



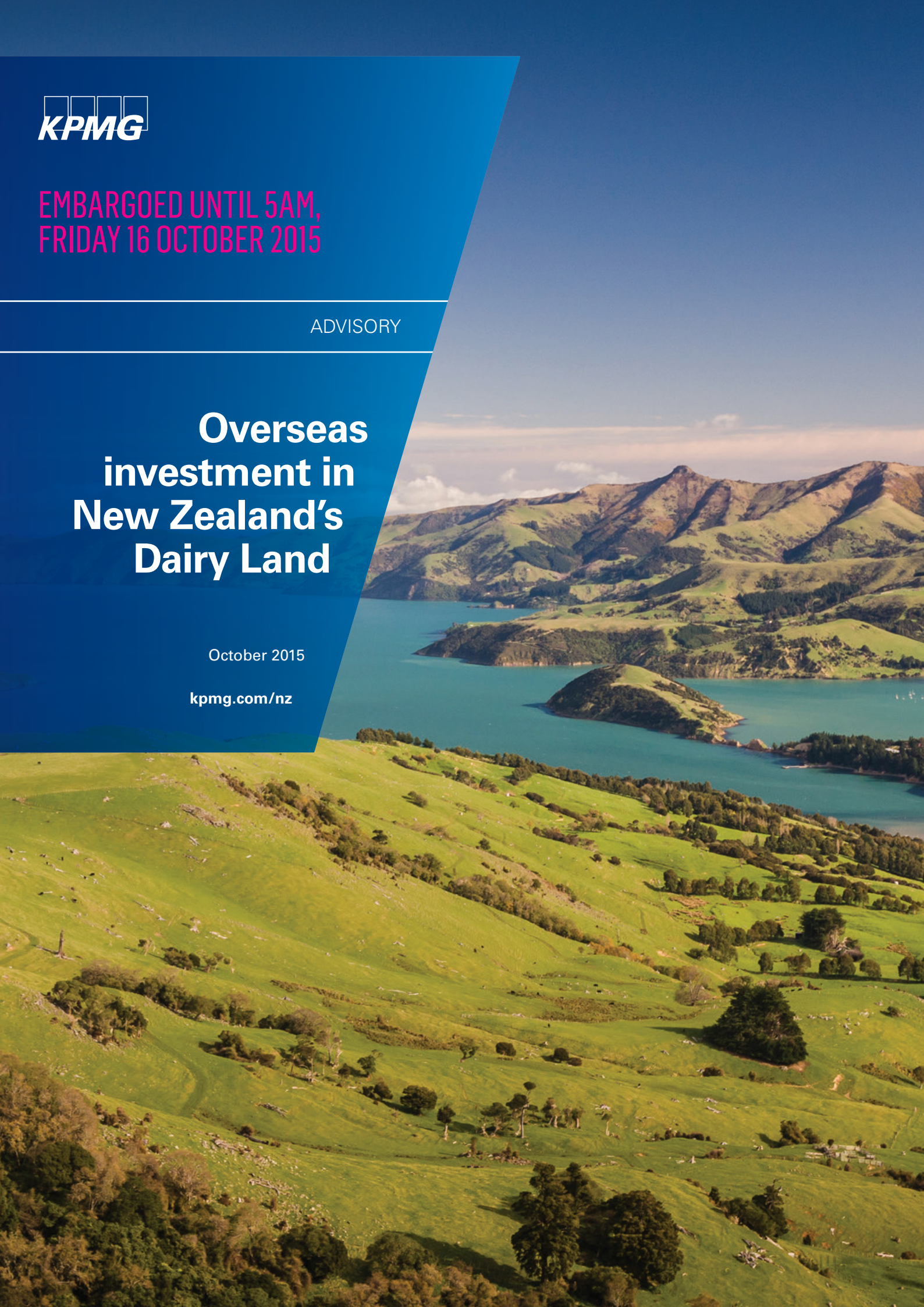
EMBARGOED UNTIL 5AM,
FRIDAY 16 OCTOBER 2015

ADVISORY

Overseas investment in New Zealand's Dairy Land

October 2015

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THE UNITED STATES IS THE LARGEST OVERSEAS INVESTOR IN DAIRY LAND

This review covers Overseas Investment Office (OIO) approvals for dairy land acquisitions over the period January 2013 to December 2014. The review is limited to those acquisitions where there is disclosure of the parties, consideration and land area. We estimate that this provides coverage of approximately 80% of the total dairy land acquired.

