



HARVESTING REPORT

December 2021

BRENTWOOD FOREST



Setting 505 cutover.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Brentwood – December 2021

Summary

- Gross revenue for the month is **\$382,177.51**
- Costs for the month are **\$328,553.25**
- Net income for the month is **\$53,624.26**
- Tonnes harvested for the month is **3,157.97**
- Net income per tonne for the month is **\$16.98**
- Area cleared for the month is **2.7** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$4,268,200.23**
- Project costs to date are **\$4,305,273.74**
- Project net income to date is **-\$37,073.51**
- Tonnes harvested to date is **32,845.99**
- Net income per tonne to date is **-\$1.13**
- Recoverable volume per hectare to date is **640.3** tonnes
- Net income per hectare to date is **-\$722.68**
- Total forest area is **239.5** hectares, approximate hectares cleared to date is **51.3** 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 **\$382,177.51** with an average sale price over all grades of **\$121.02** per tonne.

December 2021 - Log Markets, Gisborne and Hawkes Bay

The December export prices in Gisborne have increased \$15.73/Jas m³ on average. In Hawkes Bay the export prices have slipped \$2.64/Jas m³ on average. The decrease has affected the pruned grades slightly more.

Radiata log inventories on the main Chinese ports we monitor have decreased to 4.54Mm³, with daily offtake remaining solid at 80Km³ per day. Inventory is expected to remain elevated through December and into January then move lower as arrivals of New Zealand log cargos diminish.

Over January all major supply sources into China are expected to be down on normal, with a recent ban on Siberian non-containerised logs and lumber and a wider ban on Russian log imports come into force in January 2022. This will remove 3–4Mm³ from the log market over 2022. Also reports are that the EU beetle damaged spruce volumes will be down significantly as the rate of infestation has decreased along with strong local European demand. We are hoping we have seen the bottom of the market – the China wholesale domestic log market has flattened which is a good signal for short term price stability with the USD CFR sale price and the domestic selling price now closely aligned.

Both the oil and freight markets have made a small recovery over December. Spot rates moved briefly down into the high \$30's primarily driven by the huge reduction in harvesting and lack of cargos. Looking forward, the freight rates will be an important driver in our market in 2022. This will be hugely affected by the demand from the iron ore and coal markets dominated by China by the larger Cape and Panamax vessel classes.

The USD has strengthened against the NZD since the end of October and the recent spread of the Omicron variant has intensified fears the world is not out of the Covid woods. This has dampened the demand for riskier currencies and is good news for New Zealand exporters and forest owners.

Domestic pruned log prices have fallen \$1 this quarter in Gisborne due to weaker AWG export pricing and factoring in the spring effects on Jas conversions.

In Hawkes Bay, domestic pruned log prices have settled flat this quarter due to concerns relating to the slowdown in harvesting affecting production.

Grade Recovery

Grade out turn for December is as follows:

