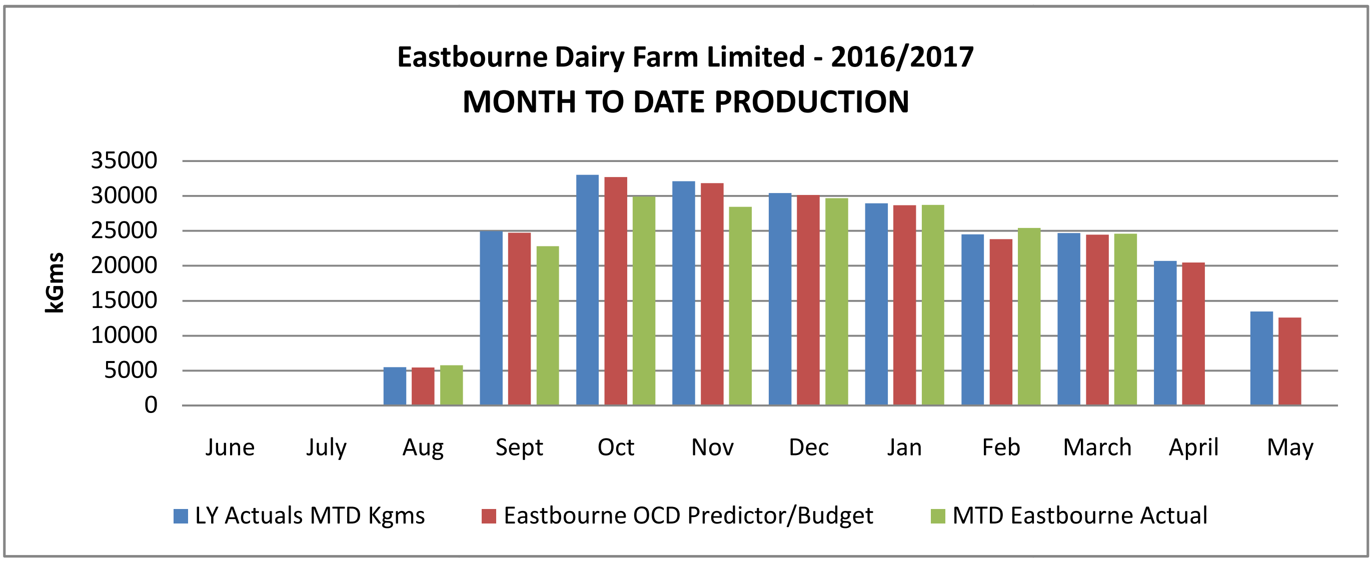
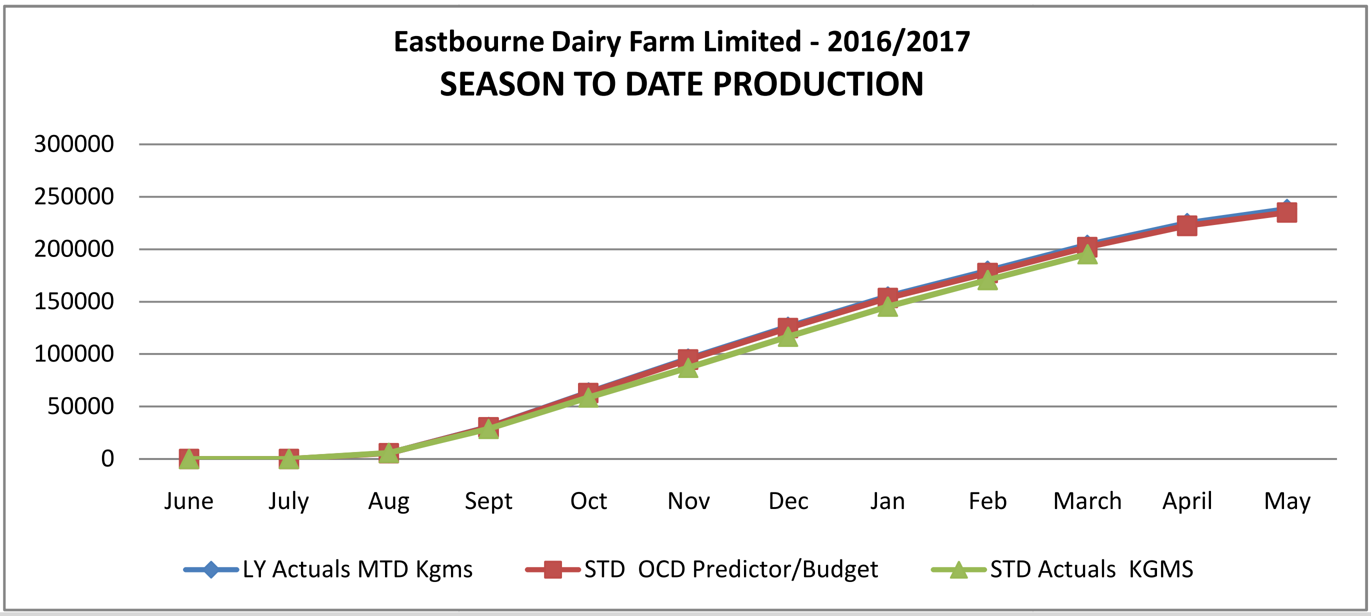
EASTBOURNE DAIRY FARM LIMITED - AUTUMN 2017 UPDATE

