

SFL HOLDINGS LIMITED

6 March 2014

Dear Shareholder

COMPULSORY ACQUISITION NOTICE – SYNLAIT FARMS LIMITED

- 1 SFL Holdings Limited (*SFL Holdings*) made a takeover offer to acquire all the shares in Synlait Farms Limited (*Synlait Farms*) dated 1 November 2013 (the *Offer*).
- 2 On 4 March 2014, SFL Holdings gave notice that the Offer had become unconditional. As a result of this, SFL Holdings also gave notice that as at 4 March 2014 it held or controlled 90% or more of the voting rights in Synlait Farms, and had become the dominant owner in relation to Synlait Farms.
- 3 SFL Holdings is now exercising its compulsory acquisition rights under Part 7 of the Takeovers Code. All outstanding shareholders in Synlait Farms must sell their shares in Synlait Farms to SFL Holdings for \$2.223291 per share. For payment purposes the total amount payable to each shareholder will be rounded up to the nearest cent in accordance with the terms of the Offer.

Return of instrument of transfer

- 4 This notice is accompanied by an instrument of transfer (*Transfer Form*). You may return the completed original Transfer Form by delivery, mail (in the reply-paid envelope provided), fax or email to the following addresses, so as to be received by SFL Holdings no later than 5:00pm on 27 March 2014 (being 21 days after the date on which this notice is sent).

Delivery:

SFL Holdings Limited
C/- Link Market Services Limited
Level 7, Zurich House
21 Queen Street
Auckland
New Zealand

Mail:

SFL Holdings Limited
C/- Link Market Services Limited
PO Box 91976
Auckland 1142
New Zealand

Facsimile: +64 9 375 5990

Email: operations@linkmarketservices.co.nz (Please put "SFL Acceptance" in the subject line for easy identification)

- 5 Notwithstanding the fact that you have 21 days after the date on which this notice is sent in which to return the Transfer Form, we would appreciate it if you could please return the Transfer Form as soon as possible.

Payment of consideration

- 6 If you return the completed Transfer Form to SFL Holdings by 5:00pm on 27 March 2014, SFL Holdings will, depending on which option you select, send you a cheque by ordinary mail or a payment in cleared funds by electronic transfer, for \$2.223291 per share within seven days after SFL Holdings receives the Transfer Form.

- 7 If you do not return the completed Transfer Form to SFL Holdings by 5:00pm on 27 March 2014, SFL Holdings will, by 3 April 2014 (being within seven days after the 21 day period referred to above):
- 7.1 deliver to Synlait Farms the consideration of \$2.223291 per share for all the Synlait Farms shares in respect of which a completed Transfer Form has not been returned to SFL Holdings; and
 - 7.2 send to Synlait Farms an instrument of transfer for those Synlait Farms shares executed on behalf of the holders of those shares by SFL Holdings or its agent (as SFL Holdings is required to do under the Takeovers Code).
- 8 Any consideration received by Synlait Farms under paragraph 7.1 above will be held by Synlait Farms in an interest bearing trust account with a registered bank on trust for the relevant outstanding Synlait Farms shareholders until it is claimed. Those Synlait Farms shareholders for whom the consideration relating to their shares is paid to Synlait Farms may claim that consideration directly from Synlait Farms.

Information required by Rule 55 of the Takeovers Code

- 9 The details required to be stated in this notice by Rule 55 of the Takeovers Code are set out below:
- 9.1 SFL Holdings holds or controls 90% or more of the voting rights in Synlait Farms;
 - 9.2 all outstanding shareholders in Synlait Farms must sell their Synlait Farms shares to SFL Holdings;
 - 9.3 the consideration to be provided for those outstanding Synlait Farms shares is \$2.223291 per share, which is the same as the consideration payable by SFL Holdings under the Offer;
 - 9.4 the outstanding shareholders in Synlait Farms have the right to sell their Synlait Farms shares to SFL Holdings in accordance with Part 7 of the Takeovers Code;
 - 9.5 the date on which this notice is sent is 6 March 2014;
 - 9.6 this notice is accompanied by the Transfer Form for the transfer to SFL Holdings of all Synlait Farms shares held by you; and
 - 9.7 the Transfer Form should be completed, signed and returned in accordance with the instructions set out in this notice.

Yours faithfully



Terry Lee
Director



Juliet Maclean
Director