

Prime Value Agriculture Investor Update



The farms of the Prime Value Citrus and Dairy Trusts remain fully operational. We believe both horticulture and dairy production will be considered essential services and we will be allowed by the government to continue operations throughout the various phases of lockdowns.

For the citrus farms, harvesting each year commences in May and goes into full swing in July/August. Our harvesting is usually conducted under the Seasonal Worker Programme and this will not be possible this year. Although not yet official, an extension to the visas of overseas workers already in the country is expected to be confirmed over the coming days. This will ensure there are sufficient people to harvest. Locals are also expected to be available to harvest given the significant and sustained impact on casual employment.

The shutting down of borders will impact how we service our South Australian citrus farm however we are in the process of putting in place systems and support to manage the situation. Our trusted Farm Managers living on farm will continue to operate close to normal.

We have been planning ahead for supplies required for the farms and everything needed for the 2020 crop has been secured. We have also secured sufficient fertiliser for the first quarter of next financial year.

On all farms, the trees are healthy and fruit size is tracking well. Fresh fruit will be in high demand and we are doing our utmost to ensure it is harvested and delivered to consumers. The key Chinese export market continues to provide positive indications of recovery. Markets are busy and bottlenecks of refrigerated containers are beginning to move. Other markets at this stage have limitations but there is three months before our main harvesting commences combined with the fact that citrus stores very well for three months once picked giving us good flexibility.

On the dairy farms, milk is continuing to be supplied to Fonterra and the industry is calling on the government to deem the dairy supply chain as an essential service and grant priority access to COVID-19 testing, utilities, freight and government support. Fonterra is actively lobbying in this space. The priority is for farmers, processors, and industry to work together to make food and get it to the community while keeping farms and factories safe.

Fonterra's operations are still largely unaffected and the demand for dairy is holding up. Record volumes of fresh milk are being produced at their Cobden plant as food continues to be stripped from supermarket shelves.

Our farms are operating fully, our grain silos are full, grass seed has been delivered for future pasture growth and Fonterra is lobbying the government on behalf of all farmers to ensure supplies can reach farms. Most supplies are sourced within the Victoria. Staff are following government guidelines strictly and social distancing is being implemented. Back up staff are available should they be required.

Whilst a global pandemic was not part of our analysis, the benefit of diversification, particularly in an investment class as crucial as food, is something that Prime Value is proud to be able to offer our loyal investors and friends. We hope you and your families are all safe and well at this time.



*James Everist, Elizabeth Blackhurst and Kirsti Keightley
Your Agriculture Team*