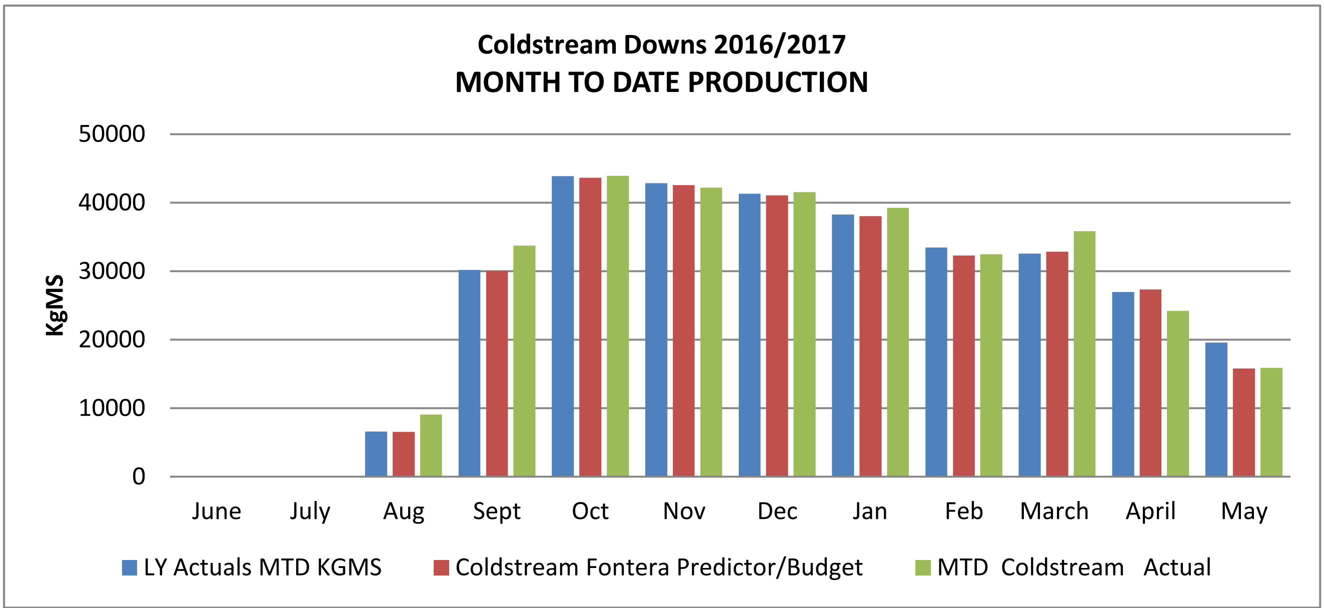
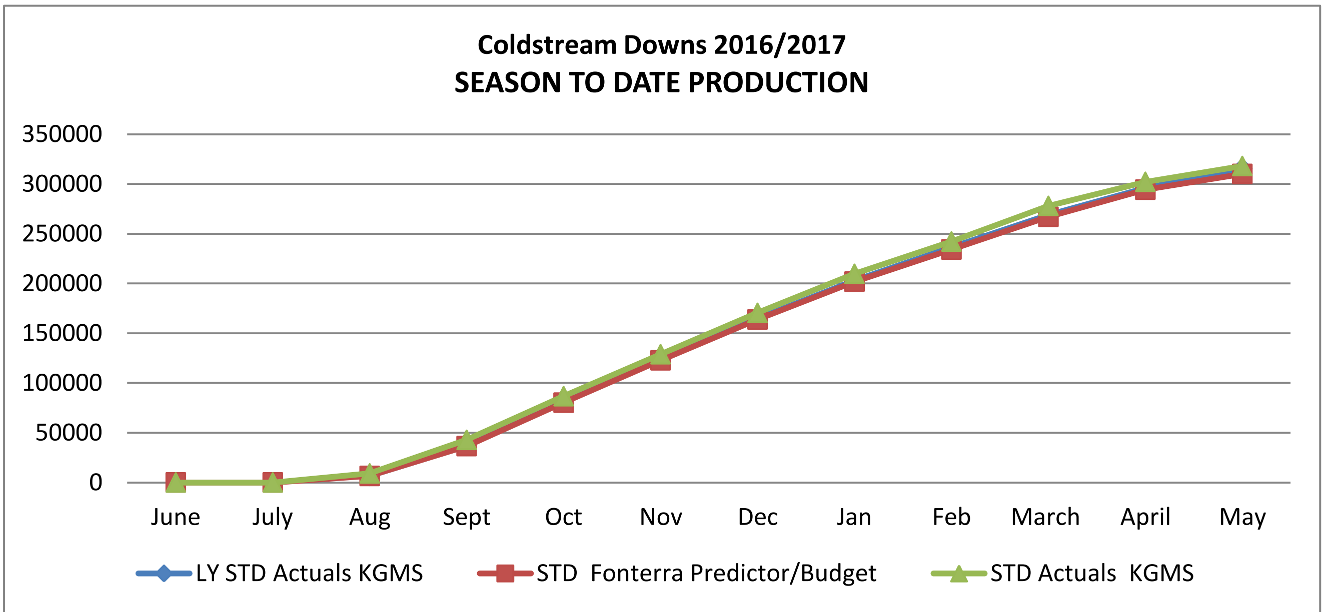
Coldstream Downs Dairy Farm Limited

2016/2017 END OF SEASON UPDATE

The 2016/2017 season at Coldstream saw our Sharemilker Jason Checketts once again achieve excellent production at Coldstream. Final production for the season was 317,991kgMS, the second highest production for the farm and the highest with the current stocking rate. This production is 2.6% higher than the target of 310,000kgMS and 0.8% ahead of the previous season's production. This season saw Jason peak milk 765 cows on 287 hectares (ha) of land giving production comparisons of 416kgMS/cow and 1,108kgMS/ha.





