



HARVESTING REPORT

September 2021

HEREFORD FOREST



Backline machine on Setting 310 boundary.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Hereford – September 2021

Summary

- Gross revenue for the month is **\$960,491.97**
- Costs for the month are **\$599,561.64**
- Net income for the month is **\$360,930.33**
- Tonnes harvested for the month is **7,017.76**
- Net income per tonne for the month is **\$51.43**
- Area cleared for the month is **14.6** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$7,292,652.23**
- Project costs to date are **\$5,652,982.80**
- Project net income to date is **\$1,639,669.43**
- Tonnes harvested to date is **51,549.11**
- Net income per tonne to date is **\$31.81**
- Recoverable volume per hectare to date is **602.9** tonnes
- Net income per hectare to date is **\$19,177.42**
- Total forest area is **180.5** hectares, approximate hectares cleared to date is **85.5** 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 **\$960,491.97** with an average sale price over all grades of **\$136.87** per tonne.

September 2021 - Log Markets, Gisborne and Hawkes Bay

The September export prices have increased \$17.67/Jas m³ on average in Gisborne with the increase affecting all log grades. In Hawkes Bay, export prices have remained flat at \$0.64/Jas m³ on average with the slight increase being to the pruned grades.

Radiata log inventories on the main Chinese ports we monitor have increased again to 4.75Mm³, with daily offtake 73Km³ 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 \$2.50 in Gisborne and \$4 in Hawkes Bay 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:

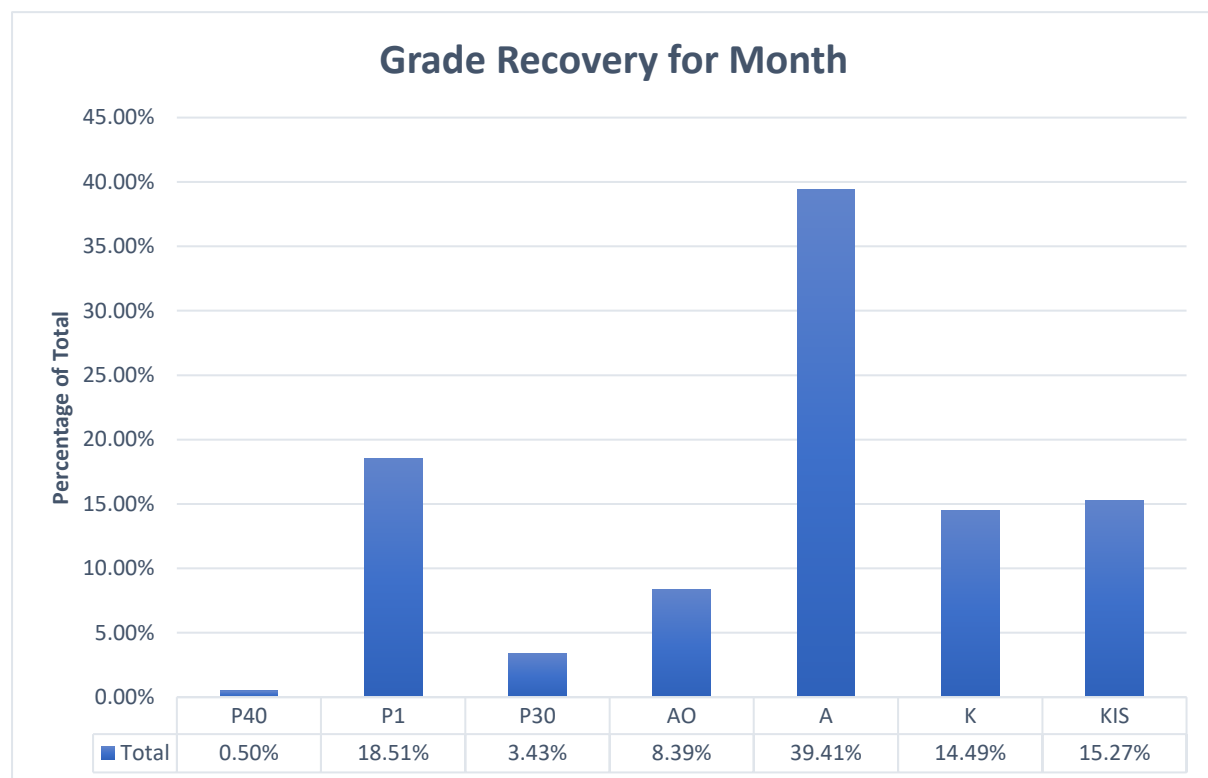


Chart 1: Grade Recovery for Month

Pruned recovery for September comprised 23% 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 15% of volume.

