COLDSTREAM DOWNS DAIRY FARM LIMITED

MINUTES OF THE ANNUAL GENERAL MEETING
HELD AT THE AUCKLAND AIRPORT CONFERNCE CENTER
ON FRIDAY 16TH OCTOBER 2015 AT 1.00 PM

MEETING OPENED 1.00 pm

PRESENT
R Dickie – Roger Dickie Holdings Ltd, C den Haring, D Woolner & M Ralph, G Tomkins – The Osborne Family Trust, N & M Davies, P Conroy, W Loveday – Walter Loveday Trust, G Clark & J West – West Forestry Limited, N Penwarden - Whitfield Limited & Y Broughton & D Inia – The Te Rina Waimarama Whanau Trust.

ATTENDING
J Whitlock (Director, Accountant), S Barr (Director), K Murdoch (Roger Dickie NZ Limited) & A Guo.

APOLOGIES AND PROXIES
Apologies and Proxies were received from 21 shareholders totaling 1,545,000 shares or 34.33%.
Apologies were received from A Cotton, A Armstrong, K McGroman – North Harbour Superannuation Investments Limited, A GrahCam & J Stevens, The Cunningham Mathews Trust, A Stienemeier-Glesen, M Wendering-Glesen & M Glesen, BBTLaw Trustees Ltd, The Bently Family Trust, The Bruce and June Crabb Family Trust, B Lambie, Claridge Superannuation Fund, Hillbillydazza Trust, CD Burtons Investment Trust, D & L MacMillan, G Latham, The Richard and Helen Davis Family Trust, R Jay No2 Trust, The J G Harrison Trust, J Dalmer, Keat Cairns Investments Limited, The Mason Family Trust, L Esler, M Ascroft, Max Lifestyles Limited, M Steinhauser, M Wayne, K Paltridge and B M Yolland, M Irwin and A Hunter, The Cape Pioneer Trust OB Group Investments Limited, P Hayes, Q & S T Otto, R Hartung, Sheffield Management Limited, The Brougham No2 Family Trust, The Joe Hicks Family Trust, The RJ and DJ Webster Family Trust, U K Hogg, W Cronin and Son Limited and Whitfield Limited.

It was MOVED by N Davies and SECONDED by G Clark THAT apologies and proxies be accepted. CARRIED

MINUTES OF THE PREVIOUS MEETING
The minutes of the 2014 Annual General Meeting had been previously circulated and taken as read.

It was MOVED by G Tompkin and SECONDED by C den Haring that the minutes of the previous meeting be accepted as true and correct. CARRIED

MATTERS ARRISING FROM MINUTES
R Dickie deferred the discussion of selling of the property to general business.

It was discussed at the last meeting that we move away from debt repayment and look to paying a dividend to shareholders. Currently we have a term debt level of $1,548,000 which is currently floating at 4.34%. The discussion regarding whether to float or not was deferred to the financial accounts discussion.

CHAIRMANS REPORT
The Chairman tabled his Annual Report and opened the floor for discussion.

R Dickie gave an overview of the current year and advised the Sharemilking Company has been shelved for the time being, in favour of a Variable Order Sharemilker (VOSM). If the opportunity arose for the right sharemilker in the future the company could be looked at.

R Dickie gave an overview of the current market situation and its relation to the milk payout.

C den Haring asked about the Fonterra fifty cent loan. R Dickie replied yes, we have taken this on. K Murdoch explained how the fifty cent loan works and that the loan amount Coldstream would be receiving was $85,000. This did not need to be repaid until the payout went back over $6.00.

R Dickie welcomed Jason Checketts as the new VOSM to Coldstream. S Barr commented he is a great focused young guy and the directors are confident with his abilities. He has had a hard spring to manage and has got through it very well. Though his production is behind for August and September he is on track to meet the budgeted October production.

C den Haring asked about what Jason's long term plans. S Barr replied that he is thinking of a three year stay with the property, but he has indicated that it may be longer if the situation still suits him.

