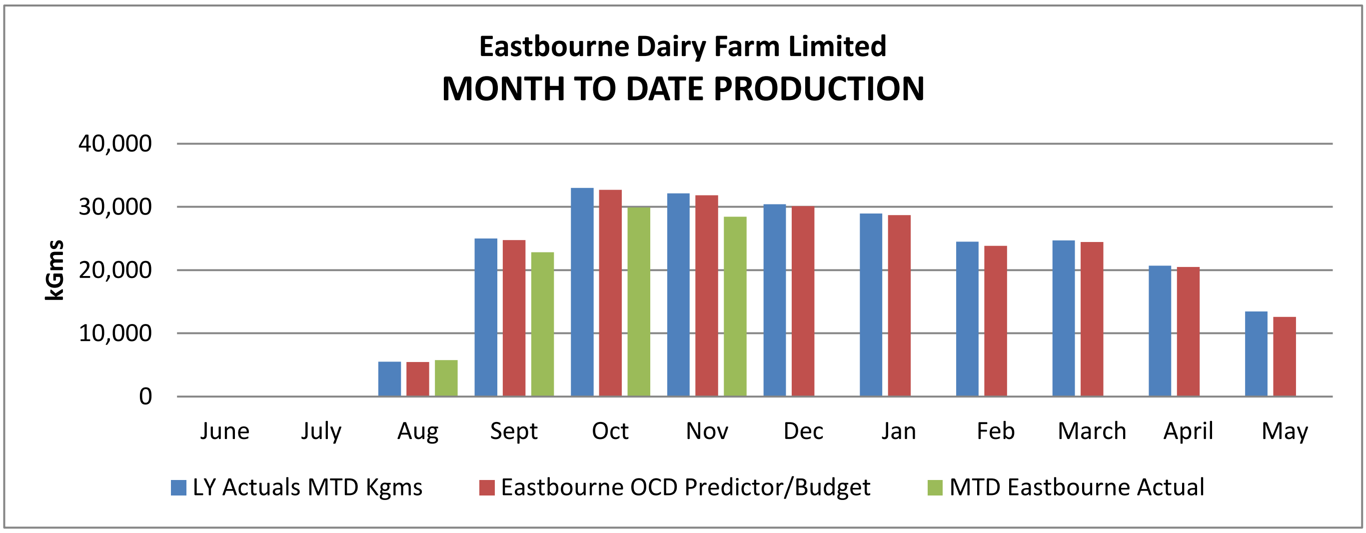
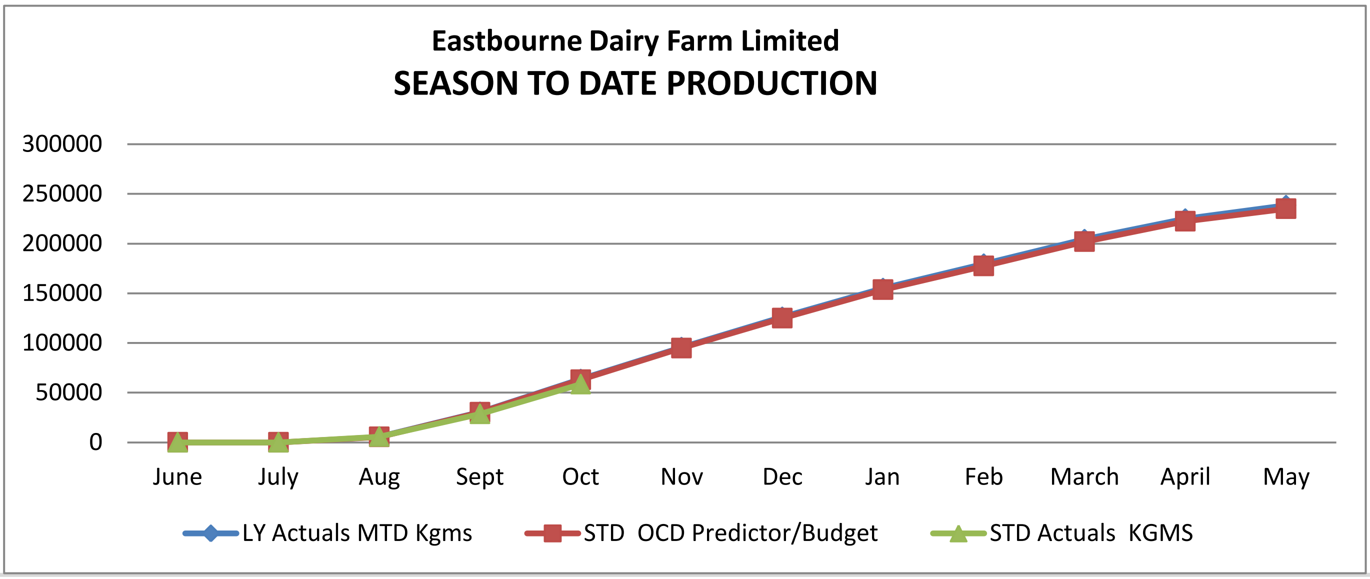
EASTBOURNE DAIRY FARM LIMITED - SUMMER 2016 UPDATE

