PUKEKAKA SHEEP & BEEF FARM LIMITED

MINUTES OF ANNUAL GENERAL MEETING
HELD AT PUKEKAKA STATION
ON SATURDAY 24TH NOVEMBER 2018 AT 10.00 AM

MEETING OPENED: 10.15 am

PRESENT:
Allan Neilson, Andrew and Brad Turner, Anthony Johnston, Arthur Beale, Frazer and Elizabeth McLeod, Liz and Margaret Willis, Geoffrey Clark, John and Yvonne Trewavas, Jonathan Crawford, Masako Crawford, Stuart and Faye Drummond.

ATTENDING:
Richard Bourne (in the Chair holding Deed of Delegation and Power of Attorney over the proxies in Roger Dickie's absence), Will Dickie (RDNZ) Jeff Whitlock (Markhams) Rob and Maree Stratton (Farm Mangers).

APOLOGIES AND PROXIES:
Roger Dickie, Alan and Sharon Gibson, BPC Forestry Pty Limited, Brendan O'Neill & Helen Davidson, Cape Pioneer Trust, Capybara Trust, Clearly Rod Limited, David Frank Woolner & Jennifer Margaret Relph, Ethne Helen Maher, Glenn Eric Mellor, Graeme Geoffrey Claridge, Henricus Johannes Mathias Van der Heijden, John William Dalmer, Kerry Francis Mellor, Knight Forest Limited, Lindsay Brydon Esler, Malcolm John Wade, Michael Kingdon Turnbull, Murray Basil Irwin and Sara E Hunter, Neil Robertson Henderson & Lynne Margaret Henderson, Peter James Duncan, R M King Holdings Limited, Richard E. Werner, Robin John & Gillian Mary Grant, Roderick Ian & Jeanette Ell, Rollin Peter Kennedy, Ross & Rhyll Eades, Round Tuit Investments Limited, Scotlink Limited, Stewart Davey & Kelly Hamilton, Surrey Charles Innes Kent, Susan Clare Wood, The BHAG Company Limited, The CGW Family Trust, The Cooper Family Trust, The D & B Family Trust, The DJ & JA Williamson Family Trust, The G & H Mellow Family Trusts Partnership, The Judy & John Harrison Family Trust, The Kuritau Trust, The Luey Family Trust, The Nielsen Family Trust, The O'Brien Family Trust, The Primo Trust, The R.H Stoddart Family Trust, The RG Warren Family Trust, Victoria Forestry Investments Limited, W Uebelhoer as Authorised agent for Emily Kristin Uebelhoer.

It was MOVED by Stuart Drummond and SECONDED by Liz Willis THAT apologies and proxies be accepted. CARRIED

MINUTES OF THE PREVIOUS MEETING:
It was MOVED by Andrew Turner and SECONDED by Liz Willis THAT the minutes of the previous meeting be accepted. CARRIED

MATTERS ARRISING;
There were no matters arising.

ANNUAL REPORT:
Roger Dickie's Annual Report had been previously circulated.
It was MOVED by Elizabeth Frazer and SECONDED by John Trewavas THAT the Annual Report be accepted. CARRIED

AUDITED FINANCIAL ACCOUNTS:
The financial statements had been previously circulated.
It was MOVED by Allan Neilson and SECONDED by Geoff Beale THAT the Audited Financial Accounts be accepted. CARRIED

FARM MANGERS REPORT:
Rob gave a brief update on the season to date noting final lambing percentages of 158% and calving of 88%. This is record for the farm and is due to the exceptional season of grass growth with Ewes and Hogget's in top condition when they went to the ram. Weather during lambing had also been particularly kind.

The farm had suffered storm damage through the winter resulting in quite a number of slips damaging tracks and taking out fences. Work was continuing to repair the tracks and replace sections of fences.

Wool prices remain depressed and basically only covered the cost of shearing.

Rob also commented that things were starting to get a little dry and grass growth in the area was 25% behind last spring.

The meeting expressed a vote of thanks to Rob and Maree for their work in achieving such a great result.

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

It was MOVED by Elizabeth McLeod and SECONDED by Geoffrey Clark THAT Silks Audit of Wanganui be re-appointed. CARRIED

APPOINTMENT OF DIRECTOR:
Appointment of Director. Jeff Whitlock retires as Director and is available for re-election.

It was MOVED by Stuart Drummond and SECONDED by Elizabeth McLeod THAT Jeff Whitlock be reappointed as director. CARRIED

GENERAL BUSINESS:
The Chairman reported on the vote to list the farm for sale advising 116 of the 119 shareholders had voted representing 97.5% of shareholders holding 98.1% of the share capital.
The result being 109 (92% of voting shareholders holding 79.05% of the share capital) voting for the resolution to list with just 7 (6% of voting shareholders holding 19.05% of share capital) voting against.