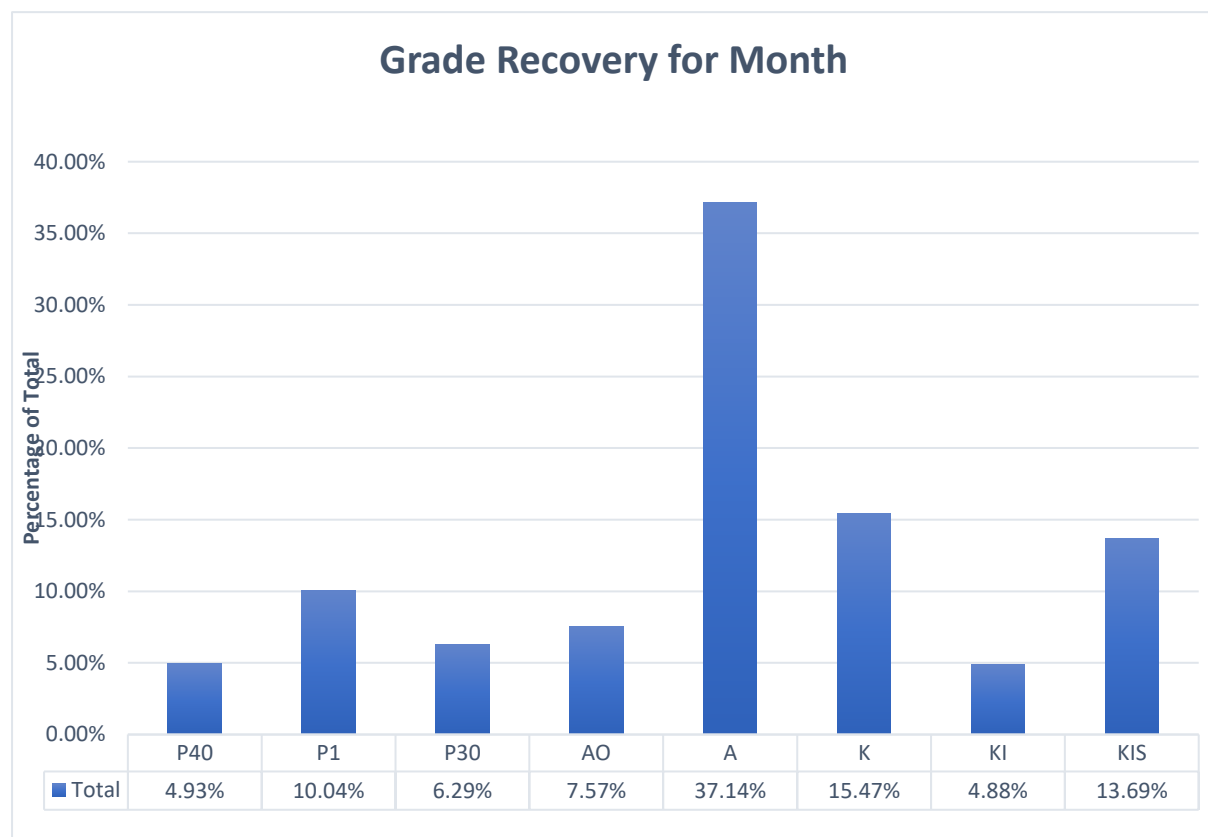


Chart 1: Grade Recovery for Month

Pruned recovery for December comprised 21% of overall sales volume, 10% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 60% of the total production volume, with lower quality export (KI and KIS grades) comprising 19% of volume.

There were no pulp or binwood sales.

Expenditure

Harvesting

The total logging cost for the month was **\$128,009.21**, an average of **\$40.54** per tonne.

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

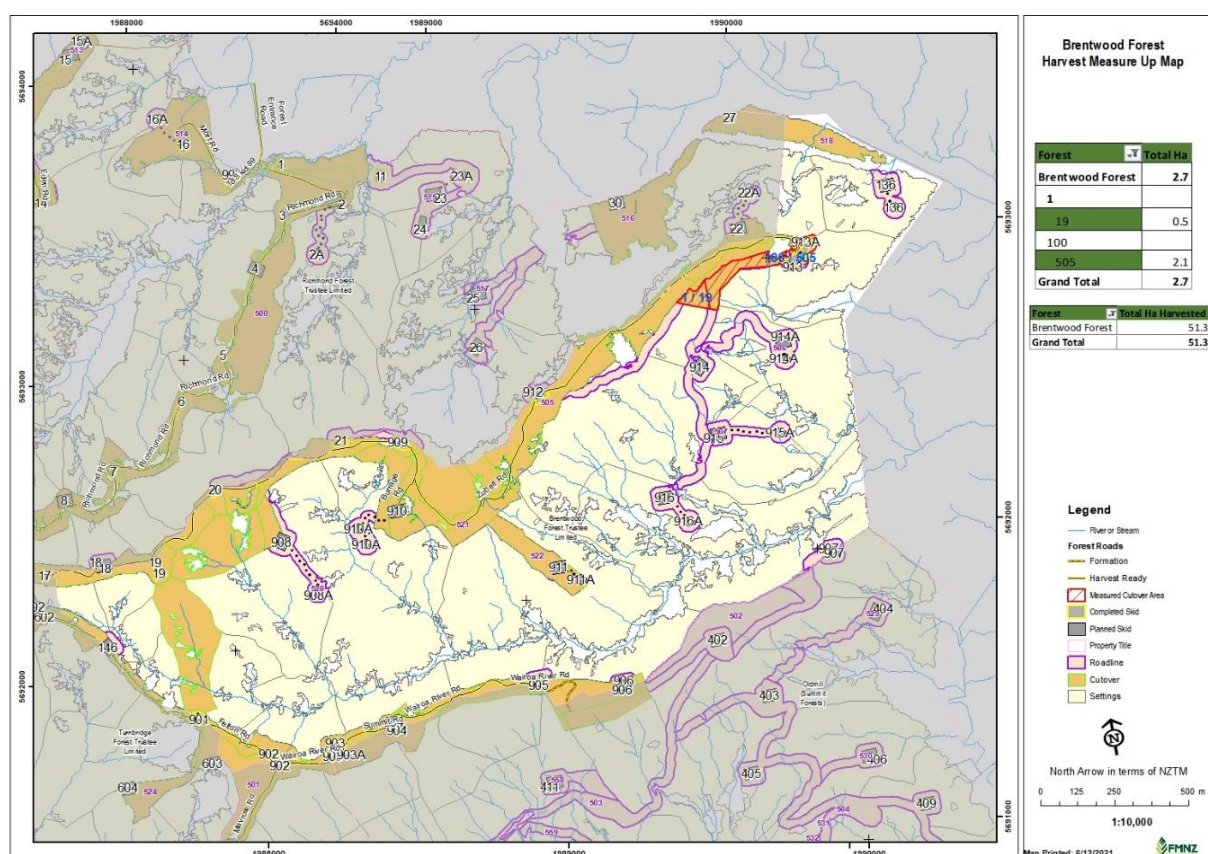
LOGGING COSTS		TOTAL
December	Logging – tonnes	\$128,009.21
		\$128,009.21

