

Hello Mt Noble Partners,

The main thinning operation on the larger forest area pictured below which is about 25 hectares (18 Douglas-fir & 7 Radiata pine) has now been completed. It took a lot longer than we thought it would due to the size of the trees being culled. So the cost is higher than I estimated, coming out at close to \$1,200 per hectare. It proved too hard to estimate what it would cost in advance.

When felling such large trees within the forest there is a reasonably high risk to the woodsmen if not done very carefully so I am glad it is finished for now without any accidents, which we have had far too many of in NZ in recent years.

I'm also glad this main operation is completed as the fire risk is now extreme here following five weeks of hot dry weather. There are now or have been several fires in Canterbury and Marlborough. Not very large yet but the potential for very significant fires is considerable. I'm pleased our forests are mostly not close to public areas. All our partnerships do have insurance of course, which includes \$250,000 for fire-fighting each.

Anyway attached in a Word file are some pictures of your Mt Noble forest. The smaller Douglas-fir and Radiata pine area of about 10 hectares (4ha D-fir & 6ha Pine) should not require as much thinning. Dugald will look at it once there has been some rain and advise us. The pruned Radiata are very large now and not crowded, so I will be asking Dugald if he thinks we should thin them at all, or if we do, if we might be able to do a production thinning. The smaller Douglas-fir area was part thinned by our contractor Wade Bovey in 2006 as it had a higher stocking than the larger stand. But it will need thinning once more and probably now, or more exactly when the fire risk declines.

Now I must ask you all to send in significantly more funds to pay for the rest of the thinning just completed. See the pdf attached for your share. Please use internet banking as before if you would (details below). Although a cheque is fine too. I have lent the partnership some \$7,000 odd so the contractor has been paid half the total sum billed. But if you could all pay within a couple of weeks that would be good. If you cannot then let me know what you can pay when please. I realise not everyone has money to invest just sitting about!

I have added up what I believe we have invested so far out of interest (see pdf). I say 'believe' because I have not been able to find my old paper file yet. I have boxes of paper in the garage collected from my office floor after the 2011 earthquake when we got access to the wrecked building for a couple of hours before it was demolished. But I have yet to find the original file. However I do have all my digital records. So from old reports sent I have the dug out the contributions made. If anyone has a better record please correct me.

So looking at that investment total, including this year we will have invested all up about \$3,200 per hectare at age 20+. This is significantly less than our public partnerships by the way, and those are all younger and their D-fir has not yet been thinned.

I'm still working on forest valuation for our larger forests so I can't yet give you one for this forest but I would hope it might be about \$8,000 per ha. Not that it means much to have a value now, as we are not selling or harvesting.

Finally for now I should add, for those of you who do not know much about plantation forestry that thinning, although it seems a waste actually significantly increases the value of your forest. And thinning out good trees you have grown is not a waste at all. The culled trees have done their job which was to crowd their forest stand, thereby keeping down the branch size (which increases log value) and forcing up the trees beside them. That increases the value of the final forest crop and now allows them space, water and nutrients to grow fatter and taller at an increased rate.

Regards  
Charles W Etherington  
Warren Forestry Ltd  
40 Cox St  
Merivale  
CHRISTCHURCH 8014

PO Box 36 358  
CHRISTCHURCH 8146  
[charles@warrenforestry.com](mailto:charles@warrenforestry.com)  
[carbonguilty@cyberxpress.co.nz](mailto:carbonguilty@cyberxpress.co.nz)  
0274 860 708  
03 3557981

Previous Report sent 14 October 2014

### **Greetings Partners of Mt Noble.**

We are twenty years old now! Remember back then? We planted in Spring, and it was a bit cold and just enough rain fell. Some pretty warm days went in the mix too, and some almost snowy days. Well the weather has not changed despite climate change. I was up in the hills early yesterday for a cool start and it got to about 25C by 3pm.