Expenditure

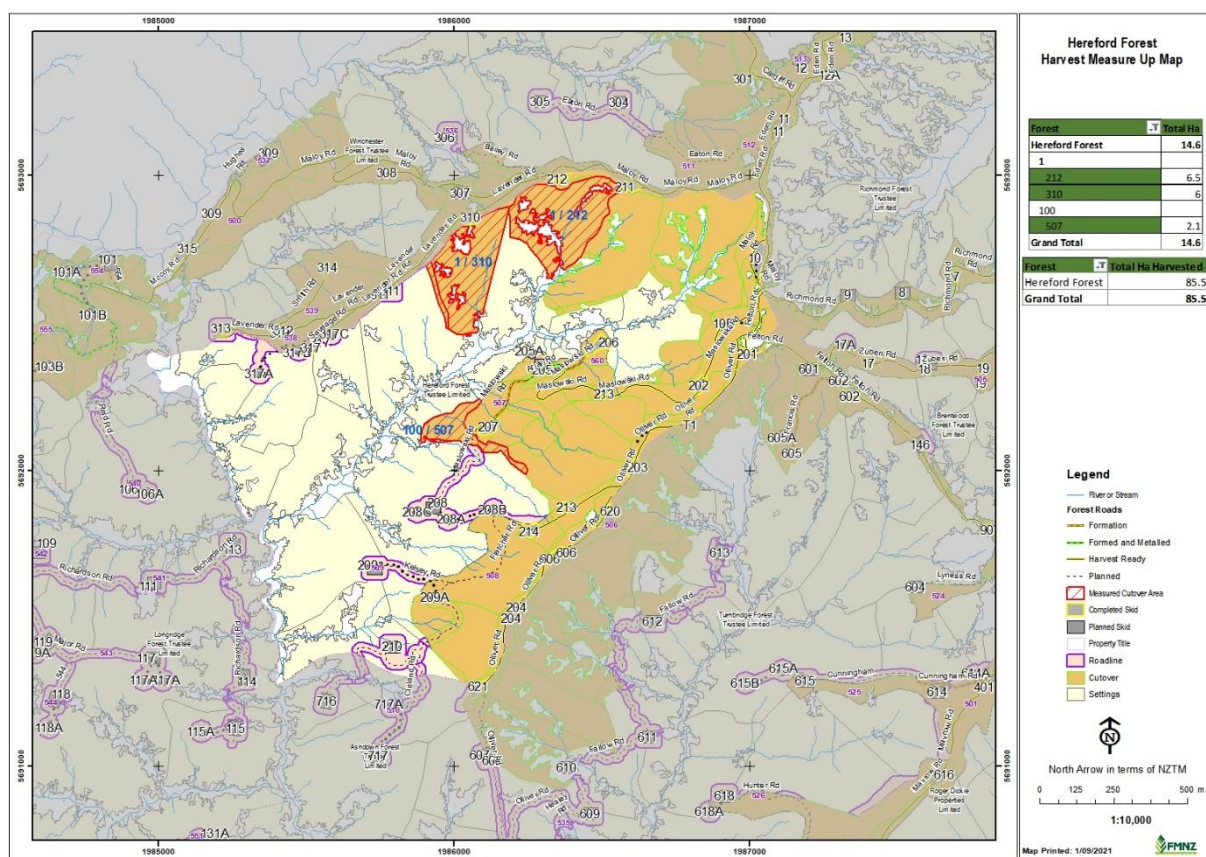
Harvesting

The total logging cost for the month was **\$291,096.68**, an average of **\$41.48** per tonne.

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

LOGGING COSTS	TOTAL
September	\$291,096.68
	\$291,096.68

Table 1: Logging Costs



Pic 1: Progress Map

Log 16 carried out some roadlining for a short period in Setting 507, extracting by stage truck from the physical Landing 207. This crew then returned to Long Ridge Forest.

Log 24 completed clearfell harvest of Setting 212 on Maloy Road and then moved to Setting 310 on Lavender Road where highway trucks were loaded directly from the landing.

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 **\$230,020.77** which is an average unit rate of **\$32.78** per tonne.

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

CARTAGE COSTS		TOTAL
September	Cartage - Truck	\$201,459.06
	Cartage – Rail	\$28,561.71
	Weighbridge	\$2,421.94
	Trans-shipping	\$277.50
		\$232,720.21

Table 2: Cartage Costs

The average cart rate for September inclusive of weighbridge and trans-shipping fees is **\$33.16** 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.

