NOTTINGHAM FOREST PARTNERSHIP

MINUTES OF ANNUAL GENERAL MEETING
HELD AT NAPIER CONFERENCE CENTER AND THE PROPERTY
ON MONDAY 30th APRIL 2018 AT 8:30AM

PRESENT - Lamont Forest Investments Limited (Janet Alexander & David McKerchar), Ricknick Forest Limited (Richard Hill), Roger Dickie (No11) Limited (Margaret Prince as Proxy).

ATTENDING - Steve Bell, Rory Bennison, Paul van der Vort, Richard Airey (Forest Management (NZ) Limited), Will Dickie, Richard Bourne, Grant Morris (Roger Dickie (NZ) Limited), Jeff Whitlock, Margaret Prince (Moore Stephens Markham's Waverley), Eleanor Smith (Covenant).

APPOINTMENT OF CHAIRMAN
Nominations were called for the position of Chairman for this meeting.
Richard Hill/Janet Alexander THAT Richard Bourne be appointed Chairman for this meeting. CARRIED

APOLOGIES AND PROXIES
Abergil Limited, Anthony Hewitt, Beach Road Forests Limited, Bowyer Investments Limited, Colin Griffiths, Corporate Services Limited, David Meiklejohn, Diwai 60 Limited, Donald White, Guy Chilvers, Jajomo Trees Limited, Jennifer Mary Gillies, Jilroy Forestry Limited, John Richard Wild, Kim Alice Fraser, L Walton Forestry Limited, Lanath Investments Limited, Mathew Richard Langley, Richard Bruce McLeod, Robert Baunton, Roger Dickie (No 11) Limited, Tolerton Properties Limited. Proxies were held for the above named, establishing a quorum for the meeting.
Janet Alexander/Richard Hill THAT apologies and proxies be sustained. CARRIED

MINUTES OF THE PREVIOUS MEETING
The Minutes of the April 2017 general meeting had been circulated.
Margaret Prince as Proxy for Roger Dickie (No 11) Limited/Roger Dickie THAT the minutes 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.
In answer to a question re Power Corridors Richard advised that as at the time of the meeting there was nothing further to report and partners will be advised when we hear back from the Insurance Company.

PUBLIC LIABILTY INSURANCE
Richard Hill/Janet Alexander THAT Public Liability Insurance be effected for $10 million. CARRIED

ADMINISTRATION
Janet Alexander/Richard Hill THAT the administrators' remuneration be at a rate of $378 (GST excl.) per month.
CARRIED

BUDGET/CASHFLOW
Richard Hill/Janet Alexander 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.
It was stressed that with roadlining and harvest planning going on, figures were best estimates. There are a number of variables that can affect the cost and timing of activities, such as weather, availability of roading and harvesting contractors and crews etc.

GENERAL BUSINESS

Presentation

Steve Bell and Rory Bennison FMNZ gave a presentation covering harvest planning and preparation.

Activity Reports, Harvest reports, clearfell payments and timing of same

During roadlining partners are sent a monthly 'Activity Report'. Funds generated from the sale of road lining logs are retained within the partnership to fund engineering expenses. Disbursements to partners only begin once clearfell commences. Partners were shown an example of a clearfell 'Harvest Report' that will be sent monthly once clearfell begins. It was pointed out that logs harvested say in January are paid for by the exporter at the end of February. The manager then has to check and reconcile all figures, have it signed off with the Statutory Supervisor, with disbursements made to partners within the first two weeks of March – along with the corresponding January Harvest Report and disbursement schedule.

Health and Safety

Steve confirmed this is a significant factor in the forest industry and FMNZ take it very seriously and are proactive in this space to ensure best practice from all contractors' in our forests.

Log Markets

There was an update on the outlook for log markets in the medium term. Overall, momentum remains robust in China with log off-takes from the ports up to around 100,000 M3 per day with log inventories sitting between four and five million cubic meters. Exchange and shipping rates have increased slightly.

Post Harvest

Richard commented that with more and more forests approaching harvest "What happens after harvest?" is an often asked question is and has been discussed in general terms at the last two RDNZ conferences. As per the FMNZ presentation the land will be replanted to maintain the asset value. Richard advised a scenario that is finding favour with many is to pre-fund the next rotation so there are no further inputs required. This will involve leaving in some harvest income. This would allow partners to leave a totally unencumbered fully funded legacy to their beneficiaries.   Those wanting to exit could offer their share to those who are keen to continue or on the secondary market. If on the other hand the majority vote to sell the newly planted land and forest, then with pre-funding, the forest is funded until such time as a buyer can be found. Richard confirmed this will be an ongoing discussion but no decisions are required until the last year or two of harvest.

Tax

Jeff Whitlock from Markham's Accountants (the partnerships accountant) commented that harvest income in some cases can be spread back over the 3 previous years as well over the harvesting years. Jeff stressed that as everyone's situation is different partners should take accounting advice – sooner rather than later. *(note: Jeff can be contacted at Markham's Wanganui and Waverley)*

MEETING CLOSED: 3:00pm

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Chairman

Nottingham Forest Partnership 2018