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
December	Tracking	\$3,150.00
		\$3,150.00

Table 2: Additional Logging Costs

Tracking costs are for a haul track for the skidder to extract the wood from Landing 914.



Pic 1: Progress Map

During December, Log 19 continued the roadline salvage down Zuberi Road, Setting 505 from Landing 913 towards Landing 914.

Log 24, which was clearfelling at Landing 19 left Brentwood Forest as the downturn in export pricing would have an adverse effect on the weighted average forests revenue due to the recent commencement of clearfell operations. To minimise the long term adverse effect the crew went to neighbouring Hereford Forest.

Harvesting operations continued to operate at capped harvest production levels in December. Overall caps on production were calculated on the available workdays in December and the crews stopped work for the Christmas break on the 17th of December. Return to work is planned for 17th of January 2022.

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 **\$125,354.54** which is an average unit rate of **\$39.69** per tonne.

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

CARTAGE COSTS		TOTAL
December	Cartage - Truck	\$125,354.54
	Weighbridge	\$1,317.10
	Trailer Lifting	\$6.00
	Trans-shipping	\$675.00
		\$127,352.64

Table 3: Cartage Costs

The average cart rate for December inclusive of weighbridge, trans-shipping and trailer lifting fees is **\$40.33** per tonne. The cartage of logs to Napier Port continued in December to obtain a better At Wharf Gate price as Gisborne prices were still affected by demurrage costs accrued earlier in the year.

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 logs of this and 12 logs of that but are still product for sale.

Trailer lifting costs are for using the Port gantry when delivering to the domestic mill in Gisborne.

Engineering

ENGINEERING		RL	CF	TOTAL
December	R&M - Road Maintenance	\$1,364.80		\$1,364.80
	Spread from stockpile	\$630.00		\$630.00
	Stockpile Works	\$3,240.00		\$3,240.00
	Landings	\$8,885.00		\$8,885.00
	Metal Lime	\$6,828.67		\$6,828.67
	Pavement	\$5,670.00		\$5,670.00
	R&M - Metal	\$2,276.22		\$2,276.22
	Road Formation	\$5,025.00		\$5,025.00
	Trucks - Cart & Dump	\$19,384.15		\$19,384.15
		\$53,303.84		\$53,303.84

Table 4: Engineering Costs

Earthworks in December included construction of Zuberi Road down to Landing 913 and work on 913 itself.

Some maintenance monitoring and cleaning up was required following heavy rain.

Planned Activities for January 2022

Log 19 will continue the roadline salvage down Zuberi Road towards Landings 915 and 916.

