



HARVESTING REPORT

April 2022

BELMONT FOREST



Aerial image of Setting 9 progress.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Belmont – April 2022

Summary

- Gross revenue for the month is **\$590,459.88**
- Costs for the month are **\$380,105.28**
- Net income for the month is **\$210,354.59**
- Tonnes harvested for the month is **4,195.71**
- Net income per tonne for the month is **\$50.14**
- Area cleared for the month is **4.4** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$8,231,595.39**
- Project costs to date are **\$6,917,339.58**
- Project net income to date is **\$1,314,255.81**
- Tonnes harvested to date is **62,122.59**
- Net income per tonne to date is **\$21.16**
- Recoverable volume per hectare to date is **593.30** tonnes
- Net income per hectare to date is **\$12,552.59**
- Total forest area is **314.10** hectares, approximate hectares cleared to date is **104.70** 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 **\$590,459.88** with an average sale price over all grades of **\$140.73** per tonne.

April 2022 - Log Markets, Hawkes Bay

The April export prices have decreased \$13.00/Jas m³ on average, with the decrease affecting sawlog and lower grades the most.

Radiata log inventories on the main Chinese ports we monitor have increased to 4.29Mm³, with daily offtake at 49Km³ per day which has been impacted by the Qingmin holidays. Port inventories are effectively static in a now relatively well-balanced low demand and low supply market.

The Chinese elimination strategy and Covid control measures has seen the log market drop to 50% of typical April demand. Lockdowns of some sort have been reported in 93 out of the top 100 cities. In Shanghai, the lockdown measures have been draconian to the point of promoting some civil unrest which takes a very brave protestor. The slowdown in China demand is affecting a wide range of markets, not only terms of demand but also in further clogging already overloaded supply chains.

Low demand is well matched by lower levels of log supply. In the short term, New Zealand supply continues to be constrained by a lack of capacity in stevedoring, fumigation and debarking. Constraints are expected to gradually ease over the next quarter, but New Zealand supply will not increase quickly. Neither is supply expected to increase significantly from the other major softwood producers, assuming China demand stages some sort of recovery over 2022.

The freight market has been under downward pressure over the past month as China demand reduces for a wide range of commodities. The oil market is being driven by the Ukraine conflict. It is highly volatile and reacts quickly to any news of peace talks or heightened conflicts. Oil is trading at around US\$105/barrel which is slowing the rate of decline in freight rates.

The NZD has weakened since the beginning of April despite the RBNZ raising the OCR by 50bp. While a lower NZD might be good for New Zealand exporters it will increase prices of everything we import (fuel).

Quarter 2 negotiations for domestic pruned log prices have settled flat, due to concerns relating to the slowdown in harvesting affecting production/supply.

Grade Recovery

Grade out turn for April is as follows:

