ROXBURGH FOREST PARTNERSHIP

MINUTES OF THE ANNUAL GENERAL MEETING
HELD AT THE ESKDALE RUGBY CLUB
ON SATURDAY 18 APRIL 2015 AT 8.30AM

PRESENT
Roger Dickie, Roger Dickie (No 31) Ltd, Viv & Maurice Crozier, John & Elizabeth & Mark Watson, John Harrison, John & Olive McCafferty, Douglas & Dallas Knight.

ATTENDING
S Bell & R Bennison (Forest Management (NZ) Ltd), J Whitlock & M Prince (Markhams Waverley Ltd), Roger Dickie, Ted Dickie, Richard Bourne, Hannah Townsend (Roger Dickie (NZ) Ltd).

APPOINTMENT OF CHAIRMAN
Nominations were called for the position of Chairman for this meeting.
J Harrison/V Crozier THAT Margaret Prince be appointed Chairman for this meeting. CARRIED

APOLOGIES & PROXIES
Apologies were received from Allardice Investments Ltd, B & E Hicks, The BJ & JD Lambie Family Trust, C Whittle, Fallow Forestry Ltd, K Glynn, Laupen Investments Ltd, L McKenna, The Whittaker Family Trust, M Meyer, P Wilkins, A & J Omundsen, Tui Grange Ltd.
Proxies were held for the above named.
J Watson/O McCafferty THAT the apologies & proxies be sustained. CARRIED

MINUTES
The minutes of the 2014 Annual General Meeting had been circulated.
J Harrison/D Knight 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.

J Watson/J McCafferty THAT the Financial Accounts for the year ended 28 February 2015 be adopted subject to audit. CARRIED

INSURANCE
M Watson/V Crozier THAT Public Liability Insurance be effected for $10 million. CARRIED

ADMINISTRATION
J Watson/M Crozier THAT the administrators' remuneration be at a rate of $350 (GST excl.) per month. CARRIED

BUDGET
J Watson/J McCafferty THAT the Budget Cashflow Statement for the year to 29 February 2016 be approved, subject to; CARRIED

Future Funding
Given the general feeling in the forest industry is that the price of NZUs may well rise in the future now that the cheap ERUs are banned from the NZ ETS, the Administrator and Forest Managers are to monitor the situation with a view to bringing forward options for gaining income from carbon to the 2016 AGM.

RESOLUTION
J McCafferty/J Harrison 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

COMBINED MEETING OF FIFTEEN FOREST PARTNERSHIPS

All attendees opted to visit one forest to share in a presentation from the Forest Managers.

The group of 62 partners visited the Eskdale Forest and completed a loop walk stopping at various points to listen to Steve Bell point out the results of previous management decisions and answer questions which were wide ranging.

Steve pointed out the benefits of early management decisions which at age 23 are very evident, particularly with the very small limb size in the upper portion or un-pruned part of the tree. This small limb size will relate at time of harvest into the best grades of un-pruned saw log and the better price that goes with it – bearing in mind that 75% of a forest is in the un-pruned portion of the tree, then the importance of top grade saw log becomes apparent.

Steve advised that recently the market had lifted for pruned logs which have seen the premium being restored after a few years, making pruning a very viable option.

With many of the forests in the area at the 20 plus year age class questions were also asked about harvesting. Steve advised that, as discussed at the Harvesting Conference held for partners last year, the average forest will take approximately 2 – 3 years to harvest. The best result will come from engaging quality logging contractors with experienced staff and quality equipment. Because the RDNZ group has a sizable estate of forests we attract these quality contractors and can negotiate favorable terms because the group offers economies of scale and continuity of work. This has been achieved at the Waikare forest currently being harvested at Wanganui.

In an answer to a question re log prices Steve explained that as each forest will take a few years to harvest, smoothing of the harvest and averaging of log prices gives the best result.

Steve also commented on his trip to China visiting log buyers that were being supplied by Summit the subsidiary of Sumitomo who are buying logs from the Waikare Forest Partnership. He commented that after discussions with them it is apparent that they too want a stable market with stable pricing as when prices fall they lose money.

Jason Osborn from FMNZ also talked about log making and the critical part this plays in the harvesting of a forest. Again it comes down to experienced contractors to maximise the value of each log.

Emissions Trading Scheme:
Roger Dickie advised that all partnerships present had now passed the resolution to progressively sell the Liability free NZUs to fund the forests share calls. The market has firmed this year and thoughts are as New Zealand emitters are now required to use NZUs to offset emissions it may well rise. However, that may well depend on the outcome of the ETS review to be undertaken this year.

Financial Markets Conduct Act 2013 (FMCA)
As advised in the Annual Report, the FMCA applies to RDNZ as they are considered to be a reporting entity. Roger advised that just recently there has been some talk of a possible exemption for long term investments such as forests that have no debt and individually only turn over around $40,000 per annum. Time alone will tell.

RDNZ Website:
Richard Bourne advised partners that RDNZ have been using the website for the distribution of reports and for online voting over the last few years, with the vast majority of partners now using the online services. That being the case this will be the method of distribution from now on with hard copies only being posted to those without email or those who specifically request hard copies.

Richard also advised that to facilitate this RDNZ is upgrading the website and this is planned to be completed midyear.

Secondary Market:
Richard advised that there are a number of securities for sale in the forest partnerships. If anyone is interested in picking up parcels of securities in other partnerships they should contact him at the office.

There are also opportunities to invest in Dairy Farms and in Pukekaka Sheep and Beef Farm.

This concluded the business and the meeting was declared closed at 2.45 pm.

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R R Dickie
Roxburgh Forest 2015