



Dairy Farms NZ Limited

Dividend Reinvestment Plan

Offer Document

This is an important document. If you have any questions in relation to the Dividend Reinvestment Plan, or are in any doubt as to how to act, please contact your financial advisor.

3 Letter to Shareholders

4 Questions & Answers

6 Terms & Conditions

14 Glossary

15 Participation Form

Dear Shareholder

The Dairy Farms NZ Limited Dividend Reinvestment Plan (the “**Plan**”) provides an easy and convenient way for you to increase your investment in Dairy Farms without any brokerage fees. Under the Plan you can decide whether to reinvest all, part or none of your cash dividends in additional Dairy Farms Shares (“**Shares**”).

This booklet explains how the Plan works so that you can decide whether or not you would like to participate. Participation in the Plan is optional so if you decide not to participate, you do not need to do anything and you will continue to receive all future dividends as cash. If you change your mind regarding participation you can still elect to join the Plan at any time.

Dairy Farms’ Board expects to issue new Shares under the Plan at a small discount to the market price at the time of issue.

In August 2018 Dairy Farms is paying a fully imputed dividend of two cents per ordinary share.

The Plan is flexible so you can choose your level of participation according to your own circumstances and investment goals. Please read the information in this booklet carefully. You should consult your own financial adviser if you have any queries in relation to any of the content.

Yours sincerely

David Belcher
Chair

Questions & Answers

1. What is the Dairy Farms Dividend Reinvestment Plan?

The Plan enables Shareholders to reinvest all or part of any dividend distribution paid on your Shares in additional Dairy Farms Shares instead of receiving that distribution in cash.

2. Am I eligible to participate?

As at the date of this Offer Document, the Plan is only available to all ordinary shareholders.

3. How do I participate in the Plan?

Once you have read this Offer Document you can elect to participate by returning the Participation Form to Dairy Farms.

4. What alternatives do I have regarding participating in the Plan?

Participation in the Plan is optional. If you wish to participate in the plan, you may elect:

a) Full Participation

Where all of your Shares (including all Shares held both now and any Shares acquired in the future, including where issued or transferred to you under the Plan) will be treated as participating in the Plan for all future dividends to which the Plan applies (unless you vary your participation in the Plan in accordance with the terms and conditions of the Plan); or

b) Partial Participation

Where only the number of Shares nominated by you (and the dividends paid on them) will participate in the Plan.

You will continue to receive in cash any dividend on any of your Shares which do not participate in the Plan. If you do not wish to participate in the Plan, you are not required to do anything. You will continue to receive in cash any dividends paid on all of your Shares.

5. What if I change my mind?

You can join the Plan, vary your participation or withdraw from the Plan at any time by contacting the Company. Such variation or withdrawal will be effective from the first Record Date after the properly completed form is received by the Company.

6. How much does it cost?

Participation in the Plan is free and provides Shareholders with the ability to acquire Additional Shares in Dairy Farms free of any brokerage, commission or other transaction costs.

7. What price will shareholders pay?

The August 2018 dividend is two cents per Share. The issue price of new ordinary shares under the dividend reinvestment scheme for the dividend paid in August 2018 is 97.5 cents per share. This issue price may change for future dividends beyond August 2018.

8. Can the Plan be changed in the future?

Yes. The Dairy Farms Board may change, suspend or cancel the Plan at its sole discretion. If that occurs, notice will be given to Shareholders.

9. How do the Shares rank and can I sell them?

Shares acquired under the Plan will rank equally in all respects with existing Shares.

10. Are there any tax implications?

For New Zealand and Australian income tax purposes, dividends reinvested in Shares under a dividend reinvestment plan are generally treated in the same manner as a cash dividend. Dairy Farms will provide details of the amount of the dividend, taxes withheld and credits available so Shareholders can complete their tax returns. It is recommended that each Shareholder contact their professional tax adviser for more information about their specific circumstances. Refer to clause 10 of the Terms and Conditions.