Trans-shipping is the accumulating of logs from completed settings which could not be made up into full packets and moving these logs to the current setting for loadout and sale. The logs normally number 10 of this and 12 of that but are still product for sale.

Engineering

ENGINEERING		RL	CF	TOTAL
September	Entranceway - Seal	\$4,869.35		\$4,869.35
	Loadout Bay Construction	\$1,966.30		\$1,966.30
	Metal Lime	\$1,019.07		\$1,019.07
	Pads	\$5,130.00		\$5,130.00
	R&M		\$1,336.20	\$1,336.20
	R&M - Metal		\$5,934.25	\$5,934.25
	R&M - Road Maintenance		\$8,607.95	\$8,607.95
	Rehab		\$1,656.00	\$1,656.00
	Stockpile Works	\$333.23	\$583.09	\$916.32
	Trucks - Cart & Dump	\$695.26	\$2,761.75	\$3,457.01
		\$14,013.22	\$20,879.23	\$34,892.45

Table 3: Engineering Costs

Engineering in September included work on Landings 205A and 207 on Maslowski Road as well as maintenance work associated with clearfell harvest operations.

Planned Activities for October 2021

Planned activities for October are for the Log 24 harvest crew to complete clearfell harvest of Setting 310 and then they will leave the forest to go to neighbouring Brentwood Forest.

Earthworks planned for October includes paving Maslowski Road to Landing 207 and some maintenance work which is required on Maslowski Road where several slips have come down on the formed and paved section, which channelled stormwater away from the road drains.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
September	\$360,930.33	\$1,639,669.43

Table 4: Total Revenue

The net revenue for the month equates to an average of **\$51.43** per tonne, or **\$24,721.26** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
September	Management	\$38,419.68
	FGC levy	\$2,335.91
		\$40,755.59

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
September	Consumables	\$96.74
		\$96.71

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during September and for metal tally books for the Ruakituri stockpile.

Health and Safety

A property damage incident occurred when an operator was backing the log forwarder into the loadout area when his passenger side of the truck slid into the water table. The low hanging steps caught on a pile of dirt which bent the steps around resulting in a smashed headlight. The damaged bottom steps were removed to prevent them from catching on anything again.

As a result of the above incident, there was a medical injury to the operator who tried fixing the steps by pushing them back into place with his hands resulting in a glass embedment to his hand from the broken headlight glass. He received immediate first aid treatment on site, then travelled to hospital where he received several stitches and an anti-tetanus injection.

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.

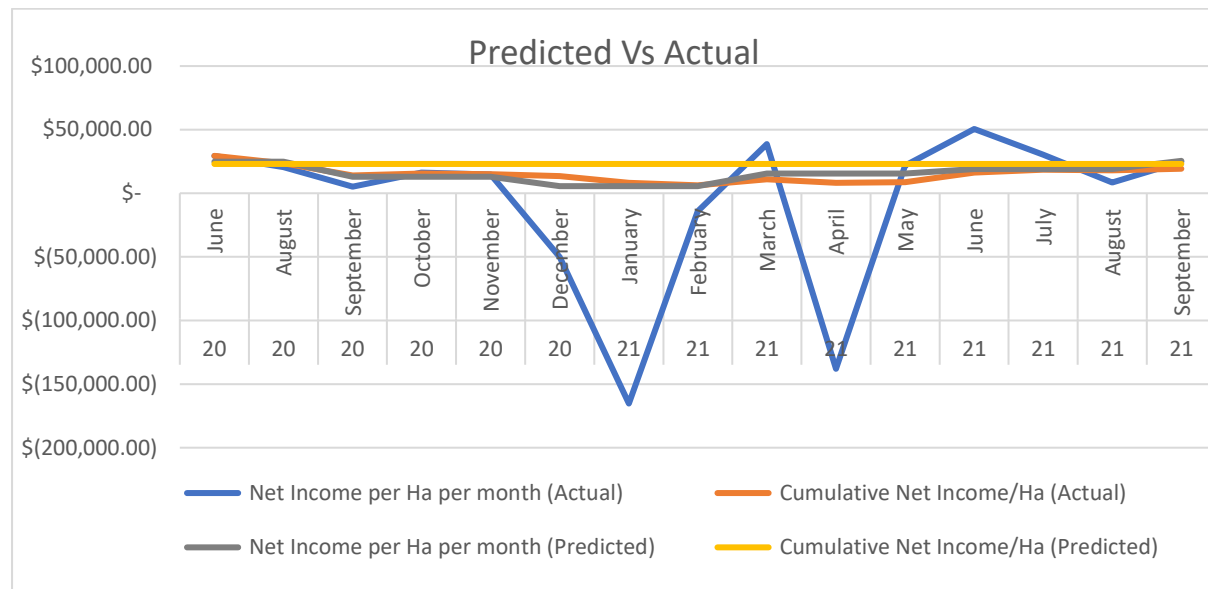


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$31.81**, forecast was \$34.49.