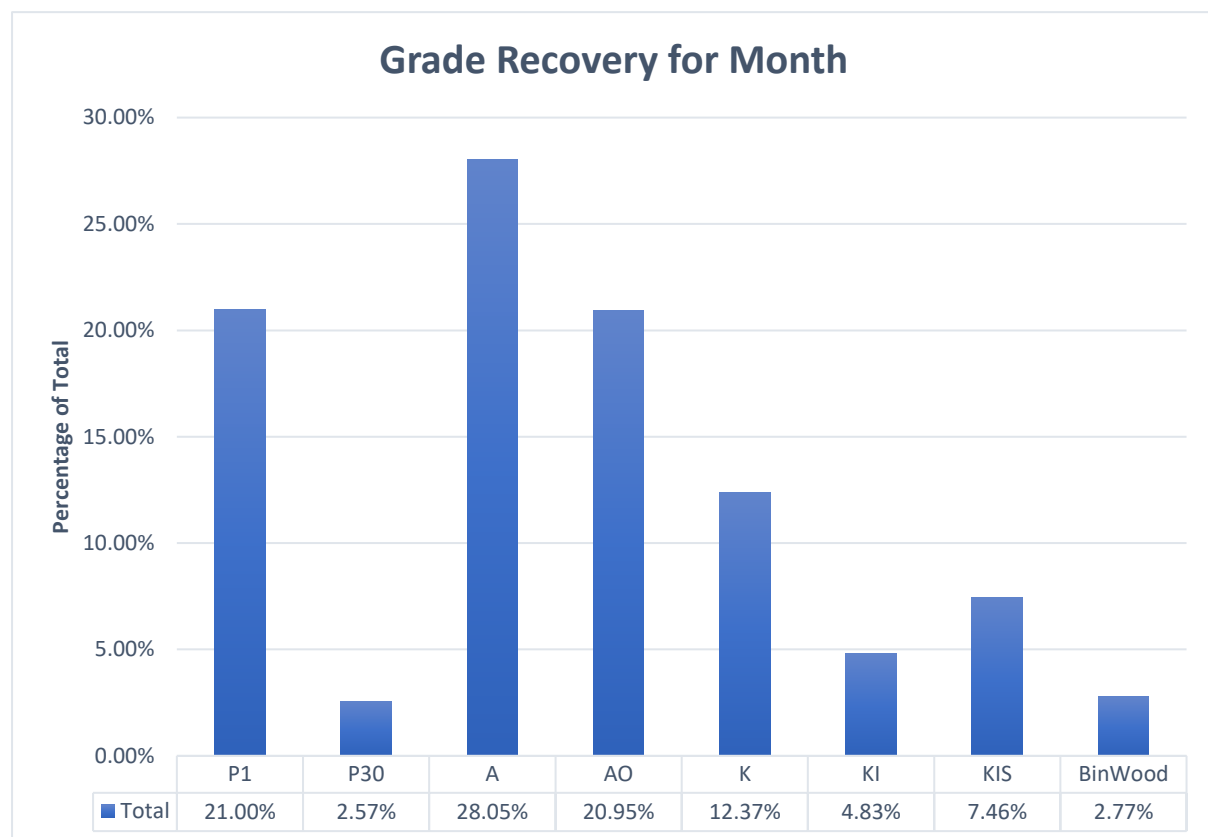


Chart 1: Grade Recovery for Month

Pruned recovery for April comprised 24% of overall sales volume, 21% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 61% of the total production volume, with lower quality export (KI and KIS grades) comprising 12% of volume.

The remaining 3% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

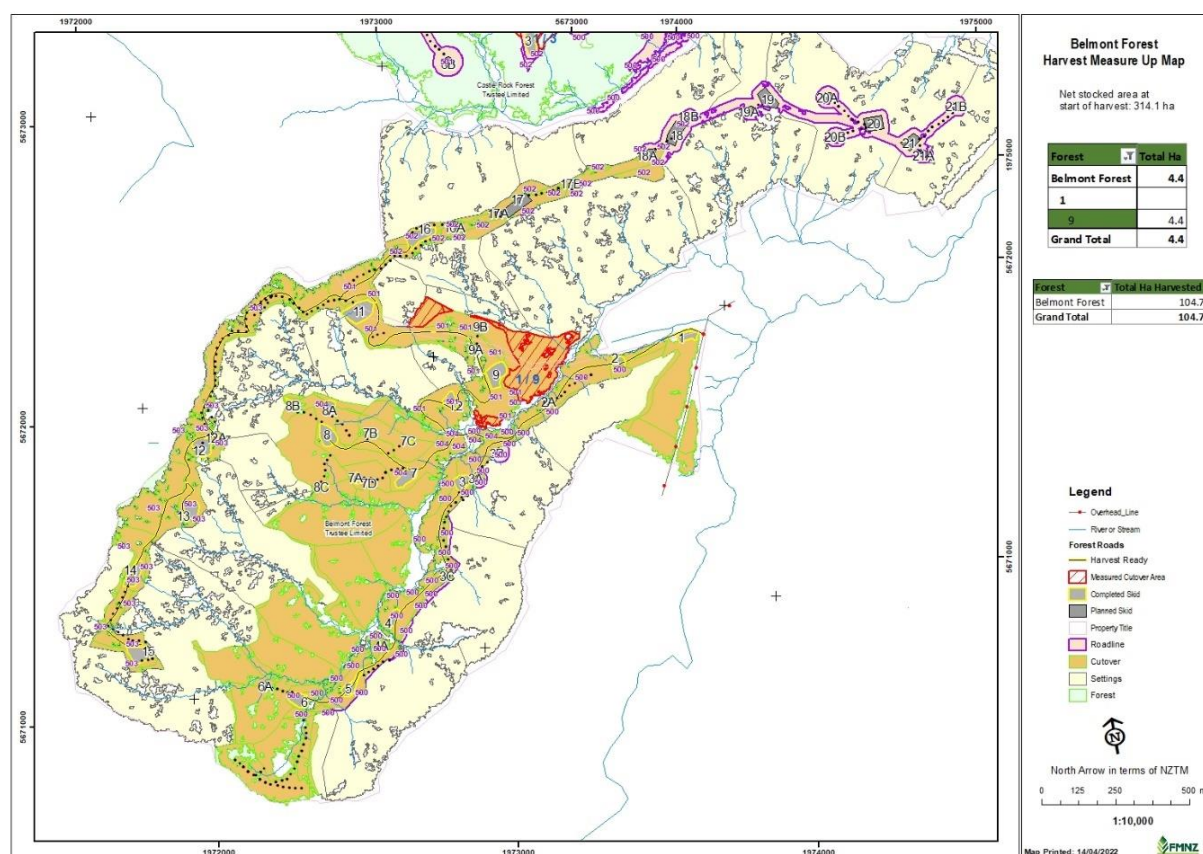
The total logging cost for the month was **\$177,738.33**, an average of **\$42.36** per tonne.

