HEYWOOD FOREST PARTNERSHIP

MINUTES OF THE ANNUAL GENERAL MEETING
HELD AT THE PATUTAHI COMMUNITY HALL & HEYWOOD PROPERTY
ON SATURDAY 9th APRIL 2016 AT 8.30 AM

PRESENT
Roger Dickie (No 28) Ltd (in attendance by Proxy Margaret Prince).

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

APOLOGIES & PROXIES
Apologies were received from A Wells, Atavar Ltd, BPC Forestry Pty Ltd, D Turnbull, D Mann, Design Nurseries Ltd, Donalds Forestry Ltd, G Wells, J & R Smitherman-Cairns, The J G Eichstaedt 1997 Trust, L Heck, Luctor et Emergo, Lorelei Ltd, M & A Wilson, Mathews & Cunninghame Ltd, N Stephenson, N & K Ball, O'Conner Forest Investments Ltd, Reidsnips Forest Investments Ltd, S & L Schley, S Davey, Te Ngaio Ltd, Y Konohira.
Proxies were held for the above named.
Roger Dickie (No 28) Ltd (in attendance by Proxy Margaret Prince) THAT the apologies & proxies be sustained.
<u>CARRIED</u>

MINUTES
The minutes of the 2015 Annual General Meeting had been circulated.
Roger Dickie (No 28) Ltd (in attendance by Proxy Margaret Prince) THAT the minutes be confirmed. <u>CARRIED</u>

ARISING FROM MINUTES
Nil

REPORTS AND FINANCIAL ACCOUNTS
The reports from Roger Dickie, Forest Management (NZ) Ltd, PF Olsen's 2016 Tree Crop Valuation and the 2016 Draft Financial Statements were tabled and discussed.
Partners were reminded that in the past the financial statements were passed 'subject to audit' however, the Securities Regulations 2009 requires annual general meetings of partners to be held for the specific purpose of considering the "audited" annual financial statements. As audits have not been completed in time for this year's AGM draft accounts were presented for discussion.
Roger Dickie advised that the audited financial statements will be distributed and in the unlikely event there are any changes from the draft accounts, partners will be advised. A meeting to approve the audited financial statements will be called and voting can be done on line.

INSURANCE
Roger Dickie (No 28) Ltd (in attendance by Proxy Margaret Prince) THAT Public Liability Insurance be effected for $10 million. <u>CARRIED</u>

ADMINISTRATION
Roger Dickie (No 28) Ltd (in attendance by Proxy Margaret Prince) THAT the administrators' remuneration be at a rate of $360 (GST excl.) per month. <u>CARRIED</u>

BUDGET
Roger Dickie (No 28) Ltd (in attendance by Proxy Margaret Prince) THAT the Budget Cashflow Statement for the year to 28 February 2017 be approved. <u>CARRIED</u>

GENERAL DISCUSSION

A question was received from G Campbell regarding the harvest of older trees not proceeding as projected by PF Olsens in the original cashflow. In response our opinion is that the crux of the matter is Heywood would lose around 9 ha of main crop trees to road lining. At this stage those trees are not of an age to have any significant value so it is not deemed feasible to do roading at this stage. At present the forecast net return for the 34 ha of 1989/90 trees would be approx $10K per ha.

The suggestion is to review it again when the trees sacrificed to road lining have greater value which will likely still be before the main harvest. In delaying this it would also see the 50.8 ha of 1992/93 trees in Chatswood come in to the harvest picture which would enable the roading costs to be spread over a greater number of ha. In looking at it, quite frankly the consultants should have taken all this into account when doing their original feasibility study.

The forest managers will review the situation as market conditions change, for example log prices, and when the value of the trees taken to create the road corridors is greater.

AFTERNOON MEETING

Compliance: Financial Markets Conduct Act (FMCA), Managed Investment Scheme (MIS) Licensing, Anti Money Laundering & Counter Financing of Terrorism Act 2009 and additional Auditing requirements.
Roger reminded partners the original Deed of Participation (DOP) needs to be updated in order to comply with the Financial Markets Conduct Act and advised that Kensington Swan Lawyers have been engaged in conjunction with the Statutory Supervisor to complete this. Their comment is that there are only minor changes required. Once completed, the amended DOP will be circulated to partners for adoption.

Roger also reminded partners that the financial statements presented this year were *draft* only. Once the financial statements are audited, they will be uploaded to the website and a meeting called. An email will be sent to partners with a resolution to approve the accounts via online voting. Roger stressed that in the unlikely event of any change from the draft accounts partners would be advised.

Client ID Requirement's: To be compliant with the AML & CFT Act 2009 RDNZ as administrators are now required to have verified ID and bank account numbers of all partners on record. This requires individual Partners, Trustees and Directors to provide a certified photo ID, for example - passport or drivers licence, complete with certified utilities bill confirming physical address and a bank statement. The document certification is to be done by a trusted referee, for example - member of police, Justice of peace, registered medical doctor, lawyer. Richard Bourne advised that this information will be gathered partnership by partnership over the next 6 months and asked that partners cooperate and respond in a timely manner.

Harvest Age: Roger advised that with the forests now commencing harvest at age 26, (as per PF Olsens comment in the annual report), he is keen to ensure that partners are fully informed about the process and planning leading up to the harvest of their forest. To this end Roger advised there will be separate meetings of those partnerships approaching the harvest planning stage, as is happening this year for 7 forests located around Napier, that were planted in 1991 /92.

Health and Safety: RDNZ and FMNZ take Health and Safety very seriously and partners can be assured that as administrators and managers we are very focused on having appropriate protocols and procedures in place, to protect all parties. The H&S policy and procedures are independently audited to ensure they are up to standard and being implemented.

Emissions Trading Scheme and Carbon Markets: Roger advised the arbitrage to secure 'Liability Free' NZUs for each partnership which has proved to be a great move resulting in no further share calls. At the time the budgets were prepared in March NZUs were trading at $9.00 each. As at the date of today's meeting the price has lifted to $11.50, with further upside anticipated now that the Minister has announced the two for one subsidy for emitters would defiantly be removed. *(Note NZUs $17.50 as at July 2016)*

RDNZ Website: The website was continuing to evolve and would always be a work in progress. William Dickie commented that the Online Voting platform was working very well and thanked partners for their cooperation. The aim is to have partners use their own email as their login and set up their own passwords. This would allow partners in multiple partnerships to access all their reports etc with just one login.

Secondary Sales: There has been increased activity over the last 6 months with strong interest in securities offered on the secondary market, both from existing partners and outside parties with interest from overseas buyers in particular.

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Roger Dickie

Heywood Forest Partnership 2016