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Taranaki Investment Management Limited

TARANAKI INVESTMENT MANAGEMENT BIDS FOR INCREASED STAKE IN TASMAN FARMS

New Plymouth District Council's investment arm TIML (Taranaki Investment Management Limited) has announced a takeover offer to increase its stake in Tasmanian-based Tasman Farms Limited (TFL).

TIML Chief Executive Mike Trousselot said today that the investment fund, which currently holds 77.7% of the shares in TFL, has secured a pre-bid agreement with First Eagle Investment Management for a further 7.6% of TFL's shares.

Under the New Zealand Takeovers Code it is a requirement for TIML to therefore make an offer to all shareholders.

"The offer price of NZ\$1.00 is a 33% premium to the recent volume weighted average price of the shares, and we expect a number of minority shareholders to be interested, particularly noting the low participation in the recent rights issue," said Mr Trousselot.

"The offer also ensures those who did participate in the recent rights issue at NZ75 cents, and any who are not satisfied with the upcoming delisting of the shares are not disadvantaged and have a further exit option," said Mr Trousselot.

TIML was seeking to increase its own stake to enable it to more readily implement plans for the growth and development of TFL's current land holdings with a longer term view to further expansion in North West Tasmania.

Mr Trousselot said while TIML saw a positive future for TFL including further development of the land and livestock assets, this would require additional capital raising from existing shareholders and other sources.

"Those plans are also likely to keep returns to shareholders lower in the short to medium term and limit dividends as the company continues to reinvest profits into the farms," said Mr Trousselot.

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Mr Trousselot said that when originally acquired the Tasman Farm properties had suffered from previous under investment in management, pasture renewal, fertiliser, animal husbandry and equipment and that had resulted in production figures that were well below the regional average in Tasmania.

“We have made significant investments in all these areas and the farms are now starting to reach acceptable production figures and returns for Tasmania.”

“Our view is that these farms will reach higher up the production curve but not without significant further investment.”

Mr Trousselot noted that the very long-term investment horizon of the New Plymouth District Council owned investment fund was a good match for the TFL investment profile.

“We’re a perpetual fund and that means a focus on long term outcomes. Over the medium to long term timeframe this investment is expected to be very good for the Council and the ratepayers the fund serves.”

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