ACCELERATE

LIVESTOCK SPECIAL ALERT

Inland Revenue have recently announced this year's livestock Herd Scheme Values and we think this is a great opportunity to update you on the latest movements. The Herd Scheme Values are the National Average Market Values as determined by a process involving a review of the livestock market as at 30 April.

DAIRY CATTLE

The values for dairy this year have seen a significant increase across both female and male classes. The increase can be attributed to very strong commodity prices for dairy products resulting in strong demand for Dairy cattle. Strong commodity prices and the reframing or relaxation of some environmental factors have seen renewed interest in dairy conversions in parts of the South Island which may drive further demand.

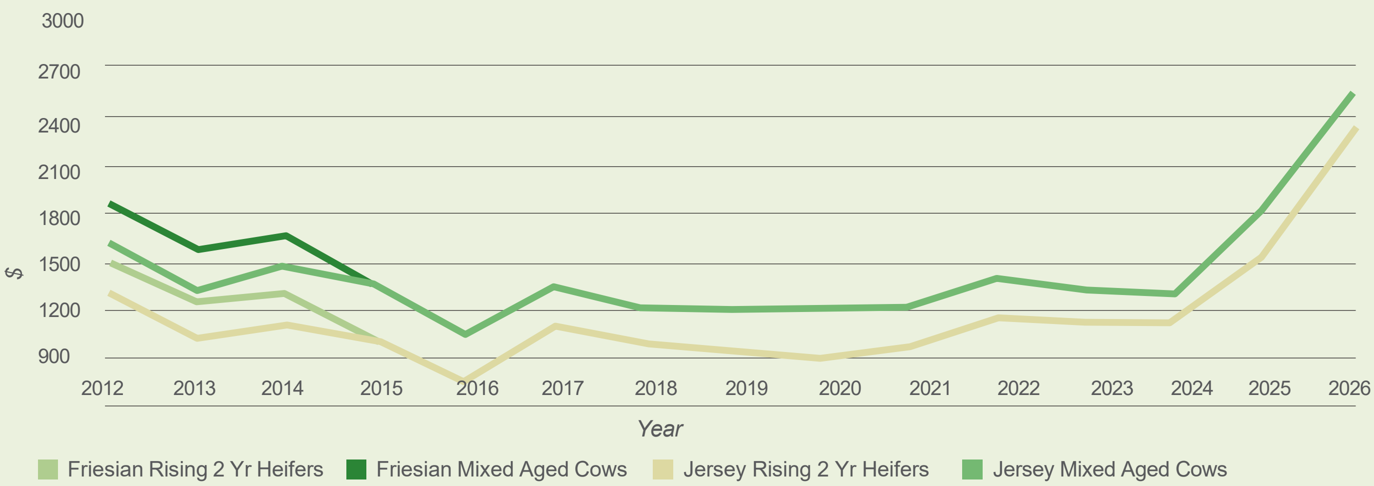
A Mixed Age Dairy cow now has a National Average Market Value of $2,824 compared to $2,111 last year – a rise of 33.78%. In the space of two years values have increased 75% to record highs this year.

Rising one and two-year heifers have increased in value by 31.68% and 42.28%, to $1,326 and $2,598 respectively.

The outlook for the farm gate milk price remains strong due to the weak New Zealand dollar, but geopolitical risks including United States tariffs and conflict in the Middle East mean that there is significant uncertainly which may result in a lower farm gate milk price.

On farm costs will be challenging if the Middle East conflict continues due to spikes in fuel and fertiliser prices. Governmental change in New Zealand may also see significant changes to environmental standards which will increase on farm costs.

