# PUKEKAKA SHEEP & BEEF STATION LIMITED

## MINUTES OF THE ANNUAL GENERAL MEETING HELD AT PUKEKAKA STATION, TAIHAPE ON SATURDAY 7TH NOVEMBER 2015 AT 10.00 AM

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**MEETING OPENED** 10.20 am

**PRESENT**
R Dickie – Roger Dickie Holdings Limited, E & F McLeod, E Willis, M Willis, G Clark, G Woolford, G & J Beale, R & C Fulford – Clearly Rod Ltd, G & H Brockett – The Capybara Trust, J Crawford, M Crawford, N Jenkins, N Miller and J Simmons – The Nick Miller Family Trust, P Wellington, B Cullen, P & I Duncan, R & R Eades, R & K Warren – R G Warren Family Trust, S & F Drummond, W Loveday – The Walter Loveday Trust.

**ATTENDING**
J Whitlock (Director, Accountant), R and M Stratton, A Stratton & J Bendle (Pukekaka Station), R Bourne & K Murdoch (Roger Dickie (NZ) Limited), P Hughes (Taihape Veterinary Services).

**APOLOGIES AND PROXIES**
Apologies and Proxies were received from 60 Shareholders totaling 3,765,000 shares or 59.76%.

Apologies were received from S Barr, O'Brien Family Trust, D Woolner & J Relph, The Wincanton Family Trust, D & L MacMillan, D O'Connor, D Sanvi, The D & B Family Trust, The Kuritau Trust, E Maher, G & R Howard, G McEwan, G Mellor, Graeme & Heather Mellow Family Trusts Partnership, G CLaridge, Greve's Forest Limited, The Alron Family Trust, A Tipping, A Turner, The Johnston Family Trust, A Vincent & G Poole, Bellinnes Investments Limited, B Goh, B O'Neill & H Davidson, The Brimum Trust, The Walter Family Trust, DJ & JA Williamson Family Trust, H Van der Heijden, JC & YJ Trewavas Limited, J Faulkner, J & W Williamson, J Dalmer, The Cooper Family Trust, K Mellor, The Luey Family Trust, Knight Forest Limited, L Esler, M Wade, M Ryder, M Steinhauser, M Turnbull, M Irwin & S Hunter, Cape Pioneer Trust, N Robertson & L Henderson, N & A Smith, P Hallet, RH Stoddart Family Trust, R Werner, R & G Grant, R & J Ell, R Kennedy, R Weskett, Round Tuit Investments Limited, Rovan Furniture Limited, Scotlink Limited, S Davey & K Hamilton, S Wood, The BHAG Company Limited, W Boyd, Whitfield Limited, YM Schreurs & Sons Limited.

It was MOVED by N Jenkins and SECONDED by J Crawford THAT the apologies and proxies be ACCEPTED. CARRIED

**MINUTES**
The minutes of the 2014 Annual General Meeting had been previously circulated and taken as read.

It was MOVED by E Willis and SECONDED by N Miller THAT the apologies and proxies be ACCEPTED. CARRIED

**ARISING FROM MINUTES**
The discussion of selling Pukekaka Station was deferred to General Business.

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**ANNUAL REPORT**
The Chairman tabled the Annual Report and opened the floor for discussion.

R Dickie talked through his report. R Dickie and commented that Rob and his team be commended for the excellent lambing percentages that he achieved last year and again this year.

It was MOVED by R Dickie and SECONDED by G Clark THAT the Annual Report be adopted. CARRIED

**AUDITED FINANCIAL ACCOUNTS**

The Chairman tabled the audited Financial Accounts for the year ending 30 June 2015 and opened the floor for discussion.

J Whitlock gave an overview of the financial accounts. He outlined that we had paid back a reasonable amount of debt and that the current loan balance was $1,358,565.95. We had paid back $85,000 of debt in a previous year.

R Dickie outline that we are currently on a floating interest rate of 4.34%. N Miller asked whether we were looking to staying on a floating interest rate. R Dickie said that we need to look at our options going forward with this property because if we are looking at selling the property in the future then we don't want to be taking out a fixed term loan that would involve penalties to break if we did sell.

G Clark asked what Other Operating Expenses were made up of. J Whitlock replied it was a number of minor expenses and a breakdown would be circulated with the minutes. (see *appendix.)*

R Fulford asked for a summary of the farms performance per share; i.e. each dollar invested was earning 'X' amount. This was endorsed by R Eades. R Dickie said this would be distributed at a later date.

It was MOVED by R Fulford and SECONDED by F McLeod THAT the audited Financial Accounts be accepted.

CARRIED

**REMIT – CONSTITUTION CHANGES**

It was MOVED by R Dickie and SECONDED by J Whitlock THAT the constitution change to include and Electronic Ballot clause be accepted. CARRIED

**APPOINTMENT OF AUDITOR**

It was MOVED by J Whitlock and SECONDED R Dickie THAT Silks Audit Chartered Accountants Limited of Wanganui be reappointed auditors for Pukekaka Sheep & Beef Farm Limited. CARRIED

**APPOINTMENT OF DIRECTOR**

The Chairman advised that J Whitlock retires by rotation and is available for re-appointment. Nominations were called for, for the position of Director.

