



NEWS RELEASE

31 January, 2018

Southern Pastures Westland JV announcement: premium products, made sustainably

New Zealand's largest institutional dairy farmland fund, Southern Pastures LP, has announced its intention to become a shareholder of, and to form a joint venture with, Westland Milk Products.

Under a letter of intent signed by both parties, from the 2018/2019 season Southern Pastures will transfer all the milk produced by its nine Canterbury dairy farms – more than 4 million kilograms of milk solids annually - to Westland.

Southern Pastures and Westland will also conduct a business case investigation with the intention of forming a 50:50 joint venture to create products from free-range, grass-fed milk, based on stringent standards. These standards will incorporate key values covering animal welfare, human health, sustainability, climate change, and human rights.

"Here is an opportunity for us to put into practice what we've been promoting - premium products made sustainably," said Southern Pastures Executive Chairman Prem Maan.

"We believe discerning consumers will pay a premium for high-quality, healthy, traceable products.

"Nothing would delight us more than to prove the concept and then see the industry follow us, so that all of New Zealand gets to benefit from selling premium rather than commodity products."

Mr Maan said Southern Pastures had been impressed by Westland's recent turnaround, board restructure and its new open-minded focus on 'nourishment,' as opposed to simply marketing a suite of traditional commodity products.

"Our advisers have calculated that our move will add to the Westland payout from the very first season, providing a real economic fillip to the region.

"We also see real strength in the common bond of farmers and, as such, we're committed to the cooperative model. That makes Westland a natural business partner for us."

The JV envisages Southern Pastures feeding some of the milk produced by its Canterbury farms into Lewis Road Creamery products.

In October last year, Southern Pastures acquired a 25% stake in Lewis Road Creamery, now recognised as New Zealand's premium dairy brand. At that time, Prem Maan described the buy-in as complementary to the goals and vision of Southern Pastures and pledged that the company

would play the role of a supportive and constructive long-term shareholder, fostering innovation and expansion.

“We want to grow our exposure to premium markets – markets where consumers are driven by a concern for ‘values’ and not just ‘value’ for money,” Mr Maan said.

“We foresee massive disruption in the lower value commodity markets from the likes of synthetic proteins and factory farming.

“From day one, Southern Pastures has had a firm conviction about the potential of premium dairy products from New Zealand’s free-range, grass-fed dairy farming systems.

“While our commitment to protect, nurture and improve our environment is at the core of our practice, we don’t see any conflict between promoting sustainability and maximising economic returns. In fact, we’re convinced that sustainability is actually the key to creating value and long term economic performance,” Mr Maan said

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