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

LOGGING COSTS		TOTAL
April	Logging – tonnes	\$177,738.33
		\$177,738.33

Table 1: Logging Costs

Due to the significant rise in diesel and petrol prices, a fuel adjustment factor has been added to the logging rates and will remain until there is a fuel cost reduction.



Pic 1: Progress Map

The harvest crew made good progress in Setting 9 during April and is nearing completion on areas accessible to ground-base harvest without creating environmental issues. They removed the remaining edge line trees near the arterial stream.

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 **\$132,417.49** which is an average unit rate of **\$31.56** per tonne.

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

CARTAGE COSTS		TOTAL
April	Cartage - Truck	\$132,417.49
	Weighbridge	\$1,640.42
		\$134,057.91

Table 2: Cartage Costs

The average cart rate for April inclusive of weighbridge fees is **\$31.95** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
April	Other	\$240.00		\$240.00
	Culverts	\$6,341.94		\$6,341.94
	Culverts - Freight	\$1,611.20		\$1,611.20
	Establishment - Engineering	\$1,746.13		\$1,746.13
	Fluming	\$3,533.60		\$3,533.60
	Pads	\$8,106.48		\$8,106.48
	R&M - Event Clean-up		\$12,059.04	\$12,059.04
	Trucks - Cart & Dump		\$3,816.00	\$3,816.00
	R&M - Metal		\$5,728.59	\$5,728.59
		\$21,579.35	\$21,603.63	\$43,182.98

Table 3: Engineering Costs

Most of the engineering expense is related to weather event clean-up which occurred towards the end of March. This involved cleaning up slips on Black Road and fixing a crossing.

Two pads were constructed to facilitate clearfell harvest on Bradshaw Road to ensure the road was not damaged in these wet conditions.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
April	\$210,354.59	\$1,314,255.81

Table 4: Total Revenue

The net revenue for the month equates to an average of **\$50.14** per tonne, or **\$47,807.86** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
April	Management	\$23,618.40
	FGC levy	\$1,429.21
		\$25,047.61

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
April	Consumables	\$78.45
		\$78.45

Table 6: Miscellaneous Expenses

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

Health and Safety

Two incidents were reported in Belmont Forest during March.

The first was a property damage incident which occurred when a worker was unhooking a stop off a log which was attached to the loader grapple. The loader operator heard him speaking on his RT and assumed this meant the stop was unhooked. The loader operator moved the stop away but the man had only just unhooked it but not moved clear, giving him a fright. This incident occurred due to a lack of communication and is a reminder to wait for the all clear signal before undertaking machinery movement.

The second incident was a minor injury which happened when the tree faller was walking to the next tree to fell in thick undergrowth conditions and tripped over whitey wood causing a bruise/graze on his thigh and a sore knuckle. The worker needs to slow down, take time and be more observant of low-lying hazards.

Environmental

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

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.

