MAXWELL FOREST PARTNERSHIP

MINUTES OF ANNUAL GENERAL MEETING
HELD AT ASHLEY PARK WAITOTARA AND THE PROPERTY
ON 11TH MAY 2018 AT 10.00AM

PRESENT
Brian Wallace, Maxwell Morrisons Limited (Derek Morrison), R Cameron & Co Limited (Gordon & Karina Cameron, Grantson Forestry Limited (Frazer Fieldes).

ATTENDING
Sally Sisson, Jason Osborn (Forest Management (NZ) Limited), Will Dickie, Grant Morris (Roger Dickie (NZ) Limited), Jeff Whitlock, Margaret Prince (Moore Stephens Markham's Waverley)

APPOINTMENT OF CHAIRMAN
Nominations were called for the position of Chairman for this meeting.
Gordon Cameron/Frazer Fieldes THAT Margaret Prince be appointed Chairman for this meeting.

CARRIED

APOLOGIES AND PROXIES
Acorn Management Limited, Agnes De Grip as Executor of the estate of Harry Bradshaw, Ben Vanderkolk, Courtenay Nominees Limited, Helen Andrews, Higgs Family Trust Company Limited, Ian McLaren & Jan Wilson, John Crawford, John McDonald, John McNamara, Judy Patience, Kalimantan Estates Limited, Martyn Dickie, Michael Evans, Paul Stephenson, Ross Hardey, Sydney Francis Gardiner, Tim Richard Edmund Harris. Proxies were held for the above named, establishing a quorum for the meeting.
Brian Wallace/Derek Morrison THAT apologies and proxies be sustained.

CARRIED

MINUTES OF THE PREVIOUS MEETING
The Minutes of the April 2017 General meeting had been circulated.
Brian Wallace/Frazer Fieldes THAT the minutes of the previous meeting be confirmed.

CARRIED

ARISING FROM THE MINUTES
Nil

REPORTS AND DRAFT FINANCIAL STATEMENTS
The reports from Roger Dickie, Forest Management (NZ) Ltd, PF Olsen's 2018 Tree Crop Valuation and the 2018 Draft Financial Statements were tabled and discussed.

PUBLIC LIABILTY INSURANCE
Gordon Cameron/Derek Morrison THAT Public Liability Insurance be effected for $10 million.

CARRIED

BUDGET/CASHFLOW
Gordon Cameron/Derek Morrison THAT the Budget Cashflow Statement for the year to 28th February 2019 be approved.

CARRIED

It was noted the NZU sales shown in March are a drawdown of funds from the partnerships investment account where funds from the sale of NZUs are held. It is to cover the tax partners are required to pay on the sale of NZUs. It is also shown as a distribution, to partners, in April. Any further amounts shown on the NZU sales line during the year are not further sales but are draw downs from the investment account. The balance of funds remain in the interest bearing investment account (as shown in Financial Statements) to cover ongoing holding costs thus eliminating share calls as voted for in 2017.

GENERAL BUSINESS

Will Dickie tabled and discussed a draft cashflow and notes (attached)on how a second rotation might look at Maxwell. The draft cashflow indicated that retained earnings of $1,220 per hectare from harvest receipts would be required to fully fund the next rotation. Additional funds will be raised from the sale of the remaining liability free NZUs. The forecast cashflow showed an IRR of 7.2% for the second rotation.

There was general discussion around the draft cashflow. The cashflow will be provided to PF Olsens to perform an independent feasibility for the second rotation. This will be circulated when available.

Partners will vote on a second rotation towards the end of harvest when the feasibility report is received from PF Olsens.

In the meantime a resolution will be put to the partners to retain enough harvest receipts to either fully fund the next rotation or fund the forest until a buyer can be found.
(Note: A resolution to this effect will be circulated in the coming days.)

Correspondence from Ben Vanderkolk in support of retaining funds and a possible second rotation was tabled (see below) and partners present agreed with Bens comments. Correspondence was also received and discussed from non-attending partners regarding opinions on replanting.

A show of hands indicted that three of those present were in favour of funding the next rotation with retained harvest income and one would like to take advice.

From: Ben Vanderkolk [mailto:Ben.Vanderkolk@bvalaw.nz]
Sent: Friday, 4 May 2018 12:43 p.m.
To: 'Richard Bourne'
Subject: RE: Maxwell

Dear Richard,

We had a good discussion, thank you. Along with the additional material you sent, I have good clarity on the future of my investment in Maxwell.

Although I will be in Sydney on the day of our annual meeting and noting final decisions may not be made yet, I am happy to contribute to the discussion through you or Roger with the following thoughts:

- The forestry market has good long term prospects;
- The IRR for a second round looks positive;
- The partnership has made a significant investment in infrastructure;
- A second round will generate a return on infrastructure investment;
- The partners capture the improved land value;
- The infrastructure will support and reduce cost for second round silviculture;
- The infrastructure will reduce second round harvest cost;
- Pre-funding is very attractive;
- If exit is desired or necessary prior to second round harvest, there is a ready market, within the partnership or on the secondary market to sell shares;
- Our life expectancy is improving.

I am generally supportive of a prefunded second round for Maxwell.

If you think I can be of more assistance please let me know, or if you think I missed anything.

Kind regards,

Ben Vanderkolk
Lawyer

MEETING CLOSED: 3:10pm

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Chairman
Maxwell Forest Partnership 2018