It was MOVED by R Dickie and SECONDED by P Duncan that J Whitlock be re-appointed as a Director. CARRIED

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**GENERAL BUSINESS**

**Farm Update:**

R Stratton gave an overview of the farms performance over the past 12 months.

N Millar asked whether there was scope to improve the farms performance. Rob replied that this will depend on what the director's view is for the property going forward. P Hughes commented that you wouldn't get a better run Sheep & Beef farm. One option is to trial Lucerne for finishing lambs; however this has implications for wintering on the property.

G Clark said that though it is very dangerous to compare one property to another as they are so different, could the use Plantain (a herb planted with clover) be considered, similar to the strategy Kaiangaroa Station use. P Hughes advised that Plantain does not offset the impact of Summer like Lucerne could. The limiting factor for Pukekaka is the small area of flat land available for cropping purposes.

**Pukekaka Future:**
G Clark commented an executive management structure could be set up to discuss the options going forward with a sale. If it was decided to sell then no need to for any discussion of the future of the property. This was endorsed by R Fulford.

N Miller asked whether it is as good as it gets for the farm. P Hughes outlined some of the operational options that could be considered, however the farm was operating at close to its maximum potential. He also said you would be hard to find another farm run as well as Pukekaka. R Fulford credited Rob for how he has been developing the farm over the years to have it running so well.

R Dickie outlined the option of where to from here, as per our prospectus the future of Pukekaka is to be reviewed after ten years, which would be next year. There are three options, one is to sell, one is to lease out the property or to farm it on.

The lease option was discussed and R Dickie gave an overview of how it would operate. P Hughes highlighted that one issue with leasing is that the property can get rundown. R Dickie said that this is one option that will be investigated further.

G Clark said that Return on Investment needs to be looked and presented at next year as part of the selling option. R Dickie said that could be included in part of that discussion next year.

R Dickie said his feeling is that there is a group of investors that would be happy to continue with the investment and understand that there is no dividend, but he is also mindful that there are some investors that would prefer to be receiving a dividend. He said that it is important for the directors to neutrally assess all options of where we stand. He advised a resolution of 75% of the shareholding must agree to a sale.

R Fulford said he would prefer that with debt levels so low the directors no longer pay off debt but move towards paying a dividend. He also would like to look at the rate of return, as it has been non-existent for the last nine years and would not be interested in another ten years. P Hughes said this is the reality of sheep and beef farming at present, because the land it too expensive and returns are low.

N Millar suggested there may be a third option, where the farm is valued at the market value and refloated as a new venture allowing people to choose to stay or leave and a way to attract a group of new people to the project. R Dickie said that a new venture would require a new prospectus and FMA rules come into play with up to $150,000 in fees. If more people wanted to leave than stay, then you would be having to borrow more money and then you would be looking at a negative return again.

R Dickie said that the next move is to see the interest of the shareholders as to what their opinion is for the future of Pukekaka, so that this can be presented at the next meeting.

R Fulford commented that the structure we operate adds cost and overheads that wouldn't be incurred if it was an owner operator. P Hughes commented that if you look at his analysis the only difference is $20,000, which is made up of valuations, audit and a administration fee.

R Dickie called for the show of hands for an indication of those that would be interested in selling and farming on. The meeting was divided with 8 for selling and 8 for farming on.

N Millar said he would like an expert view as to what the next ten years will look like for the industry. R Dickie said that it would be purely speculative to looked that far into the future. J Beale commented that farming is always very unpredictable.

R Dickie said that we will do some canvassing to get people's opinions, so that the directors can do some analysis and can bring forward a proposal for what shareholders would like to see to at next year's meeting. P Wellington asked that if an analysis is done that it be presented well in advance to the meeting so that they have time to look it over properly. R Dickie said that this would definitely be the case.

P Hughes commented that it is still a fact in sheep and beef farming that you are only to expect 2 to 3% return. You have to look at the whole package, which includes the capital gain over time. With the development and improvements it is a far better farm then when purchased.

N Millar asked if people know about shares, as it is a fairly small market. R Dickie said that shares are listed on the website and in newsletters but there has been little buyer interest of late. Last shares sold at .90 cents.

P Duncan requested that as part of the information sent out a list of pros and cons for selling are included. G Clark also commented that we need analysis of where we started and where we have got to.

Meeting closed at 11.49 am.

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R R Dickie – Chairman
Pukekaka Sheep & Beef Farm Ltd 2015

# APPENDIX A

## Other Operating Expenses Breakdown

**Working Expense**

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| Accident Compensation Levies | 3,114.00 |
| Accounting Fees | 7,075.00 |
| Administration Expenses | 15,256.00 |
| Bank Fees | 420.00 |
| Cartage | 22,368.00 |
| Computer Expenses | 390.00 |
| Consultancy Fees | 2,425.00 |
| Farm Working Animals | 8,397.00 |
| Electricity | 2,893.00 |
| Entertainment | 376.00 |
| General Expenses | 1,378.00 |
| Hay & Silage | 16,077.00 |
| Herd Improvement | 3,651.00 |
| Legal Expenses | 269.00 |
| Meeting Expenses | 1,903.00 |
| Printing & Stationary | 17.00 |
| Subscriptions | 47.00 |
| Telephone & Postage | 4,923.00 |
| Training Expenses | 400.00 |
| Valuation Fees | 2,300.00 |
| | **93,679.00** |