Fonterra, who we supply, lifted their final milk payout from $6.00 to 6.15 for the 2016/2017 season with an estimated dividend of 0.40 cents giving a total payout of $6.55. The final results and payout for Fonterra will be announced at the end of September, with final retrospective payments being made in October. As you are aware the directors took advantage of Fonterra's Co-operative Support Loan in the 2015/2016 Season, during the low payout period. The total loan for Coldstream was $82,348.10. As per the terms of the loan, Fonterra began charging interest on the loan at a rate of 2.47% per annum. With such favourable interest rates the directors have decided to currently not make any active repayment of the loan, but instead follow Fonterra's repayment plan, which will see an automatic repayment of $47, 698.65 in October from the final retrospective payment, with the balance being paid in October 2018.

Fonterra has currently forecast their 2017/2018 season milk payout at $6.75 with a dividend of $0.45, giving a total forecast milk payout of $7.20/kgMS.

The final farm working expenses for Coldstream have increased from $4.29/kgMS to $4.40/kgMS. This increase in expenses has come about as a result of a number of different factors. Firstly, the outstanding growing conditions over spring and summer have meant we have made additional supplement, above what we normally would make. This additional feed will carry forward into next season and mean we will have fewer supplements to purchase then. We have also had some additional cropping expenses, as part of developing the area above the dam. This additional cost this season will see savings in the years to come, in particular being able to winter graze additional stock at home, which will be a big saving. We also had to do major repairs to the tractor, which were unexpected. $0.05 can also directly be attributed to the increased sharemilker payments as a result of the increase in milk price.

The solid milk production and good milk price for the 2016/2017 season has meant that Coldstream has finished off the season with a cash surplus of $500,794.00. A decision on the distribution of this surplus will be made at the Annual General Meeting in October 2017.

The end of the season also saw Jason leave Coldstream and we wish him all the best for his new ventures. We are also happy to announce the employment of Peter Perkin as the new Variable Order Sharemilker for Coldstream. Peter comes to us from Jack Ballam (our farm consultant) run farm, so is very familiar with the system we run at Coldstream.

2016/2017 ANNUAL GENERAL MEETING

The date for the 2016/2017 Annual General Meeting has been set for Sunday 29th October 2017. The AGM is to be held in Napier, which differs from our original schedule to be in Wellington this year. Instead the AGM will be held in conjunction with the Roger Dickie NZ Forestry Conference, that a number of you will be attending that same weekend in Napier.

Further details of the AGM will follow with the Annual

Report.

SHARES FOR SALE

There are currently no shares available for Coldstream Downs Dairy Farm Limited.

However, there are shares available in our other dairy farms Eastbourne Dairy Farm Limited, Murray Creek Dairy Farm Limited and our sheep and beef station Pukekaka Sheep & Beef Farm Limited.

If you are interested in purchasing additional shares please contact Richard Bourne on (06) 346 5329 or email richardb@rogerdickie.co.nz.

Kind Regards

Roger Dickie
Director

VOSM SUMMER REPORT – Jason Checketts

Well another season is now done and dusted, with some pleasing results with farm performance and also financial performance.

It was great to meet a number of you at our shareholders day back in March. The feedback was all positive, which is very satisfying for me personally and also my staff to know that our hard work is appreciated from the owners. So thank you.

Since then the focus has been mainly on making sure the cows are in as best possible condition for the coming season.

I'm very happy with cow condition going into winter; this has been made possible by us having a good grass cover from mid-April right through till dry off. We had one of the mildest Mays and also one of the driest for a long time, this allowed great pasture growth and even better pasture utilisation with very little damage from stock in wet conditions.

Something we looked at the shareholders day was the paddock of fodder beet planted on the farm. This has been a great feed in helping fully feed cows to the end of the season. We mechanically lifted some beet at the start of May and feed in the grass paddocks through the silage wagon on a daily basis.

All up there was just over 2 ha of beet lifted, which means there's still enough left to bring cows home to at the start of calving and do the same job as the kale crop did last season, all from the same kind of area.

The in-calf heifers arrived home on the 25th of May and are on the kale up above the dam, which has turned out to be a very good yielding crop, they'll do well up there for the winter.

My only disappointment in the last quarter was our total milk production didn't end up where I had expected and where it was tracking in the earlier part of the season, this was mainly due to us going through a bit of a dry spell from earlier March through to earlier April. Unfortunately as a result cow milk production dropped off slightly, which at that stage of a season is very hard to get back. We finished just ahead of our total production last season. But achieved the best per cow production the farm has done which I'm very happy with.

As this will be my last report for Coldstream I would like to thank the team at Roger Dickie NZ for the opportunity to be involved in the operation of Coldstream. I have thoroughly enjoyed the last two seasons here and wish the new sharemilker all the best, and hope that he can lift the farm and its performance even further.

Regards

Jason Checketts