N Davies asked about whether Jason's payment being based on performance. R Dickie the VOSM receives a monthly retainer to cover fixed costs and then he receives 6.5% of the milk production.

C den Haring asked about who pays demerits. S Barr replied that VSOM pays all the demerits and penalties.

It was MOVED by G Tomkins and SECONDED by J Clearwater THAT the Annual Report be adopted. CARRIED

AUDITED FINANCIAL ACCOUNTS

J Whitlock gave an overview of the financial accounts.

R Dickie presented the sensitivity analysis, which shows the effect payout has on profitability (a copy of this document is attached as an appendix to the minutes).

G Clark asked why we value the farm each year. J Whitlock explained that because a prospectus was issued it is required by law in-line with FMA requirements.

C den Haring asked what the possible impact of El Nino for the farm. S Barr replied that it could have an impact for the farm due to its location.

R Dickie gave an update on the bank loan, which is currently floating at 4.43% and has a balance of $1,548,000 at the 30th September 2015. The Directors will continue to monitor interest rates and if they see the need will look at fixing the interest rate. There has been an increase in the level of the term debt from the previous financial year as Leo and Maricel had to be bought out of the Sharemilking Company. The Directors have also chosen to take advantage of the more favorable loan interest rate and draw down from the term debt, so that the business only operates with a small overdraft, as the overdraft interest rate is 7.70%.

R Dickie advised that the Directors would look at stop paying off debt and pay dividend to Shareholders and this was the feeling from the meeting.

It was MOVED by P Conroy and SECONDED by G Tompkin THAT the Audited Financial Accounts be accepted.

CARRIED

APPOINTMENT OF AUDITOR
It was MOVED by N Davies and SECONDED by P Conroy THAT Silks Audit Chartered Accountants Limited of Wanganui be reappointed. CARRIED

APPOINTMENT OF DIRECTOR
The Chairman advised that J Whitlock retires by rotation and is available for re-appointment.

It was MOVED by D Inia and SECONDED by W Loveday THAT J Whitlock be appointed Director. CARRIED

REMIT
It was MOVED by C den Haring and SECONDED by P Conroy THAT the Electronic voting remit be adopted to the constitution. CARRIED

GENERAL BUSINESS
R Dickie discussed the option to sell Coldstream. He outlined that the current market environment is not one to sell the farm, but maybe in a year or two's time.

N Davies said he thought the aim was to build production in the farm and when the time was right to sell the property. He agreed that the current market was not the place to be trying to sell in.

G Clark suggested that when the market looks at improving, then the Directors need to go to the market to get an expression of interest to present back to the Shareholders. R Dickie commented that his feeling is that half of the investors would look to sell and the other half would look to stay within the investment.

C den Haring commented we have made improvements to the property and now was the time to look at all options. With the large grazing amount we pay annually we could look to purchase a runoff for the operation and assess whether, with the level of equity we have in the business, we look to buy and not to sell. R Dickie said that the directors have looked at property's that would be suitable for grazing and haven't found anything in the area.

N Davies commented that with the current value of the shares and the low level of dividend it would be better to sell once the market had recovered and take advantage of the capital return. R Dickie said that we need a payout of between $6.50 to $6.70 to be getting a return of 5%, which is all you can expect from a dairy farm.

G Tompkins commented he would like to see the Directors go to the market in three years time and see what the value is, with the view to selling. R Dickie said that we will probably look to going earlier than that. N Downes said he would endorse such a move. R Dickie commented that if the investors are happy to sell then the Directors would support that decision. R Dickie said that the feeling from the meeting is that we would look to sell but not this year.

