

Hunter Family Farm – Weekly Update from the Board of Directors

5th November 2023

Dear Family Farm Hunter co-owners,

Thank you for your patience over the last few weeks. Many calls for our time meant that we needed to step back from our weekly communications whilst we progressed a number of workstreams.

1. Farm management strategic plan

a. RCS report

In his report, Andrew Zerner of RCS articulates a staged plan for the development of Hunter family farm, starting with our operations at Salea, with the capacity to expand our enterprises as we achieve those targets and increase our landholdings.

A copy of Andrew's report is provided [here](#).

Pleasingly, we can commence the first leg of the plan, being beef breeding, with our current landholdings at Salea and our existing labour (farm hand and working groups).

As such, the Board and Committee seek co-owner support to adopt and implement the recommendations put forward by Andrew. These include:

- purchase of a Nguni bull to cross with our existing mob of Angus breeding cows (the rationale for cross-breeding with Nguni breed: they fatten better on grass only; they have smaller calves so less intervention is likely when they deliver; they are more drought tolerant and parasite resistant);
- implementation of RCS grazing principles, which will include:
 - construction of a header tank and associated network of gravity fed troughs;
 - construction of approximately 5 kms of electric fencing for the subdivision of the hill paddocks;
 - construction of test NSF contours, with view to rolling out more as viability and suitability is observed; and
 - selective tree plantings; and
- construction of toilet facilities in support of farming and bush camping activities at Salea and, to the extent appropriate, establishment of suitable sites for tent camping, camper/caravanning and crop cultivation by co-owners.

It is noted that these investments, with the exception of the establishment of a members' garden and tent camping and camper/caravanning sites, will be required in order to migrate to regenerative farming practices at Salea and are not dependent or likely to vary should we acquire additional land in the region.

Thank you to everyone who has voted so far. We are delighted to advise that over 70 votes have been cast for 100% approval of the adoption of Andrew's recommended plan for Salea.

If you have not already voted, but would like to, please cast your vote [here](#) by 11:59pm on Wednesday, 8 November 2023.

b. Lallamont (Kellie Walters') report

As you may be aware, we have been actively pursuing complementary land acquisition opportunities. As Kellie's work is more focused on the latter stages of the farm development plan as set out in Andrew's report and is more contingent on land purchases, it has been progressed more slowly in order to minimise any rework.

Subject to co-owner approval for Opportunity 1 (farm #2 – see 'Land acquisition update' below), we hope soon to be in a position for Kellie to complete her report for Family Farm Hunter.

We understand Kellie's work in identifying suitable crops for cultivation is of particular value to the Members Garden Working Group and we will look into ways to ensure the Members Garden Working Group is appropriately supported should the timing of Kellie's work change.

c. Next steps – Implementation of the Strategic Plan

In light of the overwhelming support received thus far for Andrew's recommended plan for Salea, we have been busy readying things for implementation.

One of the first steps was reaching out to domestic breeders of Nguni bulls. We have been in contact with Edwin Rous, a Nguni breeder located in the Southern Tablelands region of NSW, and are delighted to advise we have put down a holding deposit on a suitable bull. All going to plan, *Henham Raffi* will join us at Salea in November and be put in (joined) with our Angus breeders in December this year. We are taking steps to sell our Angus bulls, though may temporarily retain one of our Angus bulls for this year's joining to ensure all our Angus breeders are covered.



Henham Raffi, photo courtesy of Henham Ngunis, Gundaroo, NSW

We have commissioned Andrew to prepare projections in support of our proposed cattle operations (breeding and fattening).

We are also preparing cost estimates for the planned works at Salea including preparing materials lists and development plans for the construction of the stock water network and electric fencing recommended in RCS's report.

This information will all be fed into a budget for the current financial year (FY2024) and forecasts for the next couple of years (FY2025 and FY2026) as we seek to quantify our capital needs for acquisitions, development works and day-to-day operations over the short to medium term.

2. Land acquisition update

As you may be aware, we are in active discussions regarding two properties in the region. These properties are consistent with the recommendations for additional landholdings which are outlined in Andrew's report. Andrew has visited both properties; one when he was at the farm in August this year for his review of Salea, and the other in the week prior to our Strategy Weekend. Peter has also visited both properties.

The properties are quite different, but complementary:

- Opportunity 1: comprises around 100-150 acres of river flats along the Williams River, located in close proximity to Salea. It is an ideal site for camping, the members garden and, in the future, market garden activities. It also provides sufficient land for weaner paddocks for initial homing and fattening of our calves from Salea; and
- Opportunity 2: comprises around 500-550 acres of undulating land located within a 30-40 minute commute of Salea. It is currently running Angus cattle and dorper sheep and would bring forward protein production, namely lamb, for co-owners. It has four springs servicing a number of dams located on site.

The acquisition of either of these properties would significantly advance us in realising our goals for food production and self-sufficiency.