Terms & Conditions

1. INTRODUCTION

Pursuant to the constitution of Dairy Farms NZ Limited (“**Dairy Farms**”), the board of directors (the “**Board**”) has approved the adoption of the Dairy Farms Dividend Reinvestment Plan (the “**Plan**”). Under the Plan, holders of ordinary Shares in Dairy Farms may elect to reinvest the net proceeds of cash dividends or distributions paid on all or any of their fully paid ordinary Shares in Dairy Farms by acquiring further fully paid ordinary Shares in Dairy Farms instead (“**Additional Shares**”).

This Offer Document sets out the terms and conditions of the Plan and is issued in compliance with the exclusion for dividend reinvestment plans contained in Schedule 1 to the Financial Markets Conduct Act 2013 and the Financial Markets Conduct Regulations 2014.

Accordingly, no product disclosure statement is required in respect of the Plan.

Capitalised terms used in these terms and conditions have the meanings set out in the Glossary to this Offer Document.

2. THE OFFER

2.1 Offer to Eligible Shareholders:

Subject to clauses 2.4 to 2.6, Dairy Farms offers to all Shareholders the right to elect to participate in the Plan.

2.2 Available options:

Shareholders may elect to participate in the Plan by exercising one of the following options:

- a) Full Participation: If you elect full participation, participation in the Plan will apply to all of your Shares registered in your name.
- b) Partial participation: If you elect partial participation, only the number of Shares nominated by you will participate in the Plan. If you nominate a number of Shares in excess of the number of Shares held by you, your application will be deemed to be an application for full participation.
- c) Non-Participation: If you do not wish to participate in the Plan, you are not required to do anything. You will continue to automatically receive in cash any dividends paid on all of your Shares. If you have changed your bank account details since applying for shares/the previous dividend, please advise the company so the dividend is paid to the correct account.

2.3 Information for Australian Shareholders:

The offer of securities under the Plan does not need disclosure for the purposes of section 708 of the Corporations Act 2001 (Cth). Accordingly, this Offer Document will not be lodged with ASIC.

Australian resident Shareholders should note that Dairy Farms is not licensed to provide financial product advice in relation to the securities offered under

the Plan. There is no cooling-off regime that applies in respect of your acquisition of securities offered under the Plan. The Offer Document does not take into account your personal objectives, financial situation or needs. You should consider obtaining your own financial product advice in relation to the proposed offer from an independent person who is licensed by ASIC to give such advice.

2.4 Ability to exclude overseas shareholders from the Plan

The Board may, in its absolute discretion, elect not to offer participation under the Plan to Shareholders whose registered address is outside New Zealand as the board considers:

- a) That to do so would risk breaching the laws of places outside of New Zealand; or
- b) It would be unreasonable having regard to the associated costs of ensuring that the laws of those places are complied with.

2.5 Representations and warranties from the overseas shareholders

Shareholders who apply to participate in the Plan who are not resident in New Zealand or Australia represent and warrant to Dairy Farms that the offer of the Plan and their participation in it would not breach any laws in their country of residence.

Any person residing outside New Zealand or Australia who holds Shares through a New Zealand or Australian resident nominee should not allow their nominee to participate in the Plan if participation in respect of their Shares would be contrary to the laws of their country of residence.

Any person residing outside of New Zealand or Australia who participates in the Plan through a New Zealand or Australian resident nominee will be deemed to represent and warrant to Dairy Farms that they can lawfully participate in the Plan through their nominee.

Dairy Farms accepts no responsibility for determining whether a Shareholder is able to participate in the Plan under laws applicable outside of New Zealand or Australia.