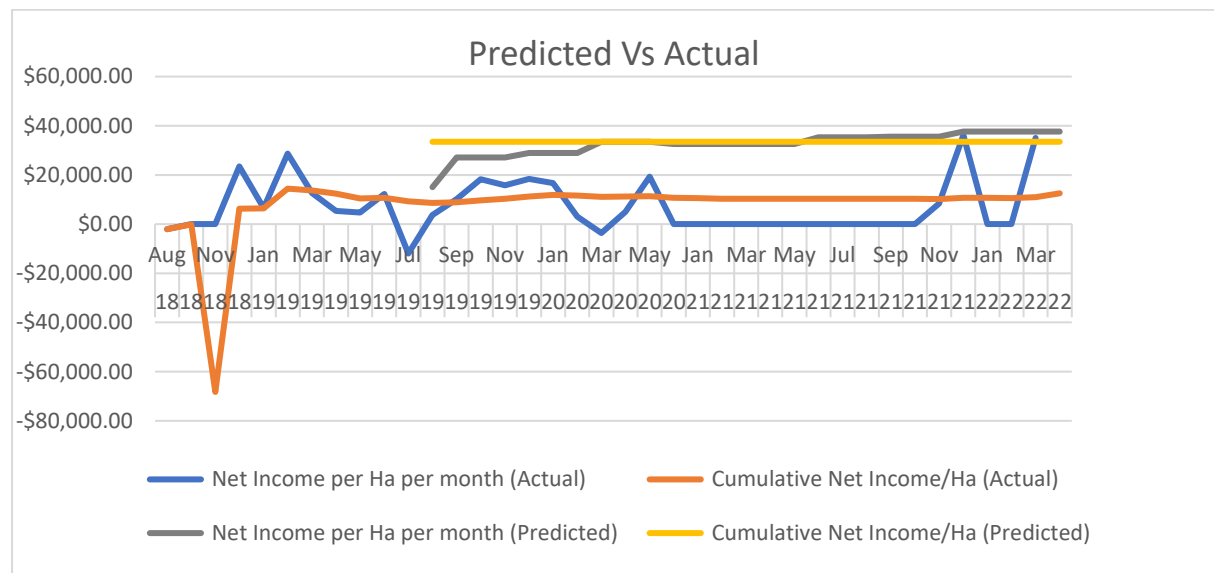


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$21.16**, forecast was \$53.96.

Gross return per tonne to date is **\$132.51**, forecast was \$137.34.

Net return per hectare to date is **\$12,552.59**, forecast was \$33,478.55.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Belmont Forest Partnership

01/04/2022 to 30/04/2022

Paid to bank account # 02-0792-0001553-000

GST # 61-711-783

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp	BinWood	116.40		\$45.50	\$5,296.20
TOTAL BINWOOD SALES		116.40			\$5,296.20

Domestic					
Pruned Dom	P1	35.52		\$196.50	\$6,979.68
Pruned Dom	P1 4.9	508.13		\$180.00	\$91,463.40
Pruned Dom	P1 4.9	337.28		\$194.00	\$65,432.32
TOTAL DOMESTIC SALES		880.93			\$163,875.40

Export					
Pruned Exp	P30 3.9	0.00	118.047	\$158.00	\$18,651.43
A40	AO 3.8	0.00	868.395	\$131.00	\$113,759.74
A40	AO 5.8	0.00	98.274	\$132.00	\$12,972.17
A30	A 3.6	0.00	253.289	\$129.00	\$32,674.28
A30	A 3.8	0.00	0.264	\$129.00	\$34.06
A30	A 5.8	0.00	982.637	\$131.00	\$128,725.45
K	K 3.6	0.00	146.490	\$120.00	\$17,578.80
K	K 5.8	0.00	358.966	\$122.00	\$43,793.85
K	K 5.8	0.00	11.860	\$123.00	\$1,458.78
KI	KI 3.6	0.00	207.509	\$111.00	\$23,033.50
TOTAL EXPORT SALES		0.00	3,045.731		\$392,682.06

