DASHWOOD FOREST PARTNERSHIP

MINUTES OF THE ANNUAL GENERAL MEETING
HELD AT THE WAIROA YACHT CLUB
ON MONDAY 13th APRIL 2015 AT 8.30AM

PRESENT
R Dickson, D & R Dawson, B & P Turner, Roger Dickie (No 12) Ltd (in attendance by Proxy M Prince).

ATTENDING
S Bell & J Osborn (Forest Management (NZ) Ltd), M Prince & J Whitlock (Markhams Waverley Ltd), R Bourne (as Attorney for Roger Ralph Dickie. R Bourne had specific Power of Attorney to act on behalf of Roger Dickie who could not attend the meeting), W Dickie (Roger Dickie (NZ) Ltd).

APPOINTMENT OF CHAIRMAN
Nominations were called for the position of Chairman for this meeting.
D Dawson / B Turner THAT R Bourne be appointed Chairman for this meeting.

CARRIED

APOLOGIES & PROXIES
Apologies were received from: I Armitage, The Hazelwood Trust, Nether Enterprises Ltd, Cooper Forestry Ltd, , Argosy Forests Ltd, Awesome Accountants Ltd, R Hurley, W Knight, Roy G Biv Ltd, Vincanne Ltd, Rural Outlook Ltd, DLS Investments Ltd, Garth Samuels Family Trust. Bemac Investments Ltd
Proxies were held for the above named.
R Dickson/D Dawson THAT the apologies & proxies be sustained.

CARRIED

MINUTES
The minutes of the 2014 Annual General Meeting had been circulated.
R Dickson/ Roger Dickie (No 12) Ltd (in attendance by Proxy M Prince) THAT the minutes be confirmed.

CARRIED

ARISING FROM MINUTES
Nil

REPORTS AND FINANCIAL ACCOUNTS
The Report from Roger Dickie, Forest Management (NZ) Ltd Report, Foundation Corporate Trust, PF Olsen 2014 Tree Crop Valuation, Financial Accounts for the Year Ending 28 February 2015 and the Budget Cashflow Statement year ended 29 February 2016 had been distributed prior to the meeting.

B Turner/ R Dickson THAT the Financial Accounts for the year ended 28 February 2015 be adopted subject to audit.

CARRIED

INSURANCE
P Turner / R Dawson THAT Public Liability Insurance be effected for $10 million.

CARRIED

ADMINISTRATOR
D Dawson / B Turner THAT the administrators' remuneration be at a rate of $350 (GST excl.) per month.

CARRIED

BUDGET
D Dawson / R Dickson THAT the Budget Cashflow Statement for the year to 28 February 2016 be approved.

CARRIED

Note: The call in the budget is to be met by the sale of Liability Free NZUs as per the resolution passed.

RESOLUTION 1

R Dickson/R Dawson THAT the Dashwood Forest Partners authorise the Forest Manager to progressively sell sufficient Liability Free NZUs to meet the annual operating forest operating expenses.

CARRIED

P Turner / D Dawson THAT it is hereby resolved, as an ordinary resolution pursuant to Clause 18 and Schedule 1 of the Deed of Participation for the Partnership (in particular, Rule 5 of Schedule 1), THAT:

- with effect from 1 May 2015, Roger Dickie Enterprises Limited (Company Number 7690) (Retiring Manager) will cease to be the manager and administrator of the Partnership;
- Roger Dickie (N.Z.) Limited (Company Number 5625185) will be appointed as Manager and Administrator of the Partnership contemporaneously with the removal of the Retiring Manager;
- and, the Retiring Manager and Corporate Trust Limited (as the Statutory Supervisor of the Partnership) are authorised to do everything and enter into all documents, necessary or desirable to give effect to the change in Manager and Administrator referred to above.

CARRIED

GENERAL BUSINESS

The Chairman table a letter received from Mr Perry and gave copies to those attending.