3. METHOD OF PARTICIPATION

3.1 Participation Form

To participate in the Plan a shareholder must make a “Participation Election” as follows:

- a) **Participation Form** – complete the Participation Form in accordance with the instructions on that form; and forward the completed Participation Form to:
Dairy Farms NZ Ltd share register
P.O. Box 1917
Auckland

Shareholders who subsequently decide that they would like to participate in the Plan can request a Participation Form and Offer Document from the

Company. If the Participation Form does not indicate the level of participation or indicates a level of participation in excess of the number of Shares then held by that Shareholder, it will be deemed to be an application for full participation if the Participation Form is otherwise correctly completed and signed.

3.2 Holder number and common shareholder number (“CSN”)

A separate Participation Form must be given by a Shareholder in respect of each holding of Shares identified by a separate holder number or CSN.

3.3 When participation becomes effective

Participation will be effective as to dividends or distributions payable from the first Record Date after receipt by Dairy Farms of a properly completed Participation Form.

Any notice received after 5.00pm (New Zealand time) on a Record Date for a dividend will be effective only from the next following dividend.

Participation will continue for all future dividends to which the Plan applies in accordance with these terms and conditions (unless you vary your participation in the Plan in accordance with these terms and conditions).

4. ADDITIONAL SHARE ENTITLEMENT

4.1 General

Subject to clause 6, the number of Additional Shares to be acquired by a shareholder who has elected to participate in the Plan will be:

- a) Based on the net cash proceeds of the dividend or distribution the shareholder would otherwise have received; and
- b) Based on an issue price per share of 97.5 cents for the August 2018 dividend.

4.2 Formula for calculation of Additional Shares

Subject to clause 6, the number of Additional Shares to be acquired by a Participating Shareholder will be calculated in accordance with the following formula:

$$AS = \frac{S \times D}{Price}$$

Where:

AS is Additional Shares.

S is the number of Participating Shares.

D is the net proceeds per Share from Dairy Farms (expressed in cents and fractions of cents, including any supplementary dividends in respect of Participating Shares payable to non-resident Shareholders but excluding any imputation credits and after deduction of any resident and non-resident withholding (or other) taxes, if any) of cash dividends payable or credited on that Share which would otherwise have been payable to a Shareholder in cash if the Shareholder had not elected to participate in the Plan.

4.3 Fractional Shares

Where the number of Additional Shares to be acquired by a Participating Shareholder calculated in accordance with clause 4.2 includes a fraction, the number will be rounded down to the nearest whole number. Any net proceeds per Share as described as D in clause 4.2 above which are not applied to acquire an Additional Share because of this clause 4.3 will be retained by Dairy Farms for its sole benefit and will not be refunded or paid to a Participating Shareholder nor held by Dairy Farms or the Registrar on behalf of a Participating Shareholder.

4.4 Compliance with Laws, Listing Rules and Constitution

The Plan will not operate in relation to a dividend to the extent that the allotment or issue of Additional Shares under the Plan would breach any applicable law, or any provision of the Constitution.

If and to the extent that the Plan does not operate for such reason in respect of a Participating Shareholder's Participating Shares, the relevant dividend on Participating Shares will, until such time as the issue is resolved, be paid or distributed in the same manner as to Shareholders not participating in the Plan.

5. OPERATION OF THE PLAN

5.1 Additional Shares

Dairy Farms will, on the day that a Participating Shareholder would otherwise have been paid a dividend, either issue or arrange the transfer of the Additional Shares to that Participating Shareholder in accordance with clause 4.

5.2 Terms of issue and ranking of Additional Shares

Additional Shares acquired by Participating Shareholders under the Plan will be issued or transferred on the terms set out in this Plan, and subject to the rights of termination, suspension and modification set out in clause 8, will not be issued on any other terms and will all be subject to the same rights as each other. The Additional Shares acquired by Participating Shareholders under the Plan will, from the date of issue, rank equally in all respects with each other and with all other Shares on issue as at that date.

6. SOURCE OF ADDITIONAL SHARES

Additional Shares to be acquired by Participating Shareholders under the Plan may, at the Board's discretion, be:

- a) New Shares issued by Dairy Farms;
- b) Existing Shares acquired by Dairy Farms or a nominee or agent of Dairy Farms;
or
- c) Any combination of new Shares and existing Shares.