#### **Thinning:**

In the last six weeks a local contractor, Wade Bovey has started thinning all of our crop on a part time basis. I will go up next week and see how far he has got but we need to pay him to date. I advanced him \$2000 from my funds when he started and his current bill is attached. (We have just \$194 in the bank and I lent us another \$300 earlier in the year)

Dugald and I figure he will work out at about \$600 per hectare and so with about 36ha we will need about \$22,000 (plus gst, which we get back).

However as I do not yet know exactly what we will need can I have you folks send in some now and the rest later please.

There are 22 units in our partnership and so if everyone sent in \$600 per unit that would do for now. Then with Wade doing the work over the next few weeks I will get an accurate idea of the total need to finish the work and be able to ask for the rest.

Our insurance is paid and there are no other bills to pay currently. However there will be some management charged by me and some consultancy by Dugald in due course. And we may as well leave enough in the kitty for next year's insurance (It was \$800 odd this year). So I shall do a budget when I have seen how far Wade has got.

Therefore here are the sums to pay and the Bank account to pay into. Or you can send a cheque to the address below made out to **Mt Noble Partnership No. 1.**

Levy, Clark: 4 units x \$600 = \$2,400

Warren, Hazan (2), Cronin, Spicer, van de Berg: 2 units x \$600 + \$1,200

Thomas (2): 1 unit x \$600 = \$600

**Bank: ANZ Bank New Zealand Ltd, Papanui Branch. Account: 06 0821 0185620  
00 SWIFT CODE ANZBNZ22**

#### **Valuation:**

This year with our Prospectus based partnerships which have about 400ha of Douglas-fir and about 1,000ha of Radiata pine, we have used a software product called Calculator to model progress of their forests, and then from the forecast of what will be there at harvest, calculated a 'snapshot' valuation. I use that term because log prices and logging costs fluctuate so wildly these days the value of forests arrived at by these methods varies hugely from month to month. And then there is the discount rate use which alters values hugely again. So really it is best to look at the forecast harvest log volume and quality to judge the merit of a forest when immature.

I have not modelled your forests yet but once thinned I will do some measurements and run the Calculators. But extrapolating from the other ones, especially those just one year younger at Glens of Tekoa and Leslie Hills we could broadly say your Net Present Value on the 1<sup>st</sup> of April was around \$300,000 at a **guess**. That is around \$13,600 per unit. Our insurance is a lot less than that so we will look at that once the modelling is done and another 'snapshot' valuation results. As said about, the forecast volume will be more to the point. And please note the most important part of our insurance is firefighting insurance since in the unlikely event of a fire, without it we could be up for a huge bill, the way they throw choppers at fires these days.

#### **Carbon Credits:**

Your forests are not registered for carbon credits under the NZ Emissions Trading Scheme because the landowner did not agree to them being so. Both parties need to agree for the registration to be accepted. I think we should register and in due course I will propose this again to the landowner and put the argument to you too of course. We were registered for nearly all our other forests but have recently withdrawn for a number of reasons, the key one being that that was the only way to make some money out of the scheme. There may be other ways to gain something from registration in due course but I will explain that if they arise. Otherwise there is no point to it.

That's all for now folks! Fire any questions you like to me and in the meantime, please send in your contributions very soon please.

**Here are the pictures mentioned in the latest Report:**



Mt Noble forest, January 2015. The main Douglas-fir stand is in the distance, along with the Radiata framing regime on the left end of it (all thinned now). The smaller D-fir stand is in the foreground, with the pruned Radiata in between.





A view to the right of the one above.



The Radiata framing regime, now thinned.



A closer view of the main D-fir stand, now thinned





And its eastern end



A part of the pruned Radiata stand





Above & 2 below: Inside the thinned D-fir stand





See above the growth rings have narrowed due to forest stand crowding which thinning will reverse





Above & below: The pruned, and unthinned Radiata







Pruned Radiata above and below.