Seasons Greetings Everyone,

Production at Eastbourne is slightly behind target for the season. This is due to the rearing of additional calves, which require additional milk to be fed. These calves have been sold to generate alternative income when milk prices were lower. Weather conditions through October and November meant there was less good quality grass available to the cows. Season to date the production at Eastbourne is 8.2% behind target, however, through the month of December the cows are currently only 2.9% behind. Happily this production is being off set by reduced farm expenses overall, which along with an increased milk price, means we are in a stronger cash position.





ROGER DICKIE NEW ZEALAND

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The 2016/2017 season has also seen the return of more sustainable milk prices. Significant increases in the prices achieved by the Global Dairy Trade (GDT) over the first few months of this season, has resulted in New Zealand dairy companies increasing their payout forecast for the season. Open Country Dairy (OCD), who we supply, has currently set their forecast payout between $5.60 – $5.90. This lift in the payout has included an increase in the advanced rate, which has meant our monthly cashflow for Eastbourne is looking much stronger.

Industry analysts see the payout holding around the $6.00 mark for the current 2016/2017 season and similar for the 2017/2018 season. Our farm working expenses are on track to be $3.84/kgMS, so it is looking promising for a cash dividend to investors. It is interesting to note that today (21/12) ASB lifted their forecast price for this year to $6.50 and forecast similar or better for next season.

2017 SHAREHOLDER FARM VISIT

The date for the next bi-annual shareholder visit to Eastbourne has been set for Sunday 19th March 2017. Further details for the day will follow early in the new year.

SHARES FOR SALE

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

There are also shares available in our other farms Murray Creek Dairy Farm Limited and 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. Please note our office will be closed from 5pm Friday 23rd December and will reopen Monday 9th January.

On behalf of the directors and the Roger Dickie New Zealand team we would like to wish you all a very Merry Christmas and a Happy New Year.

Kind Regards

Roger Dickie
Director

VOSM SUMMER REPORT – Ben Worker

After a great start to the season with wonderful weather and great grass growing conditions, the cows were looking in great condition and milking well heading into mating starting on 1st December, how ever things quickly turned cold and wet for us here at Eastbourne over second half of October and November with grass growth slowing right down to below demand, and soil conditions getting too wet to get fertiliser trucks across the farm to spread urea.

As always our focus was to fully feed the cows to maintain condition over the month on November as a good mating result is the key to next season.

The weather has turned for the better in December and we have quickly grown grass, growing ourselves out of a deficit and reducing the amount of palm kernel (PKE) being fed through the shed at milking time.

Mating is going well with a 86% 3 week submission rate and a good non return rate are signs things are looking good for another good mating result but, pregnancy scanning will tell the true story. The Jersey bulls are currently out with the cows now to tidy up any thing that didn't get in calf over the first 6 weeks of artificial breeding (AB) mating.

We went with jersey bulls this season, as they have a shorter calf gestation length than the beef bulls we used last season, and so we could use them over our yearlings first at the runoff before bringing them home to the dairy farm, therefore saving in the number of bulls the farm had to buy.

The cows are still producing well, the wet/cold October and November hurt production a little, but the cows have picked back up over December so things are looking good going into the summer months where we will aim to hold production for as long as we can. We will go to 3 milkings in 2 days milking roster in January, which doesn't affect production much but gets great results for the cows condition, energy levels, reduce lameness and with the aim to set the cows up going into autumn and winter.

We reared 143 Heifer replacement claves this year, as the farm targets 115 heifer calves we will look at selling 28 of the lower BW calves. This process ensures that the herd is made up of the animals with the highest genetic worth.

All of the calves are at the runoff now grazing the pasture down with the majority of the calves fully weaned, with a small number of the smaller later born calves still on calf meal. They are all growing well with average weight of 115kg on the first of December, 21kgs ahead of target.

Because of the great winter and start to spring we managed to get the crop paddocks at the runoff sown in grass in early October, before it turned wet. We are just starting to graze these paddocks now with the young stock, which is much earlier than last season. We have just got 11ha of kale sown to winter the young stock on and 4ha of kale for the cows to graze when they return home from winter grazing.

Seasons Greetings

Ben Worker