7. STATEMENT TO PARTICIPATING SHAREHOLDERS

Subject to clause 2, Dairy Farms or its Registrar will send to each Participating Shareholder, as soon as practicable after each Dividend Payment Date, a statement detailing in respect of that Participating Shareholder;

- a) The number of Shares of the Participating Shareholder as at the relevant Record Date;
- b) The number of Participating Shares of the Participating Shareholder as at 5.00pm (NZ time) on the relevant Record Date;
- c) The amount of:
 - i. Cash dividend reinvested in respect of Shares nominated by the Participating Shareholder for participation in the Plan; and
 - ii. Dividend paid in cash on the Shares not nominated for participation in the Plan (if applicable);
- d) The amount of any tax deduction or withholding made;
- e) The number of Additional Shares acquired by the Participating Shareholder under the Plan on the relevant Dividend Payment Date and the issue price of those Additional Shares, including the discount (if any), determined by the Board under clause 4.2; and
- f) Advice as to the amount of any imputation or other taxation credits.

8. TERMINATION, SUSPENSION AND MODIFICATION

8.1 Termination or modification by Dairy Farms

The Dairy Farms Board may at any time in its sole discretion:

- a) Terminate, suspend or modify the Plan. If the Plan is modified, then a Participation Form will be deemed to be a Participation Form under the Plan as modified unless that Participation Form is varied or withdrawn by the Participating Shareholder in accordance with clause 8.4; or
- b) Suspend the operation of the Plan so that it will not apply in whole or part to any dividends or distributions; or
- c) Resolve that participation will not apply in whole or part to any dividend and that the balance of the dividend (as the case may be) will be paid in cash; or
- d) Resolve, in the event of the subdivision, consolidation or reclassification of the Shares into one or more new classes of Shares, that a Participation Form will be deemed to be a Participation Form in respect of the Shares as subdivided, consolidated or reclassified unless such Participation Form is subsequently varied or withdrawn by the Participating Shareholder in accordance with clause 8.3; or
- e) Resolve that a Participation Form will cease to be of any effect; or
- f) Resolve that Additional Shares may be acquired at a discount to the market price of Shares in accordance with clause 4.2; or
- g) Determine that the Plan may be underwritten on such terms as agreed between Dairy Farms and an underwriter.

8.2 Prior notice

Notice of any termination, suspension or modification by Dairy Farms under clause 8.1 will be given to all Participating Shareholders by sending written notification of that modification or termination to Shareholders' addresses.

8.3 When no notice is required

Notwithstanding clauses 8.1 and 8.2, Dairy Farms may at any time, without the need of any notice:

- a) Modify the Plan to comply with the constitution, the NZX Main Board Listing Rules or any law; and
- b) Make minor amendments to the Plan where such amendments are of an administrative or procedural nature.

8.4 Variation or termination by a Participating Shareholder

A shareholder may, at any time, by validly completing and sending a Participation Form, available from the Company upon request:

- a) Increase or decrease the number of Participating Shares; or
- b) Terminate the shareholder's participation in the Plan.

Such variation or termination will take effect from the first Record Date after the Participation Form is received by the Registrar. A properly completed Participation Form will need to be received by the Registrar prior to 5.00pm (NZ time) on the Record Date in order for that variation to be effective in respect of dividends payable in relation to that Record Date.

8.5 Death of Participating Shareholder

If a shareholder participating in the Plan dies, participation by that shareholder will cease upon receipt by Dairy Farms of a notice of death in a form acceptable to Dairy Farms. Death of one of two or more joint Participating Shareholders will not automatically terminate participation.

