

# Policy - Transfer of Shares where the shares remain on the same parcel of land

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## 1. Policy Background

MHV's Constitution provides that the Company may agree to a transfer of shares, for example, upon sale of a shareholder's property, or exchange of ownership (e.g. to trust or another family member.) Approval is at the discretion of the Board of MHV, should be in the best interests of the Company, and be in accordance with any policy determined by the Board.

The Water Supply Agreement includes terms and conditions which provide for the Company to work within the environmental conditions of our Consents, specifically regarding Nutrient Management, Farm Environment Plans, audited self-management and the provision of nutrient budgets.

Any request to transfer shares must meet certain criteria before it will be approved.

## 2. Purpose

The purpose of this policy is to define the Company's requirements relating to the transfer of shares and provision of information, to avoid delaying or refusing an application to transfer shares following settlement due to a lack of information provided by either the shareholder or the purchaser.

## 3. Scope

This policy applies to anyone wishing to transfer their shares in MHV, and to the Management and Board of MHV when deciding whether to approve or deny an application for share transfer. Specifically it is relevant in the following two scenarios:

- a) Sale/Purchase of Land and Shares, where the beneficiary materially changes
- b) And/or leasing of land with shares

## 4. Policy Details

### 4.1 Timing

Shareholders wishing to transfer shares, and purchasers or lessees wishing to take a transfer of shares, must make enquiries with the Company as to any specific requirements in respect of the transfer of shares prior to the settlement date.

Shareholders and purchasers or lessees may seek pre-approval from the Company setting out specific information and any remedial action required by the Company prior to the transfer of shares being approved.

## **4.2 Compliance with Water Agreement**

Before a request to transfer shares is approved, the Company must be satisfied that there are no material non-compliances with the Water Supply Agreement or Company policies. This specifically includes, but may not be limited to, the management of nutrients including any outstanding remedial action.

## **4.3 Land Use**

Where the Purchaser/Lessee wishes to change land use or change nutrient discharge on the property, the Purchaser or Lessee shall seek advice from the Environmental Manager to ensure compliance with all environmental policies. Usually this will involve following the FAVA (Farm Activity Variation Application) process before a request to transfer shares is submitted to the Board.

## **4.4 Provision of Information**

The Company requires certain information to be provided with any request to transfer shares so that adherence to the land use and nutrient discharge consent can be achieved.

Such information shall include, but may not be limited to:

1. An updated FEP shall be provided by the new owner/lessee within 90 days of a share transfer being undertaken.
2. The vendor or lessor shall provide an updated Year-End OVERSEER nutrient budget, representative of nutrient losses for the most recent season prior to transfer of the property to the purchaser. All OVERSEER nutrient budgets are to be prepared by a suitably qualified person, in accordance with the Best Practice Data Input Standards and the Irrigo Nutrient Budget Consistency Standards. SDWA nutrient budgets prepared by Synlait or Fonterra do not necessarily meet the required standard and may not be accepted. If only part of the property is being sold an OVERSEER nutrient budget will need to be completed (and approved) for each part of the property under separate management or farming system.
3. Where the property is transferred mid-season, the vendor or lessor shall provide the purchaser or lessee with the Year-End OVERSEER nutrient budget for the most recent whole season, as well as sufficient land use data until the date of transfer for the purchaser to complete a Year-End nutrient budget for the current season.
4. Confirmation that no land use change or change to the farming system will occur prior to the date of the proposed transfer.
5. Confirmation that any remedial actions required by the Company have been completed or will be completed by the Shareholder prior to the date of the proposed transfer, or where it is proposed that the

purchaser or lessee complete any remedial action, a written acknowledgement from the purchaser or lessee that the purchaser or lessee will complete the remedial action.

6. Shareholder authorisation to release audit reports, nutrient budgets, Farm Environment Plans and or related information for the property to the purchaser or lessee.

For the avoidance of doubt, any sale of shares where the beneficiary does not materially change, ie a change of Trust but the beneficiaries are not materially changed, is not required to follow this process or seek Board Approval. In these situations we are required to be advised of the change to facilitate the transfer of shares.

## 5. Review and Sign Off

Revision	Status	Date	Prepared by	Checked	Approved
00	First Draft	May 18	FM		Board June 2018

## 6. Related Documents

- Clauses relating to the transfer of shares
- MHV Share Transfer Checklist