

Horrigan, AY (Andrea)

From: Brady, G (Greg)
Sent: Wednesday, 19 June 2013 12:55 PM
To: Horrigan, AY (Andrea)
Subject: FW: The Tim Shay Grazing Trust (Adrian & Wendy Brauer) - Credit Review

Andrea,
 Please attach this email to the CR.
 Cheers,
 Greg

From: Ole, B (Bob)
Sent: Wednesday, 19 June 2013 12:51 PM
To: Brady, G (Greg)
Subject: RE: The Tim Shay Grazing Trust (Adrian & Wendy Brauer) - Credit Review

Hi Greg, as we discussed I would support the extension as requested. Account should be downgraded to OLEM in the meantime. If there are any arrears in the loan over the next year, we will meet with them again and in need downgrade to substandard and instigate FDM.

Best regards

Bob

Bob Ole
 Special Asset Management
 Rabobank Australia

-----Original Message-----

From: Brady, G (Greg)
Sent: Wednesday, June 19, 2013 10:51 AM AUS Eastern Standard Time
To: Ole, B (Bob)
Subject: The Tim Shay Grazing Trust (Adrian & Wendy Brauer) - Credit Review

Hi Bob,

As discussed earlier today, I am forwarding through a copy of the client note I entered following our recent visit to Adrian and Wendy Brauers property near Theodore. I am inclined to support the clients request to defer the AUD3.0Mln CPR due 30 June 2013 to 30 June 2014 on the basis they will further their endeavours to realise the home property Kia-Ora and maintain their loan facilities within terms over the same period. The involvement of Professional advisors from Powers Accounting is seen as a positive and will hopefully keep the debt reduction issue front and centre for this client. Next Credit Review due 30 November 2013.

If the proposed strategy of deferring the CPR for twelve months is acceptable, or otherwise, to you. I would appreciate if you could respond via this email trail and I will attach to the WR given you are travelling intrastate. Happy to discuss further.

Cheers,
 Greg

Client Note #23

"Account Manager, Greg Brady and SAM Manager Bob Ole visited Adrian and Wendy Brauer to discuss the pending CPR and their efforts to meet this requirement. Meeting commenced at 9:05am with introductions made to the Brauers financial advisor's Murray Davis and Jason Webster from Powers Accounting who were invited to attend the meeting by Adrian and Wendy. Following informal discussion around the general rural economy the meeting commenced with Greg Brady detailing the Banks position towards the expectation that a Principal Repayment is due and the reason for applying the Principal repayment has not diminished given the level of debt remains at AUD4.2Mln and both the clients facilities were recently in excess with clearance of one and the other remaining in excess at this point in time. Adrian and Wendy Brauer both acknowledged the level of debt was placing significant strain on their cashflow and they were committed to achieving debt reduction however stated the only realistic way to achieve significant debt reduction was to sell their home property Kia-Ora to Anglo Coal who has purchased a majority of property surrounding the Brauers property. Murray Davis confirmed that Anglo Coal had been a major purchaser of rural land in the Theodore area and given his role as a property valuer he was well aware that Anglo Coal had stalled the purchasing of rural land over the past 12 months. However, Murray has recently undertaken valuation work for landholders who are dealing with Anglo Coal and his opinion was that further land purchases by Anglo were more likely in the foreseeable future. Murray Davis confirmed that he would provide a map detailing the land purchased by Anglo Coal in close proximity to Kia-Ora. Jason Webster issued cashflow projections to all present and gave a commentary on the assumption within those projections. Bob Ole noted the significant decline in General expenses from the current year to those contained in year 2014. Jason advised that particular one-off expenses such as Legals, R&M impacted on the current year results and these weren't expected in the next year. In summary, the Brauers are expecting to place ~200 breeders on Jamberoo and seek long term agistment for ~250 Breeders. The anticipated agistment proceeds and sale cattle from their own breeders will not replace the previous lease income stream which places more pressure on the client to achieve a sale of Kia-Ora over the next twelve months. Greg Brady advised the Brauers that any agistment agreement for Jamberoo would need to be considered by the Bank to ensure the Banks interests are protected and requested the client forward such agreement to him once it has been prepared. Wendy Brauer noted this requirement and stated she would forward a copy of the agreement once this was prepared.

Adrian Brauer made particular mention of his concern as to why the Bank had lent them the money for purchasing Jamberoo and within three or so years required that money be repaid. Greg Brady acknowledged Adrian's question by stating the original assumptions of funding the purchase of additional cattle via the sale of the house in the USA had not materialised given the price reduction i.e. AUD0.28Mln down to AUD0.18Mln and the funds held in FMD's i.e. AUD0.17Mln were not applied for cattle purchases with the FMD's now less than AUD0.02Mln. In addition the Bank remains conservative with regards to leasing of property to service debt and the recent excess position confirmed the Banks attitude given the lease is expiring and the final lease payment hasn't been made.

Jason Webster noted the projected cashflows indicated the Brauers could continue to meet their financial commitments whilst they seek interest for Kia-Ora. Jason further noted the six off-farm investment properties are costing the Brauers close to \$20K per annum which is affecting cashflow and they have committed to realising some of these assets with the most likely to sell in the short term being located in Biloela. It was noted by Greg Brady that whilst there is minimal equity held within these assets, they are negatively impacting on a struggling cashflow and the clients intention to sell these assets over the next twelve months may be a worthwhile consideration. Bob Ole specifically noted that any decision to realise the off-farm assets was purely for the clients consideration and they should not take any comments by himself or Greg Brady to support their decision's in this regard as advice from the Bank or its representatives. Adrian and Wendy with their advisors acknowledged Bob's comments.

In closing summary, Greg Brady stated the principal repayment was due and would trigger at the due date should no further consideration be taken of this matter by the Bank. The Brauers requested consideration by the Bank for additional time to sell their home block Kia-Ora and asked if the Bank would delay the principal repayment. Bob Ole noted the Brauers request for additional time and stated that a deferral of the principal repayment for twelve months may be considered by the Bank. However, there was no guarantee this would be approved. Greg Brady further noted that before any consideration for deferral of the Principal repayment could occur the client would have to forward the 2011 and 2012 accountant prepared financials to him. Wendy Brauer directed the statement to

Murray Davis, expressing her concern why this information was not already prepared. Murray confirmed he would follow up on the financial information.

Meeting concluded with closing statements by Greg Brady with particular reference to Adrian and Wendy Brauer asking if they had any other issues or matters which they wished to discuss at the meeting and both Adrian and Wendy stated they had no further issues and felt the meeting was a worthwhile process. Meeting finished 11:10am.

Action - Greg to seek property map and financial statements from Murray and Jason."

Greg Brady
Senior Rural Manager
Rabobank Dalby

Cnr. Cunningham and Stuart Streets
Dalby Q.L.D. 4405

PH: [REDACTED]

FX: [REDACTED]

M: [REDACTED]

Email: [REDACTED]

Web: www.rabobank.com.au

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