Accordingly the directors sought proposals to market the farm from Bayleys Real Estate and New Zealand Real Estate (NZR) and NZR have subsequently been appointed. The marketing will commence prior to Christmas and tenders will be called for.

The Chairman commented that the market for farms up to 5 mill is very active, however, the reality is, at the higher level of investment there were fewer possible buyers. NZR were also marketing the neighboring Pukeokahu Station and reported there had been a reasonable amount of interest.

Jonathan Crawford, who had voted against listing the farm for sale said he respected the wishes of the majority but wished to express his view and did so by reading the following prepared statement:

Proposed Sale of the farm

1. My wife Masako and I together with Allan Neilson hold 1,050,000 shares in the Company representing one sixth of the shares issued. We respect the views of the reported 92% who voted in favour of listing the farm for sale but wish to place on record our reasons for voting our 16.67% of voting rights against selling.

2. Masako and I have been loyal supporters of the farm since inception, through difficult periods of stock losses resulting from rain storm, snow storm and drought. At one point according to my calculations the value of the shares fell to a little over 40 cents each. The farm has now had three good years in a row. It is a great disappointment to us that after standing by the investment through the bad years we are to be denied the opportunity to reap the rewards.

3. We are serious long-term investors and regard Pukekaka as forming an important part of a balanced portfolio which includes interest-bearing investments, share equity investments and real estate. It is easy enough to buy urban real estate whether residential, commercial or industrial but that should be balanced by some investment in rural land. Pukekaka is a rare opportunity to have rural land as a fairly direct investment. It will be very difficult, if not impossible, to find another rural investment which satisfies all the criteria like Pukekaka.

4. If a sale is concluded, that will lead to the winding up of the company and the distribution of cash to shareholders. I appreciate this may well be welcome to many shareholders who plan to spend the money on overseas travel or whatever. But for serious long-term investors it is very difficult in today's markets to find a secure and profitable investment. As is well known, Banks are paying historically low rates of interest on customer deposits. Government stock interest rates barely cover inflation and tax.

5. The Pukekaka accounts to 30 June 2018 show an operating surplus before tax of $692,111 on a share capital of $6,200,000 representing a return of 11.16% percent on the funds invested. I would really like to know if anyone can tell me where I could reinvest the proceeds of sale in a solid asset-based investment yielding over 10%.

6. I do not consider that Rob Stratton's departure is a sufficient reason for selling the farm. I am sure we are all agreed that we will never find a better manager than Rob, but he himself has said over the years that a replacement for himself could be found from among his own relations with a similar background or other suitably qualified people. This has been backed up by our very experienced consultant, Paul Hughes. The fact is that the position is a very attractive one. There is a well-appointed house close to schools, hunting, fishing and Taihape township. The incoming manager takes over an extremely well set up and developed farm with no major problems, supported by solid financial backing and experienced guidance from the Board and the independent consultant.

7. I do not share the Director's certainty that the market is currently at a peak. The Prospectus for Pukekaka in June 2006 included the statement that "During the past 25 years, grazing land prices in New Zealand have increased by an average of 9% per annum". That has not happened in the period since 2006, but in my view the long-term trend for land values will always be upward, while cash will steadily lose value due to inflation. I do not have a crystal ball that tells me with certainty that markets will rise or fall, or that there could be a global financial collapse leading to hyperinflation in which currency becomes worthless and the only safe assets are tangible.

8. In the Notice to shareholders 19 October 2018 strongly recommending listing the farm for sale, the Directors very properly pointed out that when "they have a firm offer to purchase, shareholders will be sent a resolution to proceed with the sale at the offer price or not". That is a mandatory requirement under the Companies Act because it is a major transaction involving a

sale of the Company's principal asset. To be effective it needs to be passed by a majority of 75% voters and the holders of 75% of the shares. It remains to be seen what will be the best price offered in the course of the sale process. I have an open mind but consider it unlikely that the sale price will produce an amount of cash which can be reinvested into anything as good as the investment we all now have in Pukekaka.

9. I understand that the points I am making are irrelevant to shareholders who simply want cash. I am addressing my concerns for consideration by those shareholders, who like us, are serious long-term investors.

Jonathan Crawford

Geoffrey Clark commented that over the 12 years of ownership Pukekaka had only paid 2 small dividends, including this year, and while significant improvements had been made to the property it is barley reflected in the small increase in asset value. Geoffrey opined that return on investment over the years was likely less than bank deposit rate.

MEETING CLOSED: 10.50 am

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R E W Bourne - Chairman