MEETING CLOSED 2.05 pm

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R R Dickie – Chairman Eastbourne Dairy Farm Limited 2015

APPENDIX A

COLDSTREAM DOWNS DAIRY FARM LIMITED - Sensitivity Analysis

MILK PRICE				$3.66	$4.50	$5.00	$5.50	$6.00	$6.50	$7.00	$8.00
	Effective Milking Ha			309	309	309	309	309	309	309	309
Stock	Cows to Calve			830	830	830	830	830	830	830	830
	Cows Peak to Milk			800	800	800	800	800	800	800	800
	Calves reared			170	170	170	170	170	170	170	170
	Cow Equivalents/ha Stocking Rate			2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Production	M.S./Cow			381	381	381	381	381	381	381	381
	M.S./Ha			987	987	987	987	987	987	987	987
	Production (kg MS)			305000	305000	305000	305000	305000	305000	305000	305000
Income	% of Income	100%		1,116,300	1,372,500	1,525,000	1,677,500	1,830,000	1,982,500	2,135,000	2,440,000
	Total Milk Income			**1,116,300**	**1,372,500**	**1,525,000**	**1,677,500**	**1,830,000**	**1,982,500**	**2,135,000**	**2,440,000**
	Stock Proceeds	151	$/cow	120,800.00	120,800.00	120,800.00	120,800.00	120,800.00	120,800.00	120,800.00	120,800.00
	Other Farm Income										
Total Income				**1,237,100**	**1,493,300**	**1,645,800**	**1,798,300**	**1,950,800**	**2,103,300**	**2,255,800**	**2,560,800**
Expenses	Sharemilker Payment - Total			319,820	336,473	346,385	356,298	366,210	376,123	386,035	405,860
	- MP		6.5%	72,560	89,213	99,125	109,038	118,950	128,863	138,775	158,600
	- Calf rearing		6.5%	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420
	- Allowance	304	$/cow	242,840	242,840	242,840	242,840	242,840	242,840	242,840	242,840
	Animal Health	86	$/cow	69,136	69,136	69,136	69,136	69,136	69,136	69,136	69,136
	Dairy Shed Expenses	29	$/cow	22,872	22,872	22,872	22,872	22,872	22,872	22,872	22,872
	Grazing Fees	544	$/cow	435,096	435,096	435,096	435,096	435,096	435,096	435,096	435,096
	Feed Costs	234	$/cow	187,344	187,344	187,344	187,344	187,344	187,344	187,344	187,344
	Pasture Maintenance	223	$/cow	178,736	178,736	178,736	178,736	178,736	178,736	178,736	178,736
	Directors Fees	8	$/cow	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
	Repairs & Maintenance	81	$/cow	64,960	64,960	64,960	64,960	64,960	64,960	64,960	64,960
	Interest & Finance Charges	103	$/cow	82,232	82,232.00	82,232.00	82,232.00	82,232.00	82,232.00	82,232.00	82,232.00
	Audit Fees	16	$/cow	12,496	12,496.00	12,496.00	12,496.00	12,496.00	12,496.00	12,496.00	12,496.00
	Other Farm Working Expenses	218	$/cow	174,504	174,504	174,504	174,504	174,504	174,504	174,504	174,504
	Rates & Insurance	39	$/cow	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200
	Depreciation	75	$/cow	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Total Farm Working Expenses				**1,644,396**	**1,661,049**	**1,670,961**	**1,680,874**	**1,690,786**	**1,700,699**	**1,710,611**	**1,730,436**
	Mortgage Principal			-	-	-	-	-	-	-	-
Total Debt Servicing				-	-	-	-	-	-	-	-
Total Expenses				**1,644,396**	**1,661,049**	**1,670,961**	**1,680,874**	**1,690,786**	**1,700,699**	**1,710,611**	**1,730,436**
Cash Surplus or Deficit				**- 407,296**	**- 167,749**	**- 25,161**	**117,427**	**260,014**	**402,602**	**545,189**	**830,364**

NOTE: This Analysis is based on status quo for the farming operation - i.e. the number of cows, production targets and expense structure remains the same. This scenario also does not allow for any taxation, capital expenditure and no Principal payments, which would have to be deducted from any surplus.