



**35%  
SHAREHOLDING  
STILL AVAILABLE**

# New Dairy Equity Syndicate for 2016/17

**Outstanding location, meticulously developed recent dairy conversion, to be managed by proven 50:50 sharemilkers with a focus on production at a contained cost structure.**



The farm is situated in the Drummond farming district of Central Southland. The location is tier one.

The management will be a 50:50 sharemilker. FarmForward have identified the preferred candidates to manage the property. They have a track record of performance, profitability, and work ethic.

It is rare to come across sharemilkers of this quality in conjunction with a farm of this standard and location all at the same time.

A neighbouring lease (9 years) is proposed for additional milking platform to take farm to 224 hectares (160.2 hectares freehold + 63.5 hectares leased).

While the current environment for milk pay-out is around the cost of production, it is expected that normality will return at a point in the future. The Fonterra milk price has averaged \$6.04/kg MS for the previous ten seasons (including the 2015/16 forecast of \$3.85). The first season of production for this investment will be 2016/17.

Clearly there needs to be further evidence of the global dairy trade auction increasing, however it is encouraging to see the recent firming; partial removal of ban from Russia; easing of USD/NZD spot rate, and current interest rate environment.

The land market continues to hold at this point with what happens going forward pegged to supply and demand, along with how long the current pay-out remains low.

The long term fundamentals of the dairy industry based around protein demand and population growth remain. New Zealand still has a good advantage providing grass based systems remain the focus.

The farm will be capitalised with 60% shareholder equity and forecasting a pre-tax return to shareholders of 4.30% per annum on equity. The balance sheet ensures a break even milk price range of \$4.58 to \$5.14/kg MS.

The perfect dairy farm needs to have shape, quality infrastructure, soils, location, and scale. This property offers all these key attributes which should assist in performance and future saleability/point of exit.

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Visit our website to find out more:

[www.farmforward.co.nz](http://www.farmforward.co.nz)