Formation will continue on Zuberi Road from Landing 913 onwards. Work will also be completed on Juriss Road to Landing 911 and on Landing 19.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
December	\$53,624.26	-\$37,073.48

Table 5: Total Revenue

The net revenue for the month equates to an average of **\$16.98** per tonne, or **\$19,860.84** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
December	Management	\$15,287.10
	FGC levy	\$1,058.95
		\$16,346.05

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
December	Other	\$86.82
	Consumables	\$44.68
		\$131.50

Table 7: Miscellaneous Expenses

Other costs are a proportional share of the contractor Christmas BBQ which is held on site at Christmas to thank the harvest crew for their efforts through the very difficult 2021 year.

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

Health and Safety

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

Environmental

ENVIRONMENTAL		TOTAL
December	Environmental Monitoring	\$260.00
		\$260.00

Table 8: Environmental Monitoring

Hawke's Bay Regional Council visited the forest and assessed both consented and permitted harvesting and earthworks activities. As a result of the visit, some minor non-compliance issues relating to infrastructure maintenance were identified although we are yet to receive the formal report. These issues will need to be rectified in the coming months.

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.

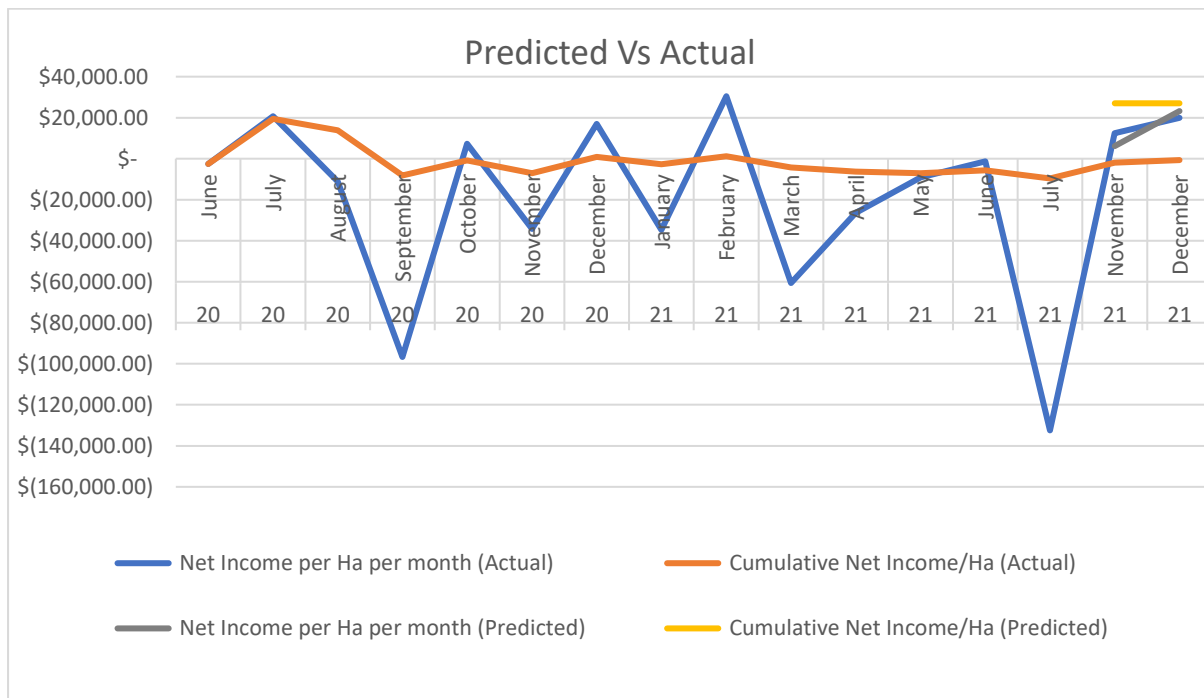


Chart 2: Actual vs Predicted

Net return per tonne to date is **-\$1.13**, forecast was \$38.63.

Gross return per tonne to date is **\$129.95**, forecast was \$132.96.