Export Pulp					
Export Pulp	KIS 2.9	0.00	109.831	\$93.00	\$10,214.28
Export Pulp	KIS 3.8	0.00	164.612	\$103.00	\$16,955.04
Export Pulp	KIS 3.8	0.00	13.429	\$107.00	\$1,436.90
TOTAL EXPORT PULP SALES		0.00	287.872		\$28,606.22
TOTAL		997.33	3,333.603		\$590,459.88

FEES	
FMNZ Management Fee @ %	\$23,618.40
TOTAL FEES	\$23,618.40

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$1,429.21
TOTAL LEVIES	\$1,429.21
COSTS	
Harvesting	\$161,421.09
Cartage	\$132,417.49
Weighbridge	\$1,640.42
Consumables	\$78.45
Culvert Pipes	\$6,341.94
Culverts - Freight	\$1,611.20
Establishment	\$1,746.13
Fluming	\$3,533.60
Logging	\$16,317.24
Metalling: Cart to stockpile	\$3,816.00
Other	\$240.00
Pads	\$8,106.48
R&M - Event Cleanup	\$12,059.04
R&M - Metal	\$5,728.59
TOTAL COSTS	\$355,057.67
TOTAL FEES, LEVIES & COSTS	\$380,105.28
NET INCOME	\$210,354.60
GST	\$31,553.19
NET INCOME (INCLUDING GST)	\$241,907.79



Photo 1: Log 1 working in wet conditions shovelling logs, fleeting and stacking on Landing 9.



Photo 2: Loader bunching stems for ground-based extraction in Setting 9.



Photo 3: Stems being dragged to Landing 9 for processing.



Photo 4: Failed slope blocking Black Road after storm event, requiring maintenance machine to clear to allow vehicle access.



Photo 5: Crew manually processing on Landing 9.



Photo 6: Aerial view of harvesting progress of Setting 9.