9. TAXATION

The statements below in relation to taxation reflect the relevant New Zealand and Australian tax law as at the date this Offer Document was prepared, and, as such, are subject to any change in New Zealand or Australian taxation laws. It is intended as a general guide only and is not an authoritative or complete statement of all potential tax implications for each Shareholder. Taxation is a complex area of law and the taxation consequences for each Shareholder may differ depending upon their particular circumstances. Accordingly, each Shareholder should consult their own tax adviser as to the taxation implications of the Plan. Dairy Farms does not accept any responsibility for the financial or taxation effects of a Shareholder's participation or non-participation in the Plan.

9.1 New Zealand Shareholders

For New Zealand tax purposes, a Participating Shareholder should be treated in the same way as if they had not participated. This means that the Shareholder will derive a dividend of the same amount that they would have derived if they had not participated (ie, they will be treated as receiving a dividend from Dairy Farms which is then applied to purchase or subscribe for Additional Shares).

Accordingly, unless the New Zealand shareholder notifies Dairy Farms that they hold a resident withholding tax ("RWT") exemption certificate, the dividend (including any attached imputation credits) will be subject to RWT which is deducted at source by Dairy Farms (and therefore reduces the amount applied to

purchase or subscribe for Additional Shares). RWT will be deducted at the rate of 33% with an allowance for any attached imputation credits. For example, RWT will be deducted at the rate of 5% where a dividend is fully imputed (reflecting company tax paid at the 28% rate).

The New Zealand shareholder will need to return the dividend (including any attached imputation credits) as assessable income, which will be taxable to the New Zealand shareholder at their personal marginal tax rate. Any attached imputation credits or RWT deducted will be creditable against New Zealand taxes payable.

9.2 Australian shareholders

For Australian tax purposes, an Australian resident Participating Shareholder should be treated as having received the dividend which has been applied to purchase or subscribe for Additional Shares.

The gross dividend (including any withholding tax deducted in New Zealand) should be assessable to the Australian resident Participating Shareholder at its respective marginal tax rate. The Australian resident Participating Shareholder may be entitled to a foreign income tax offset for any withholding tax deducted in New Zealand.

The Australian tax implications of the future sale of Additional Shares acquired by an Australian resident Participating Shareholder will depend on the particular circumstances of that shareholder. For capital gains tax purposes, the cost base of the Additional Shares includes the amount of the dividend applied to acquire the Additional Shares.

An Australian shareholder should be treated in the same way as if they had not participated. This means that the Australian shareholder will derive a dividend of the same amount that they would have derived if they had not participated (ie, the Australian shareholder will be treated as receiving a dividend from Dairy Farms which is then applied to purchase or subscribe for Additional Shares).

Accordingly, where the dividend is paid to Australian shareholders it will be subject to non-resident withholding tax ("NRWT") which is deducted at source by Dairy Farms (and therefore reduces the amount applied to purchase or subscribe for Additional Shares). NRWT will generally be deducted at the rate of 15%. However, where the dividend is fully imputed, the impact of NRWT may effectively be negated by Dairy Farms paying the Australian shareholder a supplementary dividend in addition to the dividend paid to all shareholders.

The Australian and New Zealand tax consequences for Australian resident shareholders holding greater than 10% of Dairy Farms share capital may differ.

9.3 Other non-resident shareholders

Where the dividend is paid to non-New Zealand resident shareholders, it will be subject to NRWT which is deducted at source by Dairy Farms (and therefore reduces the amount applied to purchase or subscribe for Additional Shares).

The rate at which NRWT is imposed will depend on the extent to which imputation credits are attached to a dividend and whether the Shareholder is tax resident in a country which has entered into a tax treaty with New Zealand. Generally, NRWT is deducted at the rate of:

- a) 15%, or 0% if the tax rate applicable after applying any relevant tax treaty would be less than 15%, to the extent that a dividend is fully imputed; or
- b) 30%, or the tax rate applicable after applying any relevant tax treaty, to the extent that a dividend is not fully imputed.

