MAXWELL FOREST PARTNERSHIP

MINUTES OF THE ANNUAL GENERAL MEETING HELD AT ASHLEY PARK COMPLEX WAITOTARA & FOREST PROPERTY ON FRIDAY 8 MAY 2015 AT 9.45AM

PRESENT
Roger Dickie (No 2) Limited (in attendance by Proxy M Prince), Roger Dickie, Geoff Redington, Gordan & Robert Cameron, Helen Selderbeek, Ian McDonald, John Mc Namara, Lyn Edmond, Gordon Cameron.

ATTENDING
Roger Dickie, Ted Dickie, Will Dickie, Richard Bourne (Roger Dickie (NZ) Limited) Sally Sisson, Steve Bell (FMNZ) Jeff Whitlock, Margaret Prince (Markhams Waverley Ltd) Paul Burridge (Summit Forests) David Fraser and Cameron Bell (Silks Auditors)

APPOINTMENT OF CHAIRMAN
Nominations were called for the position of Chairman for this meeting.
I McDonald/ J McNamara THAT Roger Dickie be appointed Chairman for this meeting. CARRIED

APOLOGIES
Apologies were received from B Vanderfolk, Courtenay Nominees Ltd, Grantson Forestry Ltd, Higgs Family Trust Ltd, I McLaren & J Wilson, J Patience, M Dickie, Maxpine Ltd, Michael Evans, P Stephenson, S Gardiner, R Hardey.
Proxies were held for the above named.
G Redington/G Cameron THAT the apologises be sustained. CARRIED

MINUTES
The minutes of the 2014 Annual General Meeting had been circulated.
G Cameron/J McNamara 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.

H Selderbeek/I McDonald THAT the Financial Accounts for the year ended 28 February 2015 be adopted subject to audit. CARRIED

INSURANCE
H Selderbeek/I McDonald THAT Public Liability Insurance be effected for $10 million. CARRIED

ADMINISTRATION
G Cameron/ L Edmond THAT the administrators’ remuneration be at a rate of $350 (GST excl.) per month.
CARRIED

BUDGET

Following discussion re level of funds on hand in the partnership and the number of Liability Free NZUs on hand which could be progressively sold (subject to partners approval) it was moved:

Lyn Edmond / Gordon Cameron

"that the budget be approved subject to there being no more share calls and that the Forest Manager proceed to get harvest ready re harvest plan and resource consents with the intention to commence harvest in the spring summer of 2016" CARRIED

RESOLUTION

I McDonald/ J McNamara THAT it is hereby resolved, as an ordinary resolution pursuant of 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 manager and administrator of 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 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

Geoff Redington / Helen Selderbeek THAT the administrator tests the real estate market for the sale of land and trees. CARRIED

MORNING VISIT TO WAIKARE HARVESTING SITE

As harvesting has recently commenced at Waikare the Maxwell partners opted to join the visit to the Waikare property to view harvesting operations.

All those attending were issued with hi-viz vests and hard hats and on arrival at the forest Steve Bell signed the group in to the site as per Work Place Health and Safety Procedures.

Steve explained the significant work that has been done on establishing internal forest roading with the main push to get the road onto the high points being the priority before Winter.

The group was able to drive up the road to the first skid site (log assembly point). From the new road attendees witnessed the swing arm harvester hauling logs off a face opposite as well as the skidder pulling logs down to the skid site where the log makers were operating.

Logged on Logging contractor Clint explained how the swing arm harvester worked and also demonstrated the Waratah head on the digger arm when the group was on the skid site. (Google Waratah NZ to check it out)

Those attending certainly came to appreciate the significant amount of initial roading work required to get harvest underway. Steve explained that while these costs are high at the front end the road will be servicing the bulk of the harvest so the cost will ultimately be spread over the whole harvest.

In introducing Paul Burridge from Summit Forests NZ, (a subsidiary of Sumitomo Corporation of Japan) the company that is exporting logs from Waikare, Steve explained that FMNZ have negotiated an open book policy with Summit giving FMNZ total transparency (as detailed on page 2 of the March harvest report)

Paul gave an update of the current market as follows:

Just recently China has been experiencing a significant downturn in the market. This is also the case for NZ's other key export markets (Korea and India).

The downturn in the export market is largely driven by high inventory levels in China, which are cyclical to this time of year. Healthy inventory levels are approximately 2.5 million cubic metres. At present inventories are still above 4 million m3. However, off-take levels have returned to a very healthy level (68,000 m3 / day) and as a result the market is seeing the first signs of customer buying confidence in China. This should be the turning point to see prices stabilise and hopefully begin to increase. We are however watching this space closely due to inventory remaining above 4 million m3.

On the positive side, Paul advised they are currently experiencing record lows in the freight market for break bulk cargo. This is a result of an oversupply in break bulk vessels and very low bunker rates (driven by crude oil prices). A recent market presentation from shipping company Pacific Basin indicated that freight will remain low for at least the next year, but likely longer.

The NZ dollar is again weakening against the USD. Currently the NZ dollar is trading between 0.73-0.74 (down from 0.77 in April). Westpac economists are also predicting the NZ dollar to slide further to 0.72 over the next three months and further again to 0.71 over by year end. The lower dollar and low freight rates certainly aid with the NZD return to the forest owner.

During the current downturn Summit has worked closely with their operational suppliers (port companies, shipping companies, stevedores and marshallers) to reduce supply chain costs as much as possible. In addition, they are also looking at initiatives to help smooth fluctuations in the export pricing to assist to give some certainty to the forest owner.

Longer term market feedback from Sumitomo's customer base in China is still very positive. Some of our larger customers are expanding their processing base as a result of this confidence.

Following the Waikare harvest site inspection the group returned to Ashley Park for lunch and the formal part of the AGM as detailed above.

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Roger Dickie
Maxwell Forest Partnership 2015