Net return per hectare to date is **-\$722.68**, forecast was \$27,024.41.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Brentwood Forest Partnership

01/12/2021 to 31/12/2021

Paid to bank account # 02-0792-0001721-000

GST # 63-386-790

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Domestic					
Pruned Dom	P1 4.3	81.08		\$192.00	\$15,567.36
Pruned Dom	P1 4.9	136.74		\$192.00	\$26,254.08
Pruned Dom	P1 5.5	99.38		\$186.99	\$18,583.07
TOTAL DOMESTIC SALES		317.20			\$60,404.51

Export					
Pruned Exp	P40 3.9	0.00	89.710	\$166.00	\$14,891.86
Pruned Exp	P40 5.1	0.00	64.538	\$166.00	\$10,713.31
Pruned Exp	P40 5.9	0.00	14.529	\$166.00	\$2,411.81
Pruned Exp	P30 3.9	0.00	120.995	\$130.00	\$15,729.35
Pruned Exp	P30 5.1	0.00	97.420	\$130.00	\$12,664.60
A40	AO 3.8	0.00	72.046	\$114.00	\$8,213.24
A40	AO 5.8	0.00	172.206	\$115.00	\$19,803.69
A30	A 3.8	0.00	393.390	\$112.00	\$44,059.68
A30	A 5.8	0.00	816.731	\$114.00	\$93,107.33
K	K 3.8	0.00	114.465	\$104.00	\$11,904.36
K	K 5.8	0.00	362.786	\$106.00	\$38,455.32
KI	KI 3.8	0.00	155.661	\$95.00	\$14,787.80
TOTAL EXPORT SALES		0.00	2,474.477		\$286,742.35

Export Pulp					
Export Pulp	KIS 2.9	0.00	107.053	\$78.00	\$8,350.13
Export Pulp	KIS 3.8	0.00	309.510	\$86.00	\$26,617.86
Export Pulp	KIS 5.8	0.00	0.712	\$88.00	\$62.66
TOTAL EXPORT PULP SALES		0.00	417.275		\$35,030.65
TOTAL		317.20	2,891.752		\$382,177.51

FEES	
FMNZ Management Fee @ %	\$15,287.10
TOTAL FEES	\$15,287.10

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$1,058.96
TOTAL LEVIES	\$1,058.96
COSTS	
Harvesting	\$128,009.21
Cartage	\$125,354.54
Weighbridge	\$1,317.10
Cartage - Trans Shipping	\$675.00
Consumables	\$44.68
Environmental Monitoring	\$260.00
Landings	\$8,885.00
Metal Lime m3	\$6,828.67
Metalling: Cart to stockpile	\$19,384.15
Metalling: Grading & Rolling	\$5,670.00
Metalling: Spread from Stockpile	\$630.00
Other	\$86.82
R&M - Metal	\$2,276.22
R&M - Road Maintenance	\$1,364.80
Road Formation	\$5,025.00
Stockpile Works	\$3,240.00
Tracking	\$3,150.00
Trailer Lifting	\$6.00
TOTAL COSTS	\$312,207.19
TOTAL FEES, LEVIES & COSTS	\$328,553.25
NET INCOME	\$53,624.26
GST	\$8,043.64
NET INCOME (INCLUDING GST)	\$61,667.90



Photo 1: Landing 913, Zuberi Road.



Photo 2: CAT loader on Landing 913.



Photo 3: CAT processor on Landing 913.



Photo 4: Setting 505 cutover.



Photo 5: Setting 505 cutover.