The favourable summer weather conditions has seen good grass growth over the summer months and in turn we have seen above target production for January, February and March, pulling back some of the lost production from earlier in the season. As of the end of March we are now only 3.2% behind target and 4.3% behind the same time last year. Ben continues to maintain excellent milk quality, with the somatic cell count average for the season to date of 78,000, well below the Open Country Dairy (OCD) target of 150,000. This achievement sees the farm currently ranked 19 out of 185 OCD farms in the Southland region.





OCD are currently holding their milk price at $6.00/kgMS. OCD indicated this week that the announcement of increased New Zealand milk production, which lead to the fall in the global dairy prices in early March, is expected to continue in the short term, though some of the decline in pricing has been partially offset by currency and the FX going back to US$0.70 cents. As such we are expecting to see stable dairy prices for the remainder of the current season and into the 2017/2018 season.

Ben has continued to work hard to minimise costs where viable, with farm working expenses for Eastbourne are on track to be $3.86/kgMS, which gives the farm a good cash surplus to be able to pay a dividend to investors.

We are also pleased to announce that Ben has committed to staying on with us at Eastbourne for the 2017/2018 and 2018/2019 dairy seasons.

SHARES FOR SALE

There are a number of shares available for Eastbourne Dairy Farm Limited.

There are also shares available in another of our dairy farms 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

2017 SHAREHOLDER FARM VISIT

On the 19th March we held our bi-annual shareholder farm visit to Eastbourne. This year was hosted by Richard Bourne and Kate Murdoch from the Roger Dickie New Zealand office, along with our sharemilker Ben Worker. We were lucky enough to enjoy some beautiful Southland weather for our visit.

We had an excellent visit and learnt a lot about the farm and the run off and spent some time with Ben's very friendly cows. With the current milking roster of three milkings in two days we had the opportunity to see a milking and see the Open Country tanker collect the milk from the farm, both very interesting to see.

Ben continues to take pride in the property and this is very evident from the excellent presentation of the property.

Ben and Kate outlined some of the improvements that could potentially be completed over the next few years to continue to improve the property. This included capital fencing at both the runoff and main farm, ongoing maintenance of the farm houses, extending the concrete area of the yards. The directors are considering a number of these for the coming few seasons, as cashflow allows.






VOSM SUMMER REPORT – Ben Worker

Summer at Eastbourne has been good with cows producing well, and the grass growing.

With good consistent rainfall, warmer temperatures and finally some sunshine we have had a great December, January and February with lots of good quality feed on the dairy platform. After being 9% behind last season's production after November we are now only 4.3% behind end of March.

We changed to a three in two days milking roster on the 5th of January and the cows held production really well. In turn we saw reduced new cases of lameness as there is less walking to the dairy shed, and cows appear to be putting on condition, which is our main goal for the rest of the season.

We have had great growing conditions in February enabling us to push out round length for Autumn. By doing this we are able to start building cover for the coming cooler months.

Mating didn't go as well as hoped with only 70% 6 week in calf rate and a total of 12.5% empty, however this appears to be a common trend in Southland this season after a very wet and cold November, with the area average being around 15%.

The young stock are still growing well, with a high percentage of the R2's in calf early and the R1's are 35kg ahead of target live weight heading into their first winter.

We are looking forward to a good final 2 months of the season where we are aiming to hold onto production and keep increasing cow condition heading towards dry off at the end of May.

Kind Regards

Ben Worker