZ Management Fee @ % | $44,443.83 |
| **TOTAL FEES** | **$44,443.83** |
| **LEVIES** | |
| Forest Grower Commodity Levy @ $0.33 | $2,623.99 |
| **TOTAL LEVIES** | **$2,623.99** |
| **COSTS** | |
| Harvesting | $297,871.66 |
| Cartage | $110,748.31 |
| Weighbridge | $2,437.07 |
| Consumables | $166.18 |
| Culvert Pipes | $684.14 |
| Establishment | $400.00 |
| Grass Seeding | $141.00 |
| Landings | $1,260.00 |
| Loadout Bay: Metal | $1,089.00 |
| Metalling: Cart to stockpile | $420.00 |
| Other | $103.63 |
| Pads | $450.00 |
| Post Harvest Rehab | $3,075.00 |
| R&M - Culvert Maintenance | $375.00 |
| Repairs & Maintenance | $5,160.00 |
| Road Formation | $1,425.00 |
| Temporary Landings | $1,575.00 |
| Trailer Lifting | $36.00 |
| **TOTAL COSTS** | **$427,416.99** |
| **TOTAL FEES, LEVIES & COSTS** | **$474,484.81** |

| | |
|---|---|
| NET INCOME | **$636,610.95** |
| GST | **$95,491.64** |
| NET INCOME (INCLUDING GST) | **$732,102.59** |

**Photo 1: Native area preserved with directional felled trees.**

**Photo 2: Log stacks on landing 6 being QC checked.**

**Photo 3: Looking down onto next setting to be felled, nice tree form.**

**Photo 4: Tail hold machine moving to give best deflection for cables.**

**Photo 5: Stems nicely laid after machine felled.**

**Photo 6: Loaded truck carrying out a stack check before leaving the landing. Loader driver stationary, staying safe.**


**Photo 7: Swing yarder back in place ready to be anchored down.**


**Photo 8: Machine fixed and ready to get back to work.**

**Photo 9: Loader helping to lift a wheel to remove a broken bearing.**

**Photo 10: Stacking sorted logs into relevant stockpiles.**

**Photo 11: Aerial view of a landing operation.**

## 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 | Aug 21 | Sep 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 | $667,527.11 | $1,111,095.76 | $25,048,252.30 |
| | 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** | **$667,527.11** | **$1,111,095.76** | **$25,067,112.45** |
| 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 | | | | | | -$684.14 | -$75,430.70 |
| | 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 | | -$880.00 | -$400.00 | -$23,323.50 |
| | Fluming | | | -$5,214.07 | -$13,461.31 | -$3,339.93 | | | | | | | -$22,015.31 |
| | Grass Seeding | | | | -$4,619.53 | -$2,032.62 | | -$367.50 | | | | -$141.00 | -$7,160.65 |
| | Landings | | -$2,750.16 | -$208,740.00 | -$134,057.50 | -$54,797.50 | | | -$1,350.00 | | | -$1,260.00 | -$402,955.16 |
| | Loader Hire | | | | -$960.00 | -$4,275.00 | | | | | | | -$5,235.00 |
| | Loadout Bay Construction | | | | -$1,600.00 | | | -$1,132.50 | -$840.00 | | -$1,020.00 | | -$4,592.50 |
| | Loadout Bay Metal | | | | -$660.00 | -$1,470.00 | | | | | | -$1,089.00 | -$3,219.00 |
| | 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 | | | | | | -$450.00 | -$12,800.00 |
| | 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 | -$825.00 | -$5,160.00 | -$92,155.00 |
| | R&M - Culverts Maintenance | | | | | -$232.50 | | | | | | -$375.00 | -$607.50 |
| | R&M - Event Cleanup | | | | | -$1,320.00 | | | | | | | -$1,320.00 |
| | R&M - Metal | | | | | -$5,046.35 | | | -$3,124.75 | -$5,755.00 | -$2,319.00 | | -$16,245.10 |
| | R&M - Road Maintenance | | | | | -$1,500.00 | | -$1,500.00 | -$15,440.00 | -$1,980.00 | -$900.00 | | -$21,320.00 |
| | Rehab | | | -$2,970.00 | -$60,462.50 | -$44,340.00 | | -$1,785.00 | | -$9,075.00 | -$600.00 | -$3,075.00 | -$122,307.50 |
| | 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 | | -$1,425.00 | -$766,045.68 |
| | 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 | | | | | | | | -$1,575.00 | -$17,650.00 |
| | Trucks - Cart & Dump | | | -$6,115.00 | -$27,176.00 | -$22,996.00 | | | | -$1,320.00 | -$1,260.00 | -$420.00 | -$59,287.00 |
| | 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 | | | -$900.00 | | -$10,935.00 |
| | 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** | **-$8,704.00** | **-$16,054.14** | **-$2,268,051.93** |
| 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 | -$70,640.79 | -$110,748.31 | -$2,346,524.84 |
| | 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 | -$189,505.78 | -$297,871.66 | -$7,084,936.96 |
| | 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 | -$1,569.91 | -$2,437.07 | -$57,797.05 |
| | Trailer Lifting | | | | | | | -$6.00 | -$30.00 | -$60.00 | | -$36.00 | -$132.00 |
| **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** | **-$261,716.47** | **-$411,093.04** | **-$9,559,423.11** |
| Fees | FGC levy | | -$105.56 | -$5,433.69 | -$25,300.81 | -$11,043.17 | | -$915.31 | -$2,150.60 | -$2,152.23 | -$1,660.96 | -$2,623.98 | -$51,386.30 |
| | Management | | -$2,375.63 | -$117,004.55 | -$490,519.58 | -$215,642.38 | | -$18,751.65 | -$43,237.90 | -$43,253.44 | -$26,701.08 | -$44,443.83 | -$1,001,930.06 |
| **Fees Total** | | | **-$2,481.20** | **-$122,438.24** | **-$515,820.39** | **-$226,685.54** | | **-$19,666.96** | **-$45,388.50** | **-$45,405.67** | **-$28,362.04** | **-$47,067.82** | **-$1,053,316.36** |
| Miscellaneous | Consultancy Fees | -$2,737.00 | -$3,165.46 | | -$1,492.71 | | | | | | -$614.38 | | -$8,009.55 |
| | Consumables | | -$14.51 | -$617.45 | -$2,008.34 | -$1,655.06 | | -$81.44 | -$153.12 | -$228.50 | -$81.85 | -$166.18 | -$5,006.45 |
| | 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 | -$103.63 | -$103.63 | -$6,000.38 |
| | 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** | **-$799.86** | **-$269.81** | **-$28,942.58** |
| **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** | **$367,944.73** | **$636,610.96** | **$12,157,378.47** |