Points raised by Mr Perry were then addressed, discussed and answered as follows:

1. I understand the decision to swap our carbon credits for cheaper alternatives is a example of 'arbitrage trading' as discussed in the 2012 Olsen report that you supplied partners with. Please comment on the statement in the Olsen report that 'trading out of NZUs for CERs runs the risk that at some stage in the future, CERs won't be able to be used for compliance purposes' (page 8 of the Olsen report). I understand we have avoided this risk by immediately cashing in our ERU credits but can you confirm this?

Yes confirmed.

2. In your newsletter you seek to engage partners in a campaign around emissions trading. What is in the interest of partners in any such campaign? My understanding is that you are seeking to execute the sale of our 'liability-free' units as soon as possible (ie. not wait until NZU prices might have increased) and beyond this there is to be no further buying or selling of units. This is partly because your past campaign against the inclusion of CERs and ERUs in the emissions trading scheme was successful! I think of the partners are to be drawn into further political campaigning we deserve a clear statement of purpose and outline of the assumptions on which your campaign is based. What do you say? I think it is worth reflecting whether campaigning for a strong emissions trading system is consistent with our surrender of good carbon credits for inferior carbon credits. Has the partnership not just engaged in the type of activity that is causing many to question the whole basis of allowing offsets (including carbon credits from plantation forestry) to be part of a response to climate change.

These statements are incorrect and indicates a possible misunderstanding of the situation. Roger Dickie's report to forest partners does not seek to engage partners in any political campaign. It simply states

"The New Zealand Forest Owners Association are calling on the Government to call a meeting of primary sector leaders and Iwi to deal with the country's greenhouse gas emission blow out'

The proposal, passed unanimously at the AGM, is to 'progressively sell' sufficient Liability Free NZUs to cover calls. It does not seek to execute the sale of units 'as soon as possible' as Mr Perry suggests.

3. The forest manager's report indicates Dashwood sold 5,000 NZUs and received an average of $4.22 per unit *net of costs*. The financial statement indicate that we received $23,21 from

carbon credit sales (*net*). Previously I have asked for information to be given to partners about the transaction costs involved in converting and selling NZus. I was told that there were no cost to partners associated with the selling of units, but it seems some cost was actually paid (hence the reporting of net returns to partners). What costs were partners charged for the sale of the 5000 'liability-free' units and other units sold, how were these costs calculated and to whom were payments made?

The 5,000 NZUs sold last year to an independent party via Westpac for a commission of $250. All costs of the arbitrage were advised to partners in Roger Dickie's report dated March 2013.

4. We are being asked to purchase considerably more insurance against wind damage than an equivalent forest management company finds sufficient: why? Will you raise this matter with partners and seek feedback on the current practice of buying a lever of cover that other forest managers consider unnecessary?

This statement indicates a possible confusion between Fire and Wind Insurance and Public Liability Insurance. We are also unable to compare the terms of cover by other forest managers.

5. What happened to the suggestion I believe was made some years ago that you would consult with partners about the pre-emptive sale rule recognising that as the forest nears harvest many partners may wish to exit their investment? How do you justify the charge for this service? Would it be possible to sanction a 'do-it-yourself' options to satisfy the pre-emptive rights clause, as far as ascertaining whether other partners are interested in purchasing shares, so as to minimise the cost to partners?

Under the Deed of Participation the administrator is required to complete all Deeds of Assignment and Covenants covering the transfer of securities between buyer and seller for any sale, and as such, RDNZ charges the seller a nominal fee as it should not be a cost to other partners.

6. Communications around the NZU sale process has indicated that significant difference between a partnership vote and resolution based on 'proxy voting' at the AGM. As you say, a vote is a more democratic process than 'proxy voting' on a resolution passed at AGM. Given that the ability of partners to control the annual bidet was claimed to be distinctive feature of your forest partnerships, and few if any partners attend AGMs, why is there not a democratic vote on the annual budget?

This statement is incorrect. As attested by the votes received at this year's AGM, both by post and in person, democracy is at work as demonstrated by 16 partners representing 66.31% of securities participating in the vote. (8 voted directly for the budget with 9 giving their vote to the Chairman)

The Chairman noted that Mr Perry had chosen not to exercise his democratic right as he had not voted at all saying that, in appointing a proxy, he is in effect helping to pass the budget even though not supporting it. The Chairman also noted that in fact there was an option for a partner to vote against the budget but none including Mr Perry had done so.

