

Prime Value Citrus Trusts

February 2018 Update

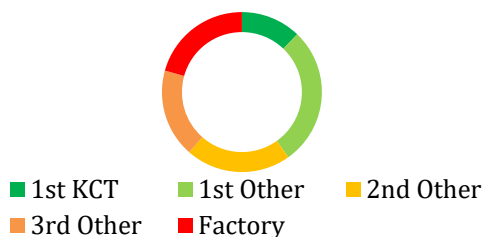
Dear Investor,

We are very pleased to update you on the operations and activities of the Prime Value Citrus Land and Business Trusts. Our first harvest for the Nangiloc farm was completed in November 2017 with strong yields and strong citrus prices delivering better than expected results. Also during the December quarter, Prime Value assumed working possession of two new citrus farms, the Orange One Farm in Colignan, Sunraysia and the Wiela Farm in the Riverland S.A. Through these acquisitions, approximately 96 planted hectares have been added to the portfolio and expansion plantings are well underway.

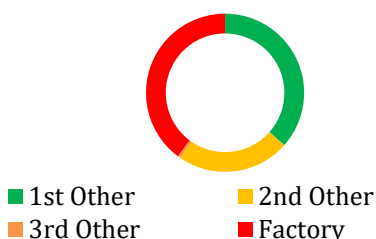
Nangiloc Harvest Review

Our first harvest was successfully completed in November 2017 with the volume of fruit well above forecasts. Citrus prices were also above forecast however a higher proportion of lower quality fruit impacted our average prices. As we acquired the farm shortly before harvesting commenced we were not in a position to influence fruit grades. Nonetheless, we are pleased to announce the combined factors delivered a better than expected outcome for our first harvest.

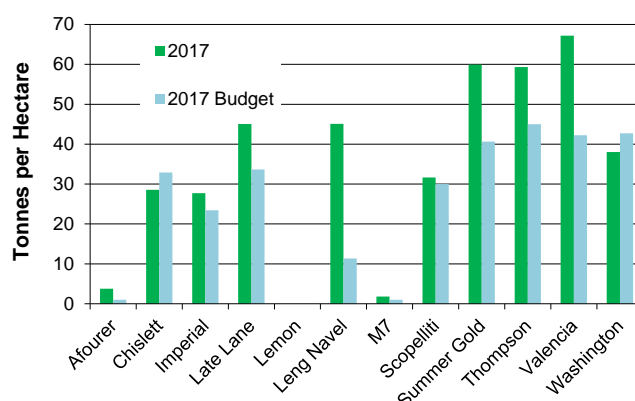
Navel Grade Summary



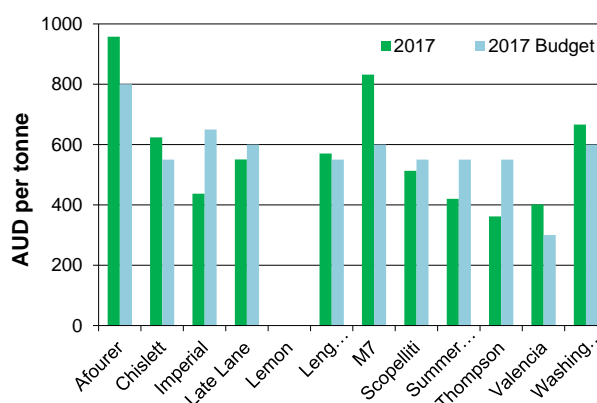
Mandarin Grade Summary



Prime Value Citrus Trust - tonnes harvested



Prime Value Citrus Trusts – AUD/Tonne



There will always be a variety of fruit grades in any given crop, however, as can be seen in the above charts, there was a considerable proportion of lower grade fruit in our first harvest. There are significant price differentials between fruit grades and varieties. Our first grade fruit received an average price of six times higher than our factory grade fruit. KCT fruit is at an even greater premium.

Our objective is to produce a considerably greater proportion of KCT and 1st grade fruit on all of our farms.

Wiela and Orange One Farm Acquisitions

Key objectives for the Prime Value Citrus Trusts centre on expansion and geographic diversification within the Murray-Darling Basin. Specifically, it is the intention to increase the planted hectares to a scale that is attractive to large local and offshore investors. Our expansion is to take place via development and acquisition.

In addition to the Stage 1 expansion already underway at Nangiloc, during the December quarter Prime Value acquired two new farms. Operational management of the Wiela Citrus and Almond Farm and Orange One Citrus Farm was assumed late last year. Improved nutrition and orchard management plans were immediately implemented to optimise fruit grades for the forthcoming season. Final settlement is expected early February 2018 for Orange One and early March 2018 for Wiela.



