RIDGEMOUNT FOREST PARTNERSHIP

MINUTES OF ANNUAL GENERAL MEETING
HELD AT NAPIER CONFERENCE CENTER AND THE PROPERTY
ON FRIDAY 27TH APRIL 2018 AT 8:30AM

PRESENT
Bosca Limited (Richard Bourne), Forest 4 Us Investments Limited (Peter Hancox), Malorn Enterprises Limited (Brian Quirk), Michael Ross King, Rovan Furniture Limited (Rod & Lorraine Benning), Warren Ridgemount Limited (Russell & Karen Warren).

ATTENDING
Steve Bell, Rory Bennison, Paul van der Vort, Richard Airey (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.
Russell Warren/Rod Benning THAT Richard Bourne be appointed Chairman for this meeting.

CARRIED

APOLOGIES AND PROXIES
Alassio Investments Limited, Christopher Douglas O'Sullivan, From Our Roots Company Limited, Green Globe Limited, Gunter Alois Medwed, Janice Shirley Thomas, Judy Chia-Jen Huang, Kevin James O'Connor & Philippa Anne Lee, Kiwi Classic Limited, Noeline Margaret O'Connor, Paul James Brydges & Joanne Maree Gallen, Peter Marinus De Wit, Roger Dickie (No 23) Limited, Sheffield Management Limited, Sunil Kumaralal Abeyratne, The CJ Blatch Family Trust, The Cole Boyd Family Trust, The Westmere Trust, Timothy Maddern Hutton, William Gregory Whewell. Proxies were held for the above named, establishing a quorum for the meeting.
Brian Quirk/Peter Hancox THAT apologies and proxies be sustained.

CARRIED

MINUTES OF THE PREVIOUS MEETING
The Minutes of the April 2017 general meeting had been circulated.
Russell Warren/Rod Benning 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.

PUBLIC LIABILTY INSURANCE
Brian Quirk/Peter Hancox THAT Public Liability Insurance be effected for $10 million.

CARRIED

ADMINISTRATION
Rod Benning/Karen Warren THAT the administrators' remuneration be at a rate of $378 (GST excl.) per month.

CARRIED

BUDGET/CASHFLOW

Russell Warren/Brian Quirk THAT the Budget Cashflow Statement for the year to 28th February 2019 be approved. CARRIED

(P Hancox abstained)

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

Correspondence

Peter Hancox asked that the questions and answers that were circulated before the meeting were tabled and these formed part of the minutes. As attached.

ETS (Emissions Trading Scheme)

William Dickie gave attendees an update regarding the ETS. The Government announced the ETS will be reviewed in late 2019 and there seems to be a general consensus within the industry that further upside in the price of carbon is likely given the Green influence in the coalition. The manager continues to monitor the market.

Log Markets

There was an update on the outlook for log markets in the short to medium term. Overall, momentum remains robust in China, log offtake from the ports is up to 100,000m3 per day with log inventories sitting between four and five million cubic meters. Exchange and shipping rates had increased slightly.

Health and Safety

It was discussed that this is a significant factor in the forestry industry. The forest managers are being very proactive in this space to ensure best practice from all contractors in our forests.

Secondary Market

We have had very little to offer on the secondary market with no secondary sales for 4 months. We have a good number of existing partners who have registered an interest in securing additional investment. Partners looking to secure additional Partnership Interests or divest were advised to contact the office.

MEETING CLOSED: 3:00pm

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Chairman

Ridgemount Forest Partnership 2018

24th April 2018

Hello

Below are some recent questions from Peter Hancox who is a partner in your partnership. Our answers are included.

I am annoyed about this and other correspondence from Peter Hancox for the following reasons.

1. All of his statements and questions both in writing and at meetings include the insinuation and sometimes allegations that the staff of RDNZ and FMNZ are not open and transparent and imply they may in fact be dishonest with the activities they carry out on behalf of the forest partnerships.

2. His statements and allegations made on the floor at meetings and in writing are almost always totally incorrect and are raised in such a way as to be unsettling for both partners and our staff. Of course mistakes are made from time to time but the transparent way our organisations work, combined with audits every year and recently the much closer involvement of the Statutory Supervisor on behalf of the Financial Markets Authority mean that there is full and open transparency in all activities associated with all forests and partnerships.

3. His actions take up a lot of our staff time. One year ago our partners voted overwhelmingly in favour of a resolution proposed by me to take some money off the table and sell half of our NZUs. Of the more than 2,000 partners who voted Mr Hancox was one of about 5 who voted against the resolution. In January this year he also took up a lot of staff time with more unfounded and incorrect allegations about the, by then completed carbon sales.

Recently I was told by one of his fellow partners they had received 13 unsolicited emails from Mr Hancox, I apologise to those of you who may have received the same.