Gross return per tonne to date is **\$141.47**, forecast was \$131.31.

Net return per hectare to date is **\$19,177.42**, 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

01/09/2021 to 30/09/2021

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	308.46		\$207.00	\$63,851.22
Pruned Dom	P1 4.9	402.53		\$182.00	\$73,260.46
Pruned Dom	P1 4.9	185.30		\$207.00	\$38,357.10
Pruned Dom	P1 5.5	402.92		\$187.87	\$75,696.58
TOTAL DOMESTIC SALES		1,299.21			\$251,165.36

Export					
Pruned Exp	P40 3.9	0.00	15.044	\$186.00	\$2,798.18
Pruned Exp	P40 5.9	0.00	23.897	\$186.00	\$4,444.84
Pruned Exp	P30 3.9	0.00	74.756	\$145.00	\$10,839.62
Pruned Exp	P30 3.9	0.00	176.352	\$150.00	\$26,452.80
A40	AO 3.8	0.00	489.009	\$129.00	\$63,082.16
A40	AO 3.9	0.00	131.707	\$130.00	\$17,121.91
A30	A 3.8	0.00	451.414	\$124.00	\$55,975.34
A30	A 3.8	0.00	618.199	\$127.00	\$78,511.27
A30	A 5.8	0.00	879.623	\$126.00	\$110,832.50
A30	A 5.8	0.00	925.010	\$129.00	\$119,326.29
K	K 3.8	0.00	266.879	\$117.00	\$31,224.84
K	K 3.8	0.00	162.137	\$119.00	\$19,294.30
K	K 5.8	0.00	279.604	\$119.00	\$33,272.88
K	K 5.8	0.00	305.730	\$121.00	\$36,993.33
TOTAL EXPORT SALES		0.00	4,799.361		\$610,170.26

Export Pulp					
Export Pulp	KIS 2.9	0.00	177.655	\$93.00	\$16,521.92
Export Pulp	KIS 3.8	0.00	802.276	\$103.00	\$82,634.43
TOTAL EXPORT PULP SALES		0.00	979.931		\$99,156.35
TOTAL		1,299.21	5,779.292		\$960,491.97

FEES	
FMNZ Management Fee @ %	\$38,419.68
TOTAL FEES	\$38,419.68

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$2,335.91
TOTAL LEVIES	\$2,335.91
COSTS	
Harvesting	\$291,096.68
Cartage	\$201,459.06
Weighbridge	\$2,421.94
Cartage - Rail	\$28,561.71
Cartage - Trans Shipping	\$277.50
Consumables	\$96.71
Entranceways	\$4,869.35
Loadout Bay: Construction	\$1,966.30
Metal Lime m3	\$1,019.07
Metalling: Cart to stockpile	\$3,457.01
Pads	\$5,130.00
Post Harvest Rehab	\$1,656.00
R&M - Metal	\$5,934.25
R&M - Road Maintenance	\$8,607.95
Repairs & Maintenance	\$1,336.20
Stockpile Works	\$916.32
TOTAL COSTS	\$558,806.05
TOTAL FEES, LEVIES & COSTS	\$599,561.64
NET INCOME	\$360,930.33
GST	\$54,139.55
NET INCOME (INCLUDING GST)	\$415,069.88



Photo 1: Falling of Setting 212, looking towards Olliver Road from Maloy Road.



Photo 2: Setting 212, looking over the backline machine to the swing yarder.



Photo 3: Swing yarder at Landing 212, Maloy Road.



Photo 4: Felling Setting 310, Lavender Road.



Photo 5: Felling Setting 310, Lavender Road.



Photo 6: Setting 310, looking from the backline on Maslowski Road.