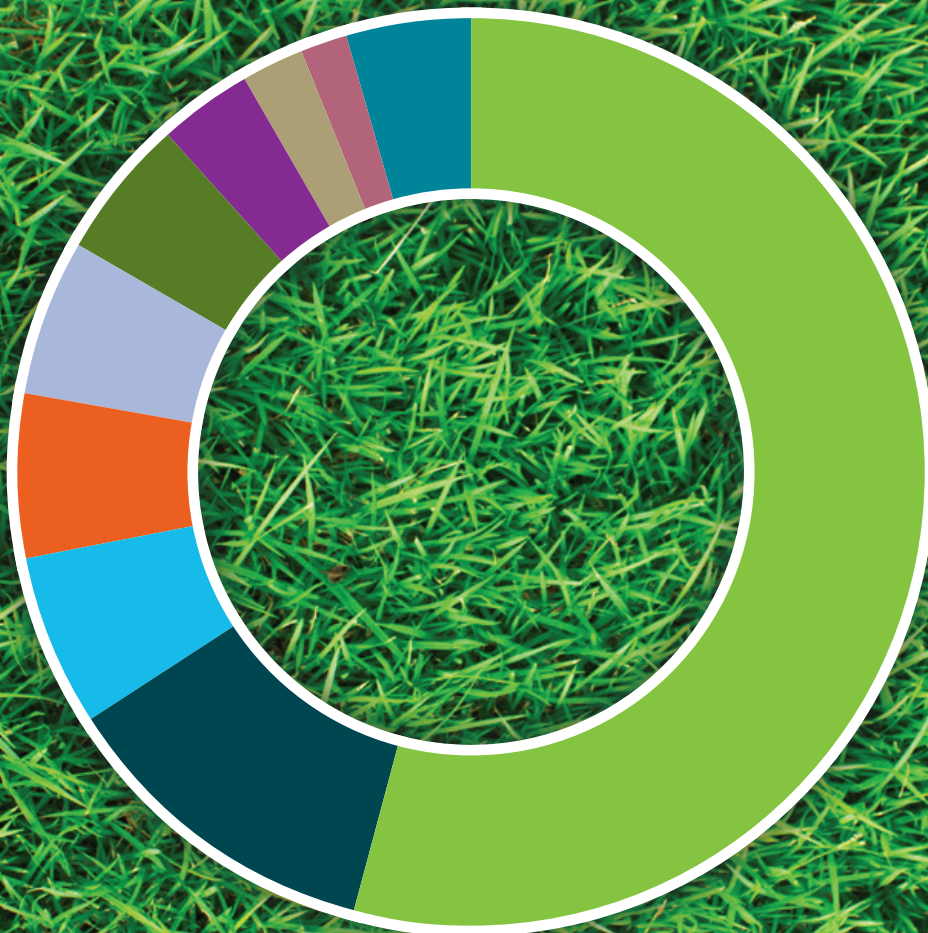


KEY FINDINGS

- » **United States is the largest overseas investor in dairy land area** accounting for 54.4% of total freehold hectares (ha) purchased by overseas investors. China (11.7%), Sweden (5.9%) and New Zealand (5.9%)¹ make up 23.5% of the remaining overseas investors. The remainder of investments (22.1%) are comprised of 11 other countries.
- » **United States and China** accounted for the largest dairy land purchases.
- » **China's overseas investment in dairy land is not as dominant as often assumed.** While China has continued to inject high levels of investment into milk processing assets, this appears not to be mirrored for dairy land. China had only one OIO approval during the period, which related to the acquisition of Synlait Farms, a dairy operation consisting of 11 freehold farms in New Zealand.
- » **More recently, Shanghai Pengxin was declined on their application** to acquire 13,800ha for \$88million (NZD).

¹ New Zealand investment relates to OIO approvals where a New Zealand entity was included as part of the overseas investor consortium.

TOTAL FREEHOLD HECTARES (HA)



● **United States** (54.4%)
● **China** (11.7%)
● **Sweden** (5.9%)
● **New Zealand** (5.9%)
● **Various Overseas** (5.5%)

● **United Kingdom** (5.0%)
● **Canada** (3.4%)
● **Switzerland** (2.3%)
● **Italy** (1.5%)
● **Other** (4.4%)