We have suggested if he has ongoing issues that he call a meeting of partners or bring forward resolutions to a duly notified meeting, however he has declined to do so and seems to prefer writing letters.

Mr Hancox appears to be continually unhappy with the way his forest partnerships are run. Our secondary market is very active and we have a number of parties interested in buying Partnership Interests in semi mature forests. I will be suggesting to him that he take advantage of this opportunity and market his Partnership Interests. The outcome could be a win for all parties.

Regards Roger Dickie

Ridgemount Forest Partnership

AGM 27th April 2018 Questions asked of RDNZ management by Peter Hancox (partner)

(a) As of the date of partners having to advise RDNZ of proxy voting and/or attendance at the AGM, no RDNZ financial reports for the 2017-2018 financial year had been received by 'partners'. **Please advise why these reports are repeatedly late in arriving? How can 'proxy' voters make 'informed' decisions?**

This is a timing issue brought about by the fact that we want to hold the meetings in April before the cold of winter arrives and the short time available between the Feb 28th balance date and the AGMs. This has not changed since the inception of the partnership. The reports are *not* as you state *"repeatedly late in arriving".* In regard to your comment *"How can 'proxy' voters make 'informed' decisions?* On the 3rd April Partners received formal notice of meeting, agenda and budget. Accompanying this was the statement *"Partners are advised the budget is included with the agenda and Proxy; however, you may wish to wait for the Financial statement and reports before voting, these will be distributed shortly."* The draft financial statements were distributed on 18th April as soon as they arrived from the accountants. Plenty of time for partners to send in their proxies for the meeting.

(b) There is a discrepancy in the number of NZUs held at the 1/3/2017. The 2018 Budget Cash Flow Statement says 30,647 while the Financial Statements for YE 28/02/2018 say 31,127

The figure in the budget is only the liability free NZUs. The balance in the financial statements includes the liability free NZU balance AND the pre 1990 units. There was 30,647 liability free NZU units and 480 pre 1990 units to make a total of 31,127.

(c) There is a discrepancy in the <u>current</u> number of Liability Free NZUs held. The YE2018 Budget Cash Flow states 14,204 while Steve Bells March 2018 report says 13,724

Steve Bell's report says:

We have continued to sell small tranches of units as required to fund operating expenses. On behalf of Ridgemount Forest, on 26/10/2017 we sold 1,600 NZUs for $18.86.

We have now completed the sell down of 50% of the liability free NZUs. The total number of these units sold on behalf of Ridgemount Forest was 15,323. The average price achieved was $18.65 and post commission $18.37.

This leaves Ridgemount Forest holding 13,724 liability free units and 480 pre 1990 units.

The pre 1990 units are also liability free so the total units is 13,724 + 480 = 14,204.

(d) **Please clarify (b) and (c) above and please explain the complete Partnership sales of NZU process, with dates, units sold, gross amount received, cost of sale(s) and to whom the units were sold ?**

The NZUs were sold in 37 tranches to seven different buyers from 5th July 2017 to the 23rd January 2018. These sales and receipts are audited twice, once when the Partnership is audited and again when RDNZ is audited.

(e) **Please advise if the NZU sale process is independently audited**.

Yes the transactions are independently audited. They are audited when the partnerships are audited and again when Roger Dickie (N.Z) Limited is audited. This audit is done by Silks Auditors.

(f) **Please advise why** the 2019 Budget Cash Flow shows sales of Liability Free NZUs in March 2018 ($98,504) and also June 2018 ($12,000) and to make a disbursement to partners of ($98504) in April 2018. This completely ignores Resolution 2 from the April 2017 AGM.

You have read the budget incorrectly; the $98,504 is a transfer from the Ridgemount term deposit into the current account. It is shown as a payment in April to cover partner's tax liability.

The $12,000 in June is a labelling error that has occurred on some spreadsheets and we are well aware of. Subsequent income where required (as is the case with the $12,000 in June) will be taken from the proceeds of previous NZU sales not from the sale of more NZU's.

(g) **Please advise why a payment of** $92,875 will be made in May 2018 (Ridgemount Forest Partnership Payment to cover Tax on Sale of NZUs; Grant Morris, 13 April 2018) to cover Tax liabilities. This payment is not in the current Budget Cash Flow draft and you have no mandate to make such a payment to partners.

It shows in the budget as being paid out in April. As the managers we have the mandate to operate the partnership in the best interest of the partners. There is overwhelming support from partners to have the payment to cover tax associated with their share of the profit from the NZU sales.

(h) Ridgemount has some $281,904 cash in the bank, some $186,000 more than last year. Bank interest earned for the last year (Financial accounts) was only $2,822 **Please advise what rate of interest partners earn on cash in the bank.**

The bank balance has fluctuated throughout the year. The current account earns interest at 0.75%. The term deposit where the NZU money is held earns 3.05%. This rolls over periodically.