PUKEKAKA SHEEP & BEEF FARM LIMITED

MINUTES OF ANNUAL GENERAL MEETING
HELD AT AUCKLAND AIRPORT CONFERENCE CENTRE
ON MONDAY 27TH NOVEMBER 2017 AT 11.00 AM

MEETING OPENED: 11.00 am

PRESENT:
Anthony James Johnston, Clearly Rod Limited, Ethne Helen Maher, Jed G 2 Limited, Lisa Manning, Malcolm John Wade, Neville Jenkins, Peter James Duncan, Roger Dickie Holdings Limited, The Capybara Trust, The Nielsen Family Trust, The RG Warren Family Trust, Whitfield Limited, YM Schreurs & Sons Limited

ATTENDING:
Roger Dickie, William Dickie, Rob Stratton, Maree Stratton.

APOLOGIES AND PROXIES:
Arthur Geoffrey Beale, Bellinnes Investments Limited, Cape Pioneer Trust, Chazmen Limited, David MacMillan and Liv MacMillan, David William Kelly, Elizabeth Willis, Gareth John Howard and Renae Janece Howard, Geoffrey James Clark, Glenn Eric Mellor, Greve's Forest Limited, Henryk Jan Poczwa, J C & Y J Trewavas Limited, JAMP & Sons Limited, John William Dalmer, Kerry Francis Mellor, Mark Ryder, Maximilian Joannes Steinhauser, Murray Basil Irwin and Sara E Hunter, Next Ten Limited, Norman Frank Smith & Ann Smith, Peter George Hallett, Peter Isaac Croft, R M King Holdings Limited, Robin John & Gillian Mary Grant, Roderick Ian & Jeanette Ell, Ross & Rhyll Eades, Round Tuit Investments Limited, Rovan Furniture Limited, Scotlink Limited, Surrey Charles Innes Kent, The Alron Family Trust, The BHAG Company Limited, The CGW Family Trust, The Cooper Family Trust, The Kuritau Trust, The Luey Family Trust, The O'Brien Family Trust, The R.H Stoddart Family Trust, The Walter Loveday Trust, Wayne Terrance Boyd

It was MOVED by Peter Duncan and SECONDED by Russell Warren THAT apologies and proxies be accepted. CARRIED

MINUTES OF THE PREVIOUS MEETING:
It was MOVED by Neville Jenkins and SECONDED by Rod Fulford THAT the minutes of the previous meeting be accepted. CARRIED

ANNUAL REPORT:
It was MOVED by Roger Dickie and SECONDED by Grant Dowie THAT the Annual Report be accepted.
CARRIED

AUDITED FINANCIAL ACCOUNTS:
It was MOVED by Gary Brockett and SECONDED by Malcolm Wade THAT the Audited Financial Accounts be accepted.

Note: Rod Fulford noted the valuation was higher than the land value shown in the accounts, this was because the land value in the accounts is shown at book value. If we use the value provided by the valuer then the auditor is required to audit the valuation which would be an additional cost.

A dividend of 2.5 cents per share will be paid in December 2017. Please note imputation credits only apply to New Zealand tax resident shareholders. CARRIED

APPOINTMENT OF AUDITOR:
Appointment of external Auditors. That Silks Audit of Wanganui be re-appointed.

It was MOVED by Tony Johnston and SECONDED by Neil Penwarden THAT the appointment of auditor be accepted. CARRIED

APPOINTMENT OF DIRECTOR:
Appointment of Director. Roger Dickie retires as Director and is available for re-election. That Roger Dickie be re-appointed Director.

It was MOVED by Cherie Nielson and SECONDED by Deborah Hawthorne-Dowie THAT the appointment of director be accepted. CARRIED

GENERAL BUSINESS:
The performance review was discussed along with some of the current situation.

Generally the independent performance review showed that Rob Stratton was performing at the highest level and significantly ahead of farms half the size of Pukekaka.

Lambing percentage last year was 148% for the ewes without counting hogget lambs and Rob said he has just docked 152% this year (past few weeks) which is his highest ever.

It was noted that in the budgets and in the actual that the wool income prices have declined further and the wool situation now is that, wages paid to contractors to shear the sheep plus other on-farm costs associated with shearing meant that the wool income is just break even with costs.

It was noted that wages per ha were just 64% of the average for similar properties. It was noted that interest payments were about 1/3 of the benchmark farm average, this was encouraging.

Painting of the manager's house, the shepherds house and part of the single men's quarters and investor's house has been delayed and is still occurring this year.

A new cost has been added for this present year, 70 cm of snow over two days damaged some fences and the power wires from the road to the house. The power wires off the road are our cost and they are now being put underground which is less expensive than new poles.

A shareholder wrote a letter asking the following three questions:

Why are administration costs higher? It was pointed out that they are higher compared with private farms because of the need for audits, the performance review and other costs associated with administering the farm for numerous shareholders.

The same shareholder asked that consideration be given to reducing fertiliser cost by 10%, Rob pointed out that some of our P (phosphate) levels were less than desirable and it was agreed that we should stick with the existing policy which included the use of an independent highly rated fertiliser consultant.

The third question was that consideration be given to putting a raised board in the shearing shed. It was pointed out that these were old technology and would cost a lot to install (tens of thousands of dollars) and would not result in a lower shearing cost and would be a health and safety risk in this day and age. Rob pointed out our sheep were of a large size and accidents would invariably happen with people and/or animals falling off a raised shearing board. He said the contractor had positively commented on the ease and flow of the existing shed since the new upgrade two or three years ago.

Discussion arose regarding the possible sale. There was little interest in this, Roger pointed out that real estate agents knew we would consider selling to a good offer. However, as it is considered unsettling for our Managers, the Directors felt that the next review would be in two years time.

Discussion followed on the possibility of getting more interest and activity in the secondary market for sale of shares.

Jonathan Crawford sent a letter congratulating Rob and Maree and the Directors on another good result from the farm. This was endorsed by those at the meeting.

MEETING CLOSED: 12.20 pm

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Chairman
Pukekaka Sheep & Beef Farm Limited 2017