

GRANITY FOREST LIMITED

MINUTES OF THE ANNUAL GENERAL MEETING AT THE ESKDALE RUGBY CLUB ON SUNDAY 19 APRIL 2015 AT 8.30AM

PRESENT

Roger Dickie Holdings Ltd (in attendance by Proxy M Prince), Dave Rutledge, David Thomas & Jeanette Houston, Hal & Jean Lawry, Margaret Lawry, Mark & Vicky Kamphorst, Faye & Stuart Drummond.

ATTENDING

S Bell & R Bennison (Forest Management (NZ) Ltd), J Whitlock & M Prince (Markhams Waverley Ltd), Roger Dickie, Ted Dickie, Richard Bourne, Hannah Townsend (Roger Dickie (NZ) Ltd).

APOLOGIES

Apologies were received from 60 Shareholders representing 642,500 shares and proxies were held for the same. J Lawry/D Rutledge THAT the apologies and proxies be sustained. CARRIED

MINUTES

The minutes of the 2014 Annual General Meeting had been circulated.
Roger Dickie Holdings Ltd (in attendance by Proxy M Prince) THAT the minutes be confirmed. CARRIED

ARISING FROM MINUTES

Nil

REPORTS AND FINANCIAL ACCOUNTS

The Forest Report from Roger Dickie, Forest Management (NZ) Ltd Report, Foundation Corporate Trust, PF Olsen 2015 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.

S Drummond/ F Drummond THAT the Financial Accounts for the year ended 28 February 2015 be adopted. CARRIED

AUDITOR

D Rutledge/J Lawry THAT Silks, Wanganui be appointed auditors and that the Directors be authorised to fix their remuneration for the ensuing year. CARRIED

DIRECTOR

Nominations were called for the position of Director of the company.
F Drummond/ D Rutledge THAT Roger Dickie be elected Director. CARRIED

H Lawry/D Rutledge THAT no Directors Remuneration be payable for the current year. CARRIED

INSURANCE

J Lawry/D Thomas THAT Public Liability Insurance be effected for \$10 million. CARRIED

BUDGET

M Kamphorst/J Lawry THAT the Budget Cashflow Statement for the year to 29 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.

ADMINISTRATION

D Rutledge/ S Drummond THAT the administrators remuneration be at a rate of \$350 (GST excl.) per month CARRIED

COMBINED MEETING OF SEVEN FOREST PARTNERSHIPS AND GRANITY FOREST LTD

All attendees opted to visit one forest to share in a presentation from the Forest Managers.

The group of 58 partners visited the Castle Peak, Stone House forest property and went for a walk through Castle Peak Forest stopping at various points to listen to Steve Bell point out the results of previous management decisions and answer questions which were wide ranging.

Steve pointed out the benefits of early management decisions which at age 19 are very evident, particularly with 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.

Steve advised that recently the market had lifted for pruned logs resulting in the premium being restored, making pruning a very viable option.

With many of the forests in the area at the 20 plus year age class questions were also asked about harvesting. Steve advised that, as discussed at the Harvesting Conference held for partners last year, the average forest will take approximately 2 – 3 years to harvest. The best result will come from engaging quality logging contractors with experienced staff and quality equipment. Because the RDNZ group has a sizable estate of forests we attract these quality contractors and can negotiate favourable terms because the group offers economies of scale and continuity of work. This has been achieved at the Waikare forest currently being harvested near Wanganui.

In an answer to a question re log prices Steve explained that as each forest will take a few years to harvest, smoothing of the harvest and averaging of log prices gives the best result.

Steve also commented on his trip to China visiting log buyers that were being supplied by Summit the subsidiary of Sumitomo who are buying logs from the Waikare Forest Partnership. He commented that after discussions with them it is apparent that they too want a stable market with stable pricing as when prices fall they lose money.

Emissions Trading Scheme:

Roger advised that all partnerships present had now passed the resolution to progressively sell the Liability free NZUs to fund the forests share calls. The market has firmed this year and thoughts are as New Zealand emitters are now required to use NZUs to offset emissions it may well rise. However, that may well depend on the outcome of the ETS review to be undertaken this year.

Financial Markets Conduct Act 2013 (FMCA)

As advised in the Annual Report, the FMCA applies to RDNZ as they are considered to be a reporting entity. Roger advised that just recently there has been some talk of a possible exemption for long term investments such as forests that have no debt and individually only turn over around \$40,000 per annum. Time alone will tell.

RDNZ Website:

Richard Bourne advised partners that RDNZ have been using the website for the distribution of reports and for online voting over the last few years, with the vast majority of partners now using the online services. That being the case this will be the method of distribution from now on with hard copies only being posted to those without email or those who specifically request hard copies.

Richard also advised that to facilitate this RDNZ is upgrading the website and this is planned to be completed midyear.

Secondary Market:

Richard advised that there are a number of securities for sale in the forest partnerships. If anyone is interested in picking up parcels of securities in other partnerships they should contact him at the office.

There are also opportunities to invest in Dairy Farms and in Pukekaka Sheep and Beef Farm.

This concluded the business and the meeting was declared closed at 2.45 pm.

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R R Dickie

Granity Forest Ltd 2015