HERD SCHEME VALUES - DAIRY COWS

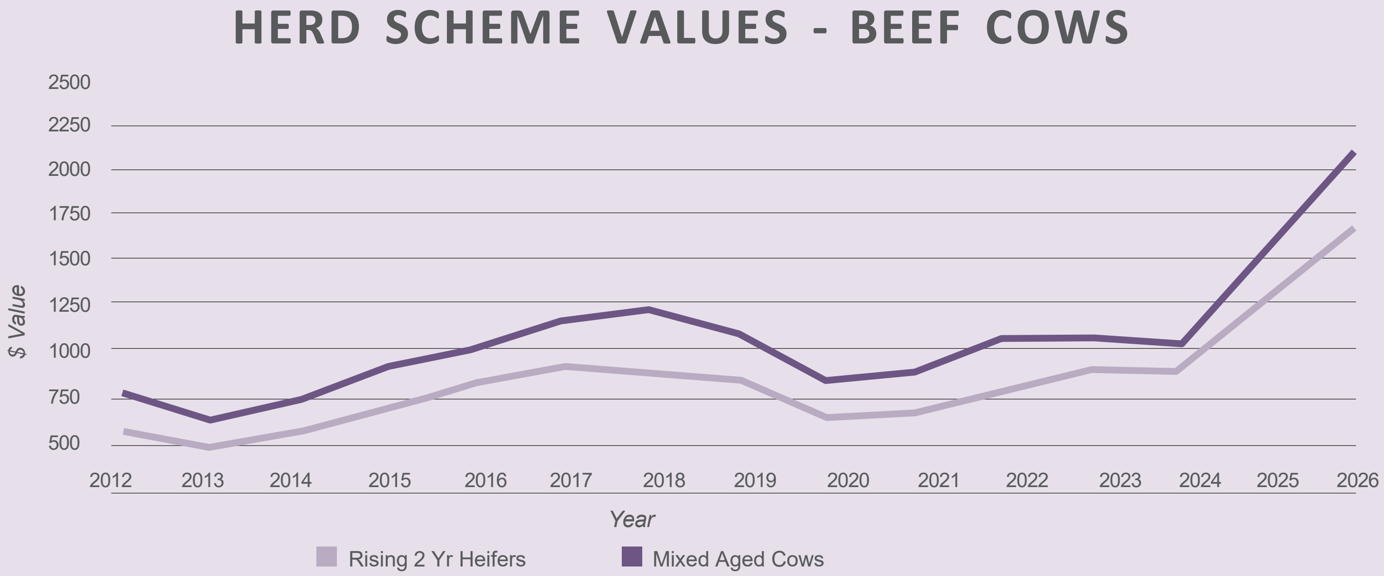


BEEF CATTLE

As with Dairy values, Beef values have risen strongly, on average a 33.5% increase to another new high in values for Beef Cattle. Strong export prices have been driven by tight global beef supplies in major exporting regions.

The United States cattle herd is at its lowest level in decades. Strong United States demand, in what is our largest beef export market, has driven prices to all-time highs.

Ongoing global demand for protein and continued low United States cattle numbers will likely keep prices strong in the 2026-27 season, with headwinds arising from the conflict in the Middle East and trade disruptions from tariffs.



SHEEP

Similar to Beef values, Sheep values have again risen strongly, on average a 36% increase, Increased values are on the back of strong global demand.

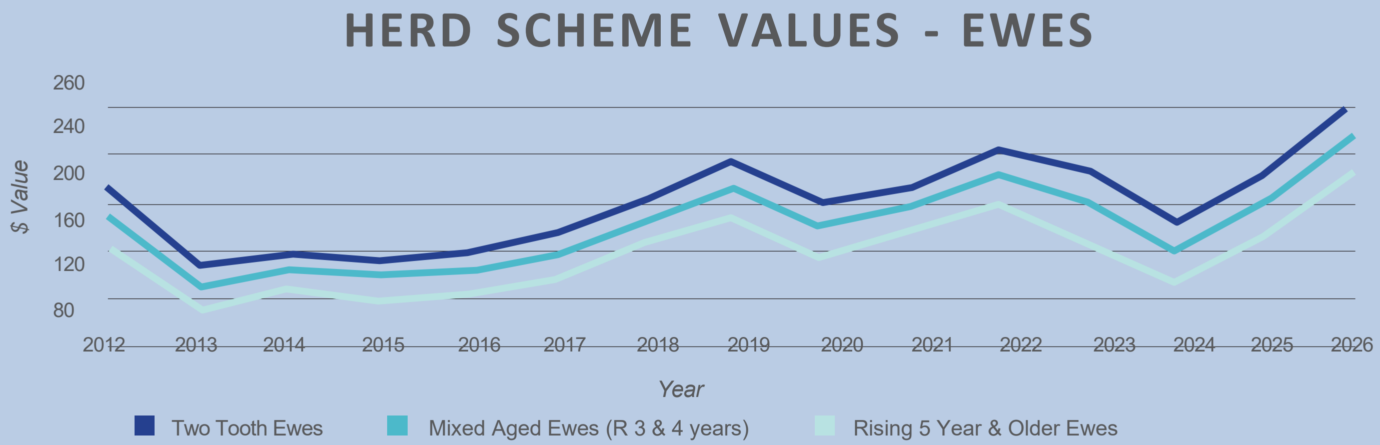
Whilst New Zealand's sheep numbers have continued to decline, numbers in the UK, Europe and Australia have been impacted by weather, profitability and disease issues which has reduced global supply, increasing prices.