BELMONT CUMULATIVES

Categories	Descriptions	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 -Feb 21	Mar 21 - Feb 22	Mar 22	Apr 22	NET Income
Engineering	Crossings	-\$260.00	-\$27,877.50					-\$28,137.50
	Culvert Installation	-\$21,148.50	-\$49,363.37	-\$1,045.00				-\$71,556.87
	Culverts	-\$43,683.92	-\$41,251.44	-\$5,692.68			-\$6,341.94	-\$96,969.98
	Culverts - Freight	-\$3,410.00					-\$1,611.20	-\$5,021.20
	Entranceway - Seal	-\$3,632.50	-\$47,611.32					-\$51,243.82
	Establishment - Engineering	-\$5,370.00	-\$13,605.00	-\$3,640.00	-\$1,600.00	-\$3,458.80	-\$1,746.13	-\$29,419.93
	Fluming	-\$3,449.01	-\$15,503.91	-\$3,172.00			-\$3,533.60	-\$25,658.52
	Geotextiles	-\$2,277.30	-\$8,360.00					-\$10,637.30
	Grass Seeding	-\$1,582.28	-\$5,709.08	-\$630.47				-\$7,921.83
	Landings	-\$42,712.50	-\$205,061.25	-\$31,805.00				-\$279,578.75
	Loader Hire	-\$3,944.78	-\$10,853.16					-\$14,797.94
	Loadout Bay Construction	-\$1,615.00	-\$5,057.50		-\$495.00	-\$233.20		-\$7,400.70
	Loadout Bay Metal	-\$1,685.00	-\$720.00					-\$2,405.00
	Metal Lime	-\$4,723.00		-\$15,066.60				-\$19,789.60
	Metal Rock	-\$37,809.05	-\$178,785.50	-\$1,550.00	-\$4,289.27			-\$222,433.82
	Other	-\$567.50	-\$7,002.50	-\$1,250.00			-\$240.00	-\$9,060.00
	Pads		-\$14,190.00		-\$756.00		-\$8,106.48	-\$23,052.48
	Pavement	-\$8,240.00	-\$35,027.50	-\$3,100.00				-\$46,367.50
	Polycom	-\$16,329.68	-\$12,350.00					-\$28,679.68
	R&M	-\$13,787.50	-\$135,920.29	-\$47,977.50		-\$8,827.20		-\$206,512.49
	R&M - Event Cleanup			-\$19,440.00			-\$12,059.04	-\$31,499.04
	R&M - Road Maintenance			-\$6,398.00	-\$4,290.00			-\$10,688.00
	Rehab	-\$9,397.50	-\$58,549.11	-\$6,050.00				-\$73,996.61
	Rehab - Environmental			-\$150.00				-\$150.00
	Road Formation	-\$88,147.50	-\$343,612.44	-\$43,125.00	-\$15,246.00			-\$490,130.94
	Sediment Control		-\$431.26	-\$225.00				-\$656.26
	Spread from stockpile	-\$16,195.00	-\$104,482.50	-\$8,680.00				-\$129,357.50
	Temp Landings	-\$1,900.00	-\$14,622.50					-\$16,522.50
	Trucks - Cart & Dump	-\$59,710.67	-\$257,123.64	-\$11,236.09	-\$4,560.00		-\$3,816.00	-\$336,446.40
	Trucks - Cart & Spread	-\$12,270.00	-\$4,275.00					-\$16,545.00
	R&M - Metal				-\$2,432.53		-\$5,728.59	-\$8,161.12
Engineering Total		-\$403,848.19	-\$1,597,345.77	-\$210,233.34	-\$33,668.80	-\$12,519.20	-\$43,182.98	-\$2,300,798.28
Fees	FGC levy	-\$2,084.99	-\$11,910.45	-\$986.05	-\$957.22	-\$319.05	-\$1,429.21	-\$17,686.96
	Management	-\$46,868.89	-\$223,183.54	-\$16,363.89	-\$13,723.15	-\$5,961.70	-\$23,618.40	-\$329,719.57
Fees Total		-\$48,953.88	-\$235,093.99	-\$17,349.95	-\$14,680.37	-\$6,280.75	-\$25,047.60	-\$347,406.54
Harvesting	Cartage - Rail		-\$17,626.43					-\$17,626.43
	Cartage - Trans Shipping		-\$507.50	-\$1,400.00				-\$1,907.50
	Cartage - Truck	-\$206,163.61	-\$1,151,950.84	-\$98,654.37	-\$91,939.40	-\$29,081.06	-\$132,417.49	-\$1,710,206.77
	Establishment - harvesting	-\$15,100.00	-\$24,326.38	-\$800.00	-\$7,780.00	-\$4,190.00		-\$52,196.38
	Logging	-\$296,197.60	-\$1,624,579.26	-\$125,711.58	-\$111,699.16	-\$40,331.85	-\$177,738.33	-\$2,376,257.78
	Logging - Hourly			\$2,046.92				\$2,046.92
	Tracking	-\$3,797.50	-\$39,610.00	-\$18,875.00				-\$62,282.50
	Weighbridge	-\$2,698.75	-\$14,857.44	-\$1,065.64	-\$1,008.59	-\$401.41	-\$1,640.42	-\$21,672.25
Harvesting Total		-\$523,957.46	-\$2,873,457.85	-\$244,459.66	-\$212,427.15	-\$74,004.32	-\$311,796.25	-\$4,240,102.69
Income	Log Sales	\$1,171,722.21	\$5,568,194.66	\$409,097.36	\$343,078.74	\$149,042.55	\$590,459.88	\$8,231,595.39
Income Total		\$1,171,722.21	\$5,568,194.66	\$409,097.36	\$343,078.74	\$149,042.55	\$590,459.88	\$8,231,595.39
Miscellaneous	Consultancy Fees	-\$2,254.27	-\$562.50					-\$2,816.77
	Consumables	-\$399.11	-\$1,141.31	-\$243.46	-\$57.78	-\$15.35	-\$78.45	-\$1,935.45
	Other	-\$25.01	-\$1,506.30		-\$103.63			-\$1,634.94
	Power Lines	-\$6,799.40						-\$6,799.40
	Security	-\$478.47	-\$909.02					-\$1,387.49
	Traffic Management	-\$4,611.56	-\$3,683.22					-\$8,294.78
	Environmental Monitoring				-\$6,088.25	-\$75.00		-\$6,163.25
Miscellaneous Total		-\$14,567.82	-\$7,802.35	-\$243.46	-\$6,249.66	-\$90.35	-\$78.45	-\$29,032.08
NET Income		\$180,394.86	\$854,494.70	-\$63,189.05	\$76,052.77	\$56,147.93	\$210,354.59	\$1,314,255.81