

# Prime Value Agriculture – Dairy Trusts

Our focus on alternative assets has been driven by our wish to provide our investors with sound diversification opportunities beyond income products, equities and property.

Following the positive developments and strong interest in our citrus investments, we are pleased to now invite our investors to join us in the next stage of our agricultural journey.



## Investment Summary

<b>Trustee</b>	Prime Value Asset Management Ltd
<b>Objectives</b>	To acquire, develop and manage a premium dairy farming enterprise. To provide investors with returns uncorrelated to traditional investments via regular income distributions from milk sales and capital growth from the eventual sale of a substantial portfolio of premium, irrigated farms in high rainfall areas.
<b>Commencement</b>	October 2019
<b>Investment Term</b>	7 - 10 years from the Commencement Date with limited liquidity
<b>Target Returns</b>	12%+ p.a. over the life of the investment through a combination of income and capital growth
<b>Target Distributions</b>	5-7% p.a payable semi-annually

## Why Australian Agriculture?

**Key supply and demand factors underpinned our decision to invest in Australian agriculture:**

- a global scarcity of arable land;
- severely declining worldwide clean water supplies;
- global food security;
- a rising world population; and
- the rapidly expanding Asian middle class.

In the context of these factors, the demand outlook for food is strongly supported.

Australia is also one of only 11 net food exporting nations in the world with a well earned reputation for producing premium quality, non-contaminated agricultural products.

For these reasons, we believe Australian agriculture is very well positioned now and for the future.

## Why Australian dairy?

Milk prices are rising and so are irrigated land values.

The Australian dairy industry has been through several challenging years with low milk prices and high input costs linked to ongoing drought conditions. Milk supply has been significantly impacted across Northern Victoria, NSW and Queensland with herd reductions and farmers in drought affected areas exiting the industry. Our national milk production has fallen to levels not seen since 1994/95 and these conditions have heralded a change in industry dynamics.



In light of the reduced supply situation, combined with extensive lobbying, \$1/litre discounted milk finally came to an end in February 2019. The likelihood of it ever being reinstated is low and milk prices paid to farmers have since continued to move higher as processors compete with each other for the falling milk supply.

For those farms that are irrigated and located in high rainfall areas, profitability has strengthened and it is farms with these characteristics that we seek to acquire.

### Our Objectives

- To develop a financially and environmentally sustainable dairy farming enterprise;
- To acquire dairies that are irrigated and/or in high rainfall areas for pasture based farming;
- To engage in active pasture management and target self-sufficiency;
- To produce premium quality milk while operating under the highest standards of health, safety and animal welfare;
- To implement value-add opportunities; and
- To select farms that are geared for climate change

### Strategic Locations

Inexpensive and plentiful water is the key input for successful dairy farming and we intend to provide investors with diversified exposure to premium dairy farms in the high rainfall areas of SW Victoria and Tasmania. We seek properties with access to irrigation to secure our pasture production and ensure our input costs can be contained.

### Investment Opportunity

Our intention is to acquire, develop and manage land, dairy and water holdings and grow them to a scale that will attract large local and offshore institutional investors for our eventual exit. We invite investors to participate in the first acquisition and join us as initial investors.

We have agreed terms for our first dairy acquisition, an 1100 acre, 650 head operating dairy farm in Condah, South West Victoria. The farm has been selected for its location in a higher rainfall area with a reliable temperate climate, its access to irrigation and its participation in a fresh milk contract offering an attractive premium over standard farm gate milk prices.

As with all Prime Value investments, we invest alongside our investors and our goals are always aligned with yours.



James Everist



Elizabeth Blackhurst



Kirsti Keightley

### Portfolio Managers Australian Agriculture and Infrastructure

James and Elizabeth as joint Portfolio Managers for our alternative assets have many years of experience in financial markets, commodities and risk management. Kirsti Keightley as our Dairy Manager brings a wealth of dairy farming and farm management experience to the investment team.

### How to Invest

The Prime Value Dairy Trusts are raising \$15m to acquire our first dairy farms. To become an initial investor with us and be a part of Australia's agricultural future, please contact your Relationship Manager or our Client Services Team on 03 9098 8088.



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