

Farmlands Auction

Many shareholders will be aware that we have been driving some of our growth over the last 2-3 years by investing in new branches and branch refurbishments and we are not finished yet. To date, we have refurbished twenty two stores, opened eight new stores and relocated our Marton store. During the first half of 2011 we will open two new stores, relocate another, and refurbish a further four stores.

As part of this overall refurbishment programme we are taking the opportunity to reconfigure and upgrade the Hastings branch and head office environment. Work is planned to commence by late January/early February and will start with the building of an extension of the building to refurbish the store and create some extra space for head office. The overall work is planned to be completed by the end of September.

This month we are pleased to announce the opening of our 42nd store - Farmlands Opunake. This will be closely followed by a rebuild of our Paeroa store and then a new store at Kamo in Northland. This investment in our stores is part of our ongoing strategy to ensure the future growth and sustainability of Farmlands by having stores in geographies where our shareholders (and potential shareholders) are located, as well as providing the look and layout to optimise the customer experience – I hope to be able to announce some more initiatives in the near future.

Relationships, service and location are all key factors in choosing a rural retail partner and we are working harder than ever to ensure that we continue to achieve these attributes. The more satisfied customers that we have, the greater collective buying power Farmlands has. This gives us greater ability to negotiate favorable terms with our suppliers and pass these savings on to you via everyday rebate and our annual loyalty rebate.

As I discussed last year our role as a board is to ensure that Farmlands' balance sheet is optimally structured and has enough headroom to allow for future growth. As a consequence we took the opportunity to very successfully sell and leased back seven of our properties.

In April this year we will be offering by auction a further six properties for proposed sale and lease back long-term to Farmlands; Putaruru, Kaitaia, Paeroa, Taihape, Opunake and Waipapa (Northland). All but Waipapa will be newly built. Once again we have contracted property advisors Turley & Co Ltd to lead the process.



We have had expressions of interest from many of our shareholders previously. If you missed out on a property last time or would like to express your interest I would encourage you to initially contact Pat Turley, who will then ensure that you receive detailed information about the properties we propose to sell and the sale process once finalized in February.

Please contact Pat Turley:

Turley & Co Ltd

116 Te Mata Mangateretere Rd,
Havelock North, RD2.
Hastings 4172
Telephone: 06 650 3567
Email: pat@turley.co.nz

By the time many of you will be reading this another year would have passed so happy new year and all the best for 2011 – let us hope that conditions will be a bit more favorable to us than last year.

Lachie Johnstone
Chairman



Farmlands Auction Listed Properties:

Putaruru Taupo Street SH 1 Putaruru	Taihape 3 Linnet Street Taihape	Opunake 2 Aytoun Street Opunake	Waipapa 30 Klinac Lane Waipapa	Kaitaia 31 North Park Drive Kaitaia	Paeroa Grey Street Paeroa
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