Favourable growing conditions during the 2025-26 season allowed farmers to hold stock for longer, increasing carcass weights and improving returns.

As total sheep numbers continue to decline, constrained supply and strong demand will continue to keep prices high.

Wool markets continue to improve, with strong wool prices being at their highest level in over a decade. Interest in natural fibres and concerns about micro plastics are helping drive demand for wool and other natural fibres.

Wool has moved from being a cost-recovery by-product to a meaningful secondary income stream again.



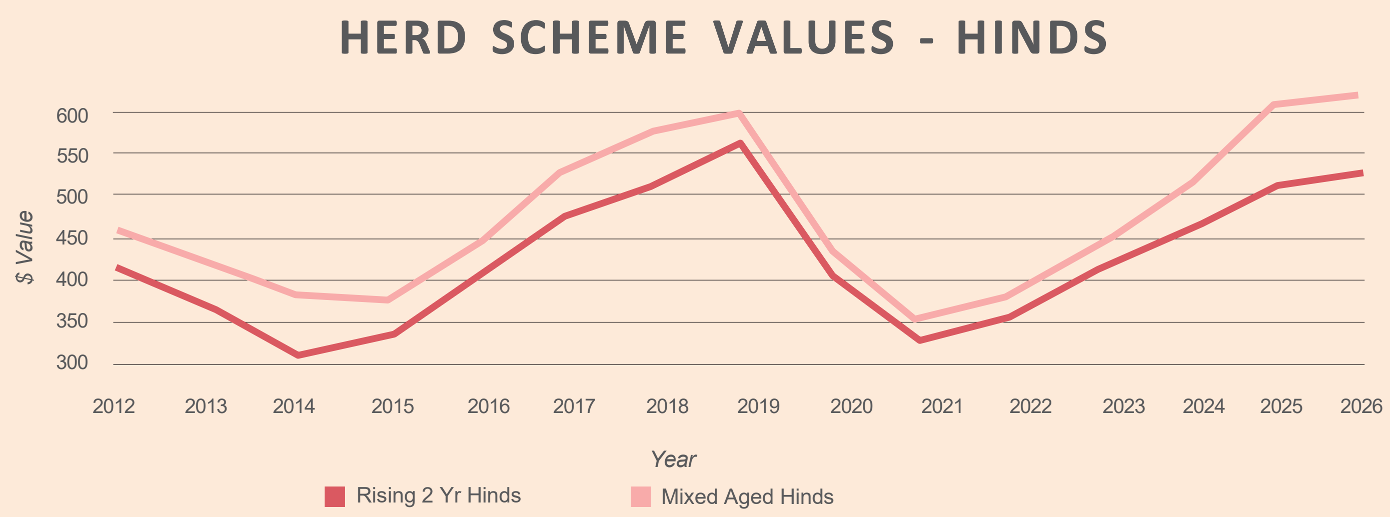
GOATS

Demand for natural fibres has driven a large increase in value for other fibre goats, whereas Angora values were much more mixed.

Dairy goat values bounced back from several years of decline on the back of increased milk demand and a shortage of CAE free stock.

DEER

Movements in Deer values were much more muted than sheep, beef and dairy, with average values barely moving for Red Deer, Wapiti, and related breeds. Other breeds bucked that trend with values rising on average 55%, driven largely by strong trophy market demand.



GENERAL

Consider your livestock election choices carefully. Even though changes were made to the Herd scheme in recent years, there is still flexibility around how to value increases in numbers – if you increase your numbers during the year, you can choose an alternative valuation option to value that increase. Whether you take that option or elect to value the increase using herd values will depend on several factors, such as:

- where we are in the cycle of livestock values (e.g. at the bottom, or at the top)
- if the increase is a permanent or a temporary one
- your longer-term intentions

As the decision is clearly one that should be made on a case-by-case basis, we will naturally discuss your valuation options with you on review of your 2026 Financial Statements and Taxation Returns.

If you would like a detailed report explaining the main features of the Herd and NSC Livestock Valuation methods, as well as a summary and graphic illustration of the Herd Scheme Values from 1987 through to 2026, please contact us.

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