HEREFORD CUMULATIVES

Categories	Descriptions	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Aug 21	Sep 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	-\$2,280.00			-\$34,626.96
	Culverts - Freight	-\$1,041.20	-\$551.00				-\$970.00			-\$2,562.20
	Establishment - Engineering	-\$6,910.04	-\$240.00			-\$256.32	-\$180.00			-\$7,586.36
	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	-\$9,186.00	-\$5,470.00		-\$246,323.84
	Loadout Bay Construction	-\$2,877.94				-\$442.06	-\$442.00		-\$1,966.30	-\$5,728.30
	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	-\$6.25	-\$75.56		-\$415.91
	Pads	-\$23,420.00	-\$4,551.00			-\$4,685.00			-\$5,130.00	-\$37,786.00
	Pavement	-\$19,564.67	-\$2,977.00	-\$1,710.00			-\$65.63			-\$24,317.29
	R&M	-\$17,634.00	-\$955.46			-\$1,023.67	-\$4,495.25		-\$1,336.20	-\$25,444.59
	R&M - Culverts Maintenance	-\$649.50	-\$100.00							-\$749.50
	R&M - Event Cleanup	-\$1,884.76			-\$2,100.00	-\$12,055.62	-\$26,777.94			-\$42,818.32
	R&M - Road Maintenance	-\$22,042.44	-\$10,362.93		-\$690.00	-\$5,000.11	-\$595.00	-\$511.00	-\$8,607.95	-\$47,809.43
	Rehab	-\$7,370.04		-\$4,375.00	-\$2,275.00				-\$1,656.00	-\$15,676.04
	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	-\$995.75			-\$83,265.10
	Stockpile Works	-\$9,837.71	-\$1,959.70	-\$4,178.76		-\$1,482.86	-\$1,231.13	-\$271.89	-\$916.32	-\$19,878.36
	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	-\$20,748.43	-\$298.74	-\$3,457.01	-\$222,339.93
	Trucks - Cart & Spread	-\$2,086.91								-\$2,086.91
	Metal Lime					-\$6,521.59	-\$24,843.74		-\$1,019.07	-\$32,384.40
	R&M - Metal					-\$3,283.28		-\$493.32	-\$5,934.25	-\$9,710.85
	Entranceway - Seal								-\$4,869.35	-\$4,869.35
Engineering Total		-\$1,267,465.14	-\$122,153.18	-\$136,472.19	\$21,720.68	-\$97,977.41	-\$92,817.12	-\$7,120.51	-\$34,892.45	-\$1,737,177.31
Fees	FGC levy	-\$7,166.39	-\$1,614.73			-\$2,532.91	-\$1,642.55	-\$266.20	-\$2,335.91	-\$15,558.69
	Management	-\$135,524.15	-\$29,963.78			-\$50,843.23	-\$33,052.93	-\$3,902.31	-\$38,419.68	-\$291,706.09
Fees Total		-\$142,690.54	-\$31,578.52			-\$53,376.14	-\$34,695.48	-\$4,168.51	-\$40,755.58	-\$307,264.78
Harvesting	Cartage - Rail	-\$41,180.09	-\$19,592.84	-\$1,175.32		-\$17,430.23	-\$15,657.62		-\$28,561.71	-\$123,597.81
	Cartage - Truck	-\$585,112.34	-\$97,975.03			-\$233,312.66	-\$164,135.85	-\$31,180.68	-\$201,459.06	-\$1,313,175.62
	Establishment - harvesting	-\$10,866.71								-\$10,866.71
	Logging	-\$1,057,958.32	-\$193,030.25			-\$324,631.19	-\$211,599.02	-\$31,778.24	-\$291,096.68	-\$2,110,093.71
	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	-\$1,668.99	-\$283.46	-\$2,421.94	-\$18,799.11
	Cartage - Trans Shipping							-\$277.50		-\$277.50
Harvesting Total		-\$1,725,304.64	-\$320,406.98	-\$1,175.32		-\$578,852.44	-\$393,061.48	-\$63,242.38	-\$523,816.90	-\$3,605,860.14
Income	Log Sales	\$3,388,103.80	\$749,094.61			\$1,271,080.84	\$826,323.34	\$97,557.67	\$960,491.97	\$7,292,652.23
Income Total		\$3,388,103.80	\$749,094.61			\$1,271,080.84	\$826,323.34	\$97,557.67	\$960,491.97	\$7,292,652.23
Miscellaneous	Consumables	-\$1,180.61	-\$108.01	-\$13.00		-\$181.44	-\$64.94	-\$11.94	-\$96.71	-\$1,656.65
	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	-\$64.94	-\$11.94	-\$96.71	-\$2,680.57
Grand Total		\$250,922.63	\$274,609.35	-\$137,905.63	\$21,720.68	\$540,693.41	\$305,684.33	\$23,014.34	\$360,930.33	\$1,639,669.43