It is our current hope to acquire both of these properties, which would set us up with sufficient land to achieve all of our aspirations. We are presently reviewing the capital requirements for this as well as ensuring a sufficient buffer is maintained in order to realise our requirements for logistics, capital improvements at each site, day-to-day operations and the unexpected.

a. Opportunity 1

We were delighted to advise two weeks ago that our offer on a nearby property had been verbally accepted.

We are continuing to work away on that opportunity and have received a copy of the Contract for sale. We are currently completing the usual conveyancing due diligence and working to satisfy the various conditions of our offer which includes agreement by co-owners (including a site visit by interested and available co-owners).

Based on co-owner feedback, a site visit is planned for one hour from **11am on Sunday, 12 November 2023**. It will be a walking tour, so please wear long pants and suitable footwear (and wet weather gear or sunny weather gear as the case may be). We will meet up afterwards at Salea for a lunch (TBA – BBQ or BYO) and Q&A with the Board and Committee.

We will open a voting platform on our website for one week from Saturday, 11 November, 2023, and will provide photos and other available information for consideration by co-owners.

It is the unanimous recommendation, from each of the Board and the Committee, that co-owners vote in support of the acquisition of this property.

Further details including the location of the property will be advised later this week.

b. Opportunity 2

Our discussions regarding this property continue, albeit have been slowed somewhat given the significant amount of work currently underway. We plan to return to those discussions this week and hope these will ramp up again over the course of the week.

We are yet to agree price or other terms and conditions. There is an existing farmer on site who has expressed interest in staying on, at least in the short term. Our plan for this property, if we are successful in those discussions, is to fatten cattle as well as run sheep and, possibly down the track, chickens (meat birds). This would mean that we could realise our food production aspirations of producing around 50kg of beef per family unit and as well as deliver our Stage 2 and part of Stage 3 aspirations much sooner than currently possible.

We may need to move very quickly in relation to this opportunity and will keep all co-owners updated as those discussions progress.

3. Financial information update

This week, we have spent a lot of time reviewing our financials and financial position in preparation of our reporting requirements and in readiness of rolling out our strategic plan and land acquisitions.

We are currently reviewing our financial accounts for submission of our Business Activity Statement (BAS) and preparation of our FY2023 financial accounts.

As mentioned above ('Next steps – Implementation of the Strategic Plan'), I have also prepared initial drafts of our FY2024 budget as well as financial projections for FY2025 and FY2026. These will continue to be developed over the coming weeks and will be shared with co-owners for review and comment when ready.

4. Bricklet sales – Call out for (potential) co-owners

As you may be aware, our existing \$3.7 million in co-owners' funds is insufficient to realise all our plans, and so we need to sell the 30 or so bricklets remaining in Family Farm Hunter as a priority.

We understand from a number of co-owners who were able to join us at the Strategy Weekend and the subsequent Town Hall video call, that their friends and family are interested in joining us in this adventure or they themselves have been thinking of purchasing another bricklet. We can appreciate the same may be the case for many of our fellow co-owners. We are seeking your assistance.

We are planning a one-hour session via video link this **Thursday, 9 November at 7:30pm** for all potential co-owners (and interested co-owners) to attend for an introduction to Family Farm Hunter and discussion of our plans. Potential co-owners are also invited to join us this **Sunday, 12 November at 11am** for the visit to Opportunity 1 and later at Salea for a visit, lunch and Q&A with the Board and Committee.

We are collating information for review and will make this available on our website in the coming days.

5. Structure update

We are continuing to progress our work on the optimum structure for Family Farm Hunter.

We were advised by Brian Sher a couple of weeks ago that he and Adam Gibson no longer wanted to hold their shares in Family Farm Hunter Pty Ltd. We had been working on the basis

that we had sufficient time to finalise the structure, so as to more accurately reflect our common understanding of shared ownership, before a share transfer needed to occur, however Brian advised last week that this was not an option.

In order to facilitate the immediate exit of Brian and Adam and as an interim measure, each of PJ Patterson, Chris Priestly, Hunter Shannonhouse, John Plahn and myself acquired those shares on a non-beneficial basis in trust for all co-owners of Family Farm Hunter. We continue to work on a structure that allows for the participation of all co-owners in the shareholding of Family Farm Hunter Pty Ltd and shall update all co-owners as our investigations continue.

6. Applications for position of Interim Director

Unfortunately, we did not receive any applications for the position of interim director.

The Board has resolved to continue for now with the current team of six (6) directors and will call out for applications again in the coming months.

7. Communication generally

The Board and Committee have been trying to communicate all that is happening behind the scenes to develop a sustainable farm, with an agreed plan for what is possible.

We hope you feel like you can contact the Board and Committee with any concerns and insights you have. We will always follow our agreed values in deciding how to respond to your inputs. To that end, this is a simple reminder that we want to hear from you; your ideas, and any concerns or questions you may have. Please contact us on board@familyfarmhunter.com.au.

Thank you to everyone who has contacted us. If you are yet to hear from us, please be assured that we are working to respond to you shortly.

On behalf of the Board and Committee, we thank you for the opportunity to work with you on this exciting venture.

Yours sincerely,

Karen Bolden
Chair