ASHDOWN FOREST PARTNERSHIP

MINUTES OF THE FOREST VISIT MEETING
HELD AT THE WAIROA YACHT CLUB AND THE PROPERTY
ON MONDAY 24TH APRIL 2017 AT 8.30AM

PRESENT
Roger Dickie (No 16) Ltd (in attendance by Proxy Margaret Prince), Alan Gibson, Sharon Gibson, Don Keals, Peter Duncan, Inez Duncan, Russell Warren, Karen Warren, Roger Wells and Sally Wells.

ATTENDING
Steve Bell, Nathan Wallace (Forest Management (NZ) Ltd), Margaret Prince & Jeff Whitlock (Markhams Waverley Ltd), Roger Dickie, Richard Bourne and William Dickie (Roger Dickie (N.Z) Ltd).

APPOINTMENT OF CHAIRMAN
Nominations were called for the position of Chairman for this meeting.
Alan Gibson / Don Keals THAT Roger Dickie be appointed Chairman for this meeting.

CARRIED

APOLOGIES & PROXIES
Apologies were received from Anthony Kerr as trustee of the Harlau Settlement Trust, Bam Bam Forestry Limited, Brett Developments Limited, D & K Fletcher Investments Limited, Donnan Investments Limited, Growlogs Limited, Hilgar Limited, Jim Bartley, Marshland Road Pharmacy Limited, Phillip Thumath, Richard Boston, Richard Harkett, Scope Information Services Limited, SK & RLM property and The Really Useful Company Limited.
Proxies were held for the above named establishing a quorum for the meeting.
R Warren / R Wells THAT the apologies and proxies be sustained.

CARRIED

MINUTES
The minutes of the 2016 General Meeting had been circulated.
P Duncan / S Wells THAT the minutes be confirmed.

CARRIED

ARISING FROM MINUTES
Discussion followed regarding the Over Legal Boundary (OLB) trees of 10.9 stocked ha. Roger advised no progress had been made as the neighbour was sometimes slow in responding. The neighbour's latest proposition was for a 50/50 forest right which would mean we would be giving away in excess of $150,000 worth of trees. The meeting discussed that a better outcome would be to go back to the original situation and offer them $30,000 with a maximum of $45,000 for us to buy the land from them and carry out a boundary adjustment. Moved Alan Gibson and seconded R Dickie that we proceed on that basis. (*Note: At the time of writing these minutes the offer has been made. We await their response.)*

REPORTS AND FINANCIAL ACCOUNTS
The reports from Roger Dickie, Forest Management (NZ) Ltd, PF Olsen's 2017 Tree Crop Valuation and the 2017 Draft Financial Statements were tabled and discussed. Prior to the meeting an error in the net stocked area

used in Olsens valuation was noted and an amended valuation was tabled taking it to $4,115,000. Note: the area of trees in dispute on the neighbour's land had been deducted twice in error. The actual area of trees on the land belonging to Ashdown is 212.7 hectares. As well the area of trees in dispute is 10.9 ha that we planted and have managed, pruned etc on the neighbour's land that we are now trying to buy.
Roger Dickie advised that the audited financial statements will be distributed at the AGM later in the year and in the unlikely event there are any changes from the draft accounts, partners will be advised.

PUBLIC LIABILITY INSURANCE
R Warren / A Gibson THAT Public Liability Insurance be effected for $10 million.

CARRIED

ADMINISTRATION
R Wells / D Keals THAT the administrators' remuneration be at a rate of $370 (GST excl.) per month.

CARRIED

BUDGET
R Wells / A Gibson THAT the Budget Cashflow Statement for the year to 28th February 2018 be approved subject
to any shortfall from the Investment Fund to pay the Insurance premium being covered by the sale of NZUs.

CARRIED

RESOLUTION 1:
P Duncan / R Warren THAT the Manager have authority to sell liability free New Zealand Units as deemed appropriate.

CARRIED

RESOLUTION 2:
R Warren / D Keals THAT funds earned from the sale of NZUs be held in an interest bearing account and be used to meet future partnership operating expenses as required.

CARRIED

GENERAL BUSINESS

ETS
Roger spoke in regard to the ETS saying NZU's were currently trading around the $17 mark. He said no one knows what the future may bring and as per the resolutions presented he believes it prudent to sell additional NZU's. Of all the partners in the group only 3 had voted against the resolutions. Roger commented the market is quite thin and the NZU's would take time to sell. The strategy will be to drip feed into the market in parcels and pro rata between the partnerships.

Cyclone Cook
Roger advised that there had been some limited damage in a few of the forests around Napier and they will be making an insurance claim. He continued, over all, we had been very lucky that the cyclone tracked faster and further east than originally forecast and the severe winds had not lasted long.

Post Harvest

With more and more forests approaching harvest Richard advised there will be another 'Harvest and Beyond' conference held in Napier on October 28^{th}. An often asked question is, "What happens after harvest"? and this will be covered at the conference. However he confirmed that the land will be replanted to maintain the asset value. Richard advised a scenario that is finding favour with many is to pre-fund the next rotation so there are no further inputs required. This would allow partners to leave a totally unencumbered fully funded legacy to their beneficiaries. Those wanting to exit could offer their share to those who are keen to continue or on the secondary market.

If on the other hand the majority vote to sell the newly planted forest, then with pre-funding, the forest is funded until such time as a buyer can be found.

Meeting closed.

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Chairman

Ashdown Forest Partnership 2017