BRENTWOOD CUMULATIVES

Categories	Descriptions	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Grand Total
Engineering	Culvert Installation	-\$928.01		-\$512.50		-\$512.50			-\$1,770.00	-\$400.00	-\$205.00		-\$4,328.01
	Culverts	-\$2,846.34	-\$2,213.82	-\$2,846.34					-\$6,841.40				-\$14,747.90
	Culverts - Freight	-\$1,020.00	-\$507.50	-\$382.50						-\$562.50			-\$2,472.50
	Entranceway - Seal	-\$254.58							-\$7,033.51				-\$7,288.09
	Establishment - Engineering	-\$1,197.49				-\$57.60	-\$180.00				-\$245.00		-\$1,680.09
	Fluming	-\$1,712.25	-\$1,268.80	-\$1,707.60		-\$67.40			-\$3,430.60				-\$8,186.65
	Grass Seeding	-\$332.50	-\$552.50	-\$475.00						-\$384.75			-\$1,744.75
	Landings	-\$79,985.29	-\$25,937.50	-\$28,897.50	-\$13,805.00	-\$922.50	-\$350.00	-\$25,445.00	-\$7,160.00	-\$35,800.00	-\$38,670.00	-\$8,885.00	-\$265,857.79
	Metal Rock	-\$41,585.12	-\$8,614.97	-\$5,177.05	-\$13,036.87	-\$26,382.18							-\$94,796.19
	Other		-\$11.20			-\$2.50	-\$6.25	-\$75.56					-\$95.51
	Pavement	-\$8,822.33	-\$1,002.50	-\$342.50	-\$1,040.00	-\$875.00	-\$65.63		-\$2,775.00	-\$5,130.00	-\$850.00	-\$5,670.00	-\$26,572.95
	R&M	-\$2,711.89	-\$36.75	-\$8.99			-\$1,753.68		-\$36.90		-\$360.00		-\$4,908.22
	R&M - Culverts Maintenance	-\$210.90											-\$210.90
	R&M - Event Cleanup	-\$43.69			-\$196.00	-\$7,407.22	-\$12,482.44						-\$20,129.35
	R&M - Road Maintenance	-\$7,852.75	-\$423.80	-\$148.90	-\$1,493.00	-\$3,053.03	-\$5,959.60	-\$16,144.00	-\$13,643.02	-\$8,923.46	-\$1,093.63	-\$1,364.80	-\$60,099.98
	Rehab	-\$4,336.08											-\$4,336.08
	Road Formation	-\$164,661.92	-\$26,242.50	-\$14,177.50	-\$21,845.00	-\$19,982.50	-\$20,457.50	-\$28,215.00	-\$99,445.00	-\$135,655.00	-\$43,950.00	-\$5,025.00	-\$579,656.92
	Sediment Control	-\$628.71											-\$628.71
	Spread from stockpile	-\$15,144.70	-\$525.00	-\$735.00	-\$840.00	-\$3,675.00	-\$35.75		-\$10,080.00	-\$14,280.00	-\$2,940.00	-\$630.00	-\$48,885.45
	Stockpile Works	-\$1,934.34	-\$750.34	-\$98.55	-\$70.49	-\$1,171.09	-\$2,435.34	-\$4,858.00	-\$3,230.50	-\$9,829.87	-\$3,550.00	-\$3,240.00	-\$31,168.52
	Trucks - Cart & Dump	-\$31,626.94	-\$7,632.51	-\$4,208.76	-\$9,076.47	-\$26,775.08	-\$16,820.40	-\$11,800.16	-\$48,526.34	-\$58,137.06	-\$10,233.42	-\$19,384.15	-\$244,221.29
	Trucks - Cart & Spread	-\$546.73											-\$546.73
	Loadout Bay Construction		-\$315.00		-\$65.00			-\$1,435.00	-\$1,640.00	-\$615.00	-\$420.00		-\$4,490.00
	Public Roads					-\$22.15							-\$22.15
	R&M - Metal					-\$3,283.28		-\$19,486.28	-\$11,022.25			-\$2,276.22	-\$36,068.04
	Metal Lime						-\$21,093.75		-\$67,537.91	-\$53,119.95	-\$18,328.27	-\$6,828.67	-\$166,908.55
	Temp Landings								-\$16,865.00	-\$9,450.00			-\$26,315.00
Engineering Total		-\$368,382.56	-\$76,034.70	-\$59,718.70	-\$61,467.83	-\$94,189.01	-\$81,640.33	-\$107,459.00	-\$301,037.43	-\$332,287.59	-\$120,845.32	-\$53,303.84	-\$1,656,366.32
