

Prime Value Citrus Farm

Fund Update – June 2017



We are pleased to provide you with the first update for the Prime Value Citrus Farm. Settlement of the Nangiloc citrus farm took place on 2 June 2017 and the transition across to Southern Cross Farms (SCF) management has been a smooth process. SCF assumed working possession of the farm on our behalf on 26 April and during that time harvesting has commenced, as has the implementation of our Stage 1 development plans.

James Everist and Elizabeth Blackhurst, your Agriculture Portfolio Managers, were in Mildura last week working with SCF on the farm development plans and budget. They inspected the farm and spent time with our onsite Farm Manager Charlie Shaw and Assistant Manager Rebecca Grant. They were also viewing other prospective farms.

Harvest Season

Harvesting commenced with our early season M7 navel orange variety and the fruit has already been processed by Mildura Fruit Company (MFC) for export and domestic consumption. Following the picking of the M7s, our small crop of Thompson Navels was picked and we are now harvesting Imperial Mandarins and Leng Navels. The majority of the orchard (70%) is comprised of mid-season Washington Navels and late season Late Lane Navels. Washingtons are generally picked in June and July and the Late Lanes are picked in August through to October. Our harvesting will be complete in October. The expected yield is marginally higher than forecast with grades a little lower than forecast as a consequence however the combination is expected to deliver revenues as forecast. SCF is already implementing its nutrition and orchard management plans to optimise fruit grades for next season and to ensure the farm is compliant for exporting fruit to Korea, China and Thailand.



Prime Value Imperial Mandarins about to be harvested.

Fruit Prices

Indicative citrus prices from MFC for the 2017 season are firm for all grades with significant price increases for lower quality Grade 3/juicing fruit. Final pricing will not be determined until the end of the season with final payments received from MFC in December. We remain confident of our revenue forecast for the 2017 harvest.



Prime Value Imperial Mandarins harvested on Tuesday 20 June. They were picked and transported in these bins to MFC for grading and packing.



Prime Value fruit being processed at Mildura Fruit Company's facility 50km away from the farm.

MFC, as well as processing and packing fruit, also works with its suppliers to help optimise their farm production. John Chavarria, Mildura Fruit Company's citrus expert from Spain, travels the world advising growers how to enhance production and fruit quality and he has already visited our farm to discuss the latest citrus tree management techniques, nutrition, pruning schedules and pest treatments to maximise future crops.

Weather

We are now into the winter weather patterns, characterised by cool, dry and sunny days and cold, often frosty nights. Severe frosts have the potential to adversely affect fruit on trees. One management technique employed by SCF is to keep the orchard floor irrigated when severe frost is forecast. Hail and wind are the largest risks to the orchard. These weather events tend to occur later in the year (spring/summer) however we have obtained hail crop insurance to protect the returns for the season.

Spring Plantings – Stage 1 Development

We are very pleased to inform investors the planting schedule for Stage 1 Development has been brought forward. SCF has managed to secure additional trees for planting in Spring 2017 and 2018 and as a result, our Stage 1 development plans for an additional 45-50 hectares of citrus trees will be a full year ahead of schedule. The earlier planting will provide an earlier boost to projected cash flows as the new trees start to produce fruit 3 years after planting and they will be reaching full production in 7 years. The cost of the Stage 1 development was included in our pre-purchase modelling and is fully funded via bank debt.



Stage 1 Development already commenced.

Expansion and acquisitions

We are currently evaluating further expansion opportunities for the Citrus Trust including acquisition opportunities within the Sunraysia and Riverland regions. We expect a number of properties to come onto the market post harvest season and we will be inspecting properties in the coming weeks. The outlook for the industry remains positive, and we will seek to optimise the value of the Prime Value Citrus Trust for our Investors.

News

Listen to an ABC report on the citrus industry (13th June 2017) by opening the hyperlink here:

<http://www.abc.net.au/am/content/2016/s4684676.htm>

Or alternatively you can read it by opening the following link:

<http://www.abc.net.au/news/rural/2017-06-13/citrus-growers-taste-sweet-success-with-export-boom/8610192>

We are excited to commence this journey with our investors

Kind Regards

Your Prime Value Agriculture team



James Everist, Peter O'Donnell (SCF) and Charlie Shaw, (SCF onsite Farm Manager at Nangiloc).

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