Wiela Farm – Two-year-old almond trees

The Wiela Citrus and Almond Farm is located in the Riverland in South Australia and includes:

- 37.0 hectares planted with export quality oranges and mandarins with a small quantity of grapefruit and high value speciality varieties including Sumo mandarins
- 21.8 hectares of recently planted almond trees
- 1 hectare of mature avocado trees

- 5.2 hectares of Afourer mandarins to be planted in Spring 2018 (trees have already been sourced)
- 180 hectares of additional land with 20-40 hectares suitable for further orchard expansion subject to irrigation upgrades
- A well maintained homestead
- Storage shedding
- State of the art drip line irrigation, advanced filtration/fertigation systems and water infrastructure including pumps and pipelines connecting to the Murray

The Orange One Citrus Farm is located in Colignan, 3kms south-east of the Nangiloc Farm on the Murray River and includes:

- 15.7 hectares are planted with quality Navel orange varieties. Most trees are at the peak of production and are around 10 years' old
- 17.4 hectares of Valencia oranges, used mainly for juicing. The Valencia comprise a mix of young plantings that are less than 10 years with some older trees that are up to 50 years' old
- 2.7 hectares of mandarins
- 72 ML of High Reliability Permanent Water Rights
- A well maintained homestead, currently leased to an independent tenant
- Basic shedding for machinery
- Water infrastructure including pumps and pipelines connecting to the Murray River

Combined, the Citrus Trusts now hold approximately 220 planted hectares and we aim to plant a further 30 hectares this year. There is development potential for a further 280 hectares, subject to irrigation upgrades across all farms.

Farm Management

Crop update

Frequently, heavy cropping one year will result in a smaller crop the following year. Frost at the time of fruit set can also negatively impact yields. The Sunraysia region experienced both in 2017 and as such we do not expect the same volume of fruit this year as last year. We do however expect grades to be stronger and our forecasts remain on track.



New season Washington Navels at Orange One.



Skirted Navels at Orange One – part of the KCT protocols.

KCT preparation

We are following the KCT (Korea, China, Thailand) protocols on each farm to enable KCT export this season for our first grade fruit. The KCT compliance process involves specific farm management practices and ongoing audit.

Our farm managers review KCT patches continuously to ensure protocols are being maintained. Mildura Fruit Company conducts a monthly inspection and the Department of Primary Industries will undertake audit inspections at the end of February. Finally, there is an AQIS (Australian Quarantine Inspection Service) inspection at the start of April. We will be advised whether/which patches are approved for KCT export after the AQIS inspection.

All productive patches at Nangiloc with the exception of Imperial mandarins have been KCT prepared. At Orange One, all patches except for Valencia and Imperials have been prepared and all Navel patches and two Afourer patches have been prepared at Wiela. The patches that are not maintained under KCT protocols relate to fruit that will not be exported. KCT compliance costs will not be incurred for fruit intended for domestic consumption.

Weather

Very hot conditions for the region are normal at this time of year although periods of 12-14 days in a row are less common. Evaporation rates are higher during hot weather and farm managers actively monitor moisture content and irrigate more frequently. Kaolin clay spray (a powder to protect against sunburn) is also applied to trees. The farms have coped well over the last month of very hot conditions.



Three-year-old M7 Navels sprayed with Kaolin clay to prevent sun damage.

New Plantings

The stage one expansion plans at Nangiloc are well underway. The expansion involves the planting of an additional 50 hectares of premium citrus varieties. Approximately 22 hectares of new trees have already been planted at Nangiloc. Approximately 50% of the new plantings were Afourer mandarins, with Imperial mandarins, Cara Cara navels and Ruby grapefruits making up the rest of the plantings. There were some greater than expected losses from a batch of bare-rooted Afourer trees (an order we assumed at the purchase of the property in June 2017), but the rest of the plantings (of potted stock) have taken successfully. We have already secured potted Afourer stock to plant in Spring 2018 to replace the bare-rooted 2017 plantings that did not take and we aim to complete the stage one expansion plantings this Spring. At Wiela we will be planting 5.2 hectares of Afourer mandarins in Spring 2018 and we have already planted out a small area of vacant land on Orange One (approximately 0.5 hectares) with Navel oranges.

Secondary crops

Analysis of a second stage expansion for Nangiloc has commenced and we are in the process of determining the irrigation infrastructure requirements for orchard expansion on the developable land.

In the interim, prior to any full-scale citrus development we intend to grow secondary crops. The land has been prepared and we expect to be planting chickpeas in March.

India, a large chickpea producer itself and an export destination for Australian chickpeas, placed a tariff on chickpeas in December due to a stronger Indian crop. Whilst this news resulted in an immediate fall in the sales price for chickpeas, we have seen a supply side response from Australian producers and prices have recovered from the initial sell-off. We will continue to monitor market developments in the coming weeks before making a final decision, but at this stage we still intend to plant a chickpea crop this season. There are also signs of stronger export demand for Australian chickpeas from Pakistan and Bangladesh

and this is expected to provide a price floor for the market.

Secondary crops are planted to generate a small profit but more importantly to provide beneficial nutrients to the soil ahead of permanent citrus plantings.

Distributions, unit pricing and new unit issue

As advised late last year, the unit price would be updated upon the issue of additional units in the Citrus Trusts, where appropriate, to reflect the market value of the units to ensure existing investors are not disadvantaged. Accordingly, as we are issuing more units to incorporate Wiela and Orange One into the Citrus Trusts, the Nangiloc Farm has been revalued. Due to ongoing strength in the citrus industry and our additional plantings, there has been an uplift in the valuation of the Nangiloc Farm.

We are pleased to announce a distribution to unit holders of 2.8 cents per unit as at 30 November 2017. The distribution will be paid in February. The distribution represents the total profit for the first harvest, and as such, there will be no further distribution in June/July

The unit price as at 31 December 2017 is \$1.0884. This price is after deducting the distribution payable to investors. New units related to the two farm acquisitions will be issued at this price.

New acquisitions and due diligence

We continue to evaluate diversification and expansion opportunities for the Citrus Trusts and we hope to continue to grow the portfolio with you through 2018.

Kind regards,

Your Prime Value Agriculture Team