7. Attendance at the Dashwood AGM has been poor for many years. Is it time to revisit the practice of requiring partners to travel to their forest to participate in the AGM when it is not a practical option for many partners? If not, why not?

All present agreed that the AGM combined with visiting the forests was the preferred option for AGMs. In particular the knowledge imparted to partners in the forests this year by Forest Manager Steve Bell and guest Mr Geoff Redington had been most beneficial for those attending.

Comment:
The Chairman noted that RDNZ had held its farm meetings at Wellington airport last year with limited numbers attending and in fact more shareholders had attended recent farm visits than the AGMs despite the farms being located in Southland requiring significant travel and cost.

8. The PFOlsen tree crop valuation report states the production stocked area of Dashwood is 236.6 hectares; the financial statements indicate that Dashwood covers 232 hectares (p5) or

approximately 232 hectares (p7), presumably some of which is not productive forest. Some years ago you involved partners in resolution relating to boundary confusion affecting the exact area of Dashwood. Does the use of different figures indicate that this confusion continues?

There is no confusion as far as the Forest Managers, Administrators and P F Olsen are concerned. The accounts say 232 ha "Approximately" and the valuation 236.6 ha. The valuation is correct and includes 4.9 ha of forestry right trees. (236.6 ha less 4.9 ha = 231.7 ha. ie approximately 232ha)

All in attendance were of the view that points raised by Mr Perry had been addressed and answered to the satisfaction of the meeting.

AFTERNOON SESSION OF NINETEEN COMBINED FOREST PARTNERSHIPS

Former Forest Manager's Visit

Geoff Redington the Forest Manager who undertook the Management of the forests during the planting and tending process attended this years Gisborne, Putere and Wairoa meetings;
In visiting the forests Geoff commented as follows:

"For several years I have been receiving invitations from RDNZ and FMNZ to visit the forests in this region."

"I was warmly welcomed by those who attended the meeting and was made to feel very much part of the group. In some cases it is twelve years since I visited the Forests in this region and I must say I was very impressed with what I saw. The forests are showing the benefit of two things; one is tree genetics and the other is a very high standard of management. Pruned heights are a consistent 6.5m, final crop tree selection has obviously been very good, and crop stocking looks to me to be about bang on. However, the most impressive feature of this forest to my mind is the very small limb size in the upper portion or un-pruned part of the tree. This small limb size will relate at time of harvest into the best grades of un-pruned saw log and the better price that goes with it – bearing in mind that 75% of a forest is in the un-pruned portion of the tree then the importance of top grade saw log becomes apparent. This small limb size has been bought about in part by improved tree genetics but in the main by smart forest management practices."

"If the forest I visited are typical of the balance of the RDNZ estate then all shareholders can be very proud of their forest."

"Once again thank you for an enjoyable day and thank you for the invitation."

Emissions Trading Scheme:

Richard Bourne confirmed that all partnerships had passed the resolution to progressively sell NZUs to cover share calls and this would be done.

Website

Richard advised that all reports and accounts etc have been uploaded to the RDNZ website for a few years now and we have been also been using online forms for attendance/apology /proxies and this had been well received by partners. He alos advised that following an upgrade of the site all reports etc will be distributed through the website in future and only posted to those without email and those who specially request hard copies.

Secondary Market:

Richard Bourne advised that there have a few partners offering securities for sale, particularly from the beneficiaries of estates. If any partner is contemplating offering their securities for sale or if interested to pick up parcels of shares in other partnerships they are advised to contact Richard to discuss their options.

Eastbourne Dairy Farm
Richard advised those present that there were shares available in Eastbourne Dairy Farm Ltd. The farm is a quality property in Southland is totally equity funded with no debt. Those interested should contact Richard at the office.

This concluded the business and the meeting was declared closed at 2.30 pm.

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R R Dickie
Dashwood Forest 2015