Source: OIO approvals for the period January 2013 to December 2014

THE UNITED STATES AND CHINA ACCOUNT FOR ALMOST HALF OF OVERSEAS INVESTMENT WHEN MEASURED BY CONSIDERATION

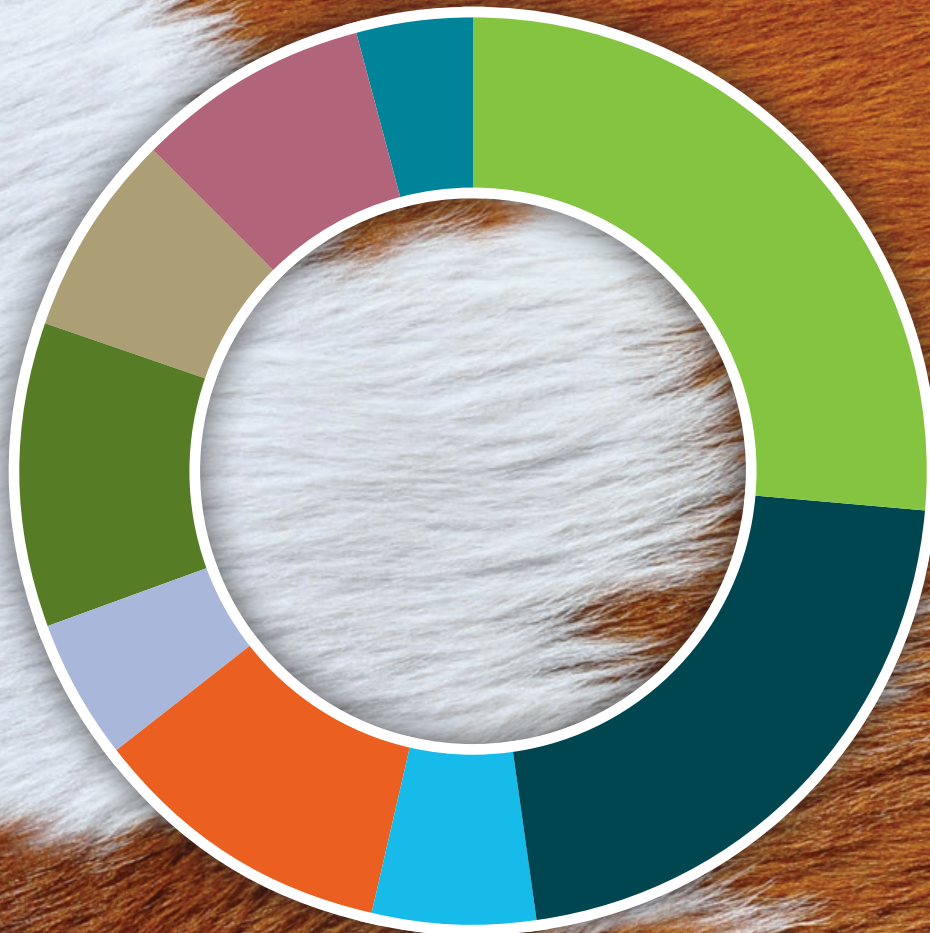


KEY FINDINGS

- » While 26 OIO's were approved during this period only 18 of these disclosed consideration.
- » Total disclosed consideration over the two-year period was approximately \$297 million.
- » United States accounted for 26.5% of consideration paid for dairy farm land¹, closely followed by China (21.3%). These results are shown in the graph opposite.
- » There is a large variance in the NZD price per hectare paid by overseas investors for dairy land. This may reflect the mix and quality of land acquired rather than variations in the price for comparable parcels of land.

¹ The graph opposite and the graph on the previous page are not directly comparable as a result of only 18 transactions being included in the graph on this page.

TOTAL CONSIDERATION



● **United States** (26.5%)
● **China** (21.3%)
● **Sweden** (5.9%)
● **New Zealand** (11.0%)
● **Various Overseas** (4.8%)

● **United Kingdom** (10.8%)
● **Canada** n/a
● **Switzerland** (7.2%)
● **Italy** (8.4%)
● **Other** (4.1%)

Source: OIO approvals for the period January 2013 to December 2014

APPENDIX I

TRANSACTIONS BY LAND AREA (FREEHOLD)

The table below provides a breakdown of the number of OIO approved transactions and total freehold hectares for each country during January 2013 to December 2014.

Country	No. of transactions	Total Hectares (ha)	% Contribution to total
United States	5	15,404	54.4%
China	1	3,305	11.7%
Sweden	6	1,674	5.9%
New Zealand	12	1,664	5.9%
Various Overseas	8	1,554	5.5%
United Kingdom	8	1,427	5.0%
Canada	1	964	3.4%
Switzerland	2	657	2.3%
Italy	1	413	1.5%
Luxembourg	2	410	1.4%
Germany	4	380	1.3%
Hong Kong	4	231	0.8%
Ireland	1	206	0.7%
Middle East	2	21	0.1%
Total		28,312	100%

Source: OIO statistics for the period January 2013 to December 2014

Note 1: The number of transactions by country refer to instances where an investor of this origin has participated in the transaction. One transaction can have multiple investors of different origins.

APPENDIX II

TRANSACTIONS BY CONSIDERATION VALUE

The table below provides a breakdown of the number of OIO approved transactions and total consideration in NZD for each country during January 2013 to December 2014.

Country	No. of transactions	Consideration (NZD)	% Contribution to total
United States	5	78,897,744	26.5%
China	1	63,334,400	21.3%
Sweden	5	17,671,162	5.9%
New Zealand	6	32,740,059	11.0%
Various Overseas	3	14,199,350	4.8%
United Kingdom	5	32,168,217	10.8%
Canada	n/a	n/a	n/a
Switzerland	2	21,550,000	7.2%
Italy	1	25,100,000	8.4%
Luxembourg	1	470,000	0.2%
Germany	1	314,000	0.1%
Hong Kong	1	714,000	0.2%
Ireland	1	9,600,000	3.2%
Middle East	2	778,042	0.3%
Total		297,536,974	100%

Source: OIO statistics for the period January 2013 to December 2014

Note 1: The number of transactions by country refer to instances where an investor of this origin has participated in the transaction. One transaction can have multiple investors of different origins.

Note 2: The number of transactions differs from Appendix I due to transactions' consideration being confidential for certain OIO approvals.

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