Fees	FGC levy	-\$2,034.46	-\$75.92	-\$126.00	-\$203.71	-\$335.15	-\$107.75	-\$1,036.01	-\$971.73	-\$2,264.04	-\$2,308.92	-\$1,058.95	-\$10,522.66
	Management	-\$37,201.68	-\$1,445.62	-\$2,332.73	-\$3,988.85	-\$6,781.92	-\$1,848.04	-\$16,742.85	-\$16,532.98	-\$34,981.27	-\$33,584.97	-\$15,287.10	-\$170,728.01
Fees Total		-\$39,236.14	-\$1,521.54	-\$2,458.73	-\$4,192.56	-\$7,117.08	-\$1,955.79	-\$17,778.86	-\$17,504.72	-\$37,245.32	-\$35,893.90	-\$16,346.05	-\$181,250.67
Harvesting	Cartage - Rail	-\$19,332.62	-\$20.14			-\$971.81	-\$5,451.01	-\$20,112.78	-\$10,829.83	-\$46,900.22	-\$44,125.20		-\$147,743.63
	Cartage - Truck	-\$160,155.32	-\$5,963.03	-\$9,784.26	-\$16,784.27	-\$24,338.10	-\$8,370.96	-\$85,182.58	-\$83,512.28	-\$157,108.36	-\$249,950.42	-\$125,354.54	-\$926,504.10
	Establishment - harvesting	-\$3,895.00	-\$210.00				-\$840.00				-\$886.55		-\$5,831.55
	Logging	-\$291,525.40	-\$9,691.20	-\$14,943.80	-\$26,050.40	-\$42,350.40	-\$14,011.60	-\$122,902.40	-\$113,124.00	-\$270,423.63	-\$288,332.28	-\$128,009.21	-\$1,321,364.32
	Tracking	-\$18,265.00	-\$2,940.00			-\$1,067.50		-\$980.00	-\$2,870.00		-\$1,400.00	-\$3,150.00	-\$30,672.50
	Trailer Lifting	-\$613.04	-\$23.28	-\$31.84	-\$39.80	-\$55.72	-\$23.88		-\$30.00			-\$6.00	-\$823.56
	Weighbridge	-\$2,792.40	-\$94.49	-\$144.33	-\$253.99	-\$404.04	-\$134.04	-\$1,138.81	-\$1,050.30	-\$2,438.98	-\$2,555.44	-\$1,317.10	-\$12,323.93
	Logging - Hourly					-\$3,427.20							-\$3,427.20
	Cartage - Trans Shipping								-\$323.75		-\$1,350.00	-\$675.00	-\$2,348.75
Harvesting Total		-\$496,578.78	-\$18,942.14	-\$24,904.23	-\$43,128.46	-\$72,614.77	-\$28,831.49	-\$230,316.57	-\$211,740.15	-\$476,871.19	-\$588,599.89	-\$258,511.85	-\$2,451,039.54
Income	Log Sales	\$930,041.97	\$36,140.38	\$58,318.19	\$99,721.31	\$169,548.11	\$46,200.93	\$418,571.16	\$413,324.52	\$874,531.85	\$839,624.28	\$382,177.51	\$4,268,200.23
Income Total		\$930,041.97	\$36,140.38	\$58,318.19	\$99,721.31	\$169,548.11	\$46,200.93	\$418,571.16	\$413,324.52	\$874,531.85	\$839,624.28	\$382,177.51	\$4,268,200.23
Miscellaneous	Consumables	-\$568.61	-\$4.57	-\$18.63	-\$24.42	-\$55.06	-\$6.62	-\$83.31	-\$49.65	-\$382.57	-\$86.62	-\$44.68	-\$1,324.73
	Other	-\$51.67										-\$86.82	-\$138.49
	Power Lines	-\$5,713.81											-\$5,713.81
	Traffic Management	-\$6,974.00		-\$12.50									-\$6,986.50
	Consultancy Fees		-\$78.75	-\$25.31									-\$104.06
	Environmental Monitoring		-\$158.88	-\$203.57					-\$365.00	-\$715.00	-\$630.00	-\$260.00	-\$2,332.45
	Security		-\$0.94	-\$16.23									-\$17.17
Miscellaneous Total		-\$13,308.09	-\$243.14	-\$276.24	-\$24.42	-\$55.06	-\$6.62	-\$83.31	-\$414.65	-\$1,097.57	-\$716.62	-\$391.50	-\$16,617.21
Grand Total		\$12,536.40	-\$60,601.14	-\$29,039.70	-\$9,091.96	-\$4,427.80	-\$66,233.30	\$62,933.43	-\$117,372.43	\$27,030.18	\$93,568.56	\$53,624.26	-\$37,073.51