Depending on the extent to which a dividend is imputed, the impact of NRWT may effectively be mitigated by Dairy Farms paying a supplementary dividend in addition to the dividend paid to all Shareholders. No supplementary dividend will be paid in respect of the August 2018 dividend payment.

10. COSTS

There are no charges for participation or withdrawal from the Plan. No brokerage or commission costs will be incurred in respect of the acquisition of Additional Shares.

11. GOVERNING LAW

This Offer Document, the Plan, and its operation, will be governed by the laws of New Zealand.

Glossary

Additional Shares means the additional Shares to be issued or transferred to Participating Shareholders pursuant to the Plan.

Dairy Farms means Dairy Farms NZ Limited.

Board means board of directors of Dairy Farms.

Business Days means a day on which the NZX Main Board is open for trading.

Constitution means the constitution of Dairy Farms.

Dividend Payment Date means the date on which Dairy Farms pays a dividend in respect to its Shares.

NZX means NZX Limited.

NZX Main Board means the main board equity security market operated by NZX.

NZX Main Board Listing Rules means the Main Board listing rules of NZX.

Offer Document means this booklet which sets out the terms and conditions of the Plan.

Participating Shareholder means a Shareholder who has validly elected to participate in the Plan.

Participating Shares means the Shares in respect of which an election to participate in the Plan has been validly made (subject to any validly made variation or termination) by a Participating Shareholder on the Record Date.

Participation Form means the participation form accompanying this Offer Document.

Plan means Dairy Farms' Dividend Reinvestment Plan established by the Board on the terms and conditions set out in this Offer Document, as amended from time to time.

Record Date means, in relation to a dividend, the date on which Dairy Farms' register of Shareholders is closed in order to determine entitlement to the relevant dividend

Registrar means the official record keeper of the shareholders record.

Shareholder means a holder of Shares from time to time.

Shares means fully paid ordinary shares in Dairy Farms.

Participation Form

Dividend Reinvestment Plan

Do not complete this form if you wish to continue to receive in cash any dividends declared in respect of all of your Shares in Dairy Farms NZ Limited (“Dairy Farms”).

A Dividend Reinvestment Plan operates for Shares in Dairy Farms. Full details of the Plan are set out in the Offer Document dated August 2018 accompanying this form. If you wish to reinvest all or part of your Dairy Farms dividends, complete and return this form by email to jo@dairyfarms.nz.com.

Capitalised terms not defined in this Participation Form have the meaning given to those terms in the glossary of the Offer Document.

Name(s):

Address:

CSN/Holder number:

Daytime phone:

In terms of Dairy Farms’ Dividend Reinvestment Plan, I/we wish to participate in the Plan and request: (choose one option only)

a) Full participation in the Plan for all my Shares I may hold from time to time

OR

b) Partial participation in the Plan, for the number of Shares stated.
Please specify number of Shares:

Joint Holders must each sign. Companies must execute by an authorised officer or attorney. If signed by an attorney, a non-revocation declaration must accompany this form, and the relevant authority must either have been exhibited previously to the Company or accompany this form.

I/We acknowledge that I/we have received and read a copy of the Offer Document. I/We agree to be bound by the terms and conditions of the Dairy Farms Dividend Reinvestment Plan set out in the Offer Document dated November 2017 and this form. I/We hereby direct that the net proceeds of all cash dividends I am/we are entitled to be paid or credited in respect of my/our Participating Shares be applied towards the purchase of Additional Shares in accordance with the Plan.

Signature of Shareholder(s):

Date:

.....

Date:

.....

Participation will commence on the first Record Date after receipt by the Registrar of this Participation Form, correctly completed. Participation will continue to apply until varied or terminated by submitting another Participation Form (available from the Company upon request) in accordance with the terms and conditions of the Plan or until the Plan is terminated or suspended by Dairy Farms.

This Participation Form may be returned at any time to the Registrar:
Scan and Email: jo@dairyfarms.nz.com
Fax: +64 9 368 9077