

Allied Farmers Ltd

201 Broadway, Stratford, 4332

PO Box 304, Stratford 4352

Phone: 06 765 6199

Web: <http://www.alliedfarmers.co.nz>

Email: headoffice@alliedfarmers.co.nz

9 November 2020

Dear shareholder

Allied Farmers 2020 Annual Meeting

Please find enclosed notice of Allied Farmers Limited's 2020 Annual Meeting which will be held at the TET MultiSports Centre, 62 Portia St, Stratford on Tuesday 24 November 2020 at 11:00am.

NZ Rural Land Management Purchase

As previously disclosed to shareholders (see NZX announcement dated 16 October 2020 <https://www.nzx.com/announcements/361572>), Allied Farmers has conditionally agreed to purchase a 50% interest in New Zealand Rural Land Limited Partnership (**NZRLM**) for \$2,500,000.

NZRLM will become the manager of New Zealand Rural Land Company Limited (**NZRLC**), a new entity that will acquire rural land under a landlord model, whereby the underlying rural land will be leased to high quality farming operators. NZRLC is intending to launch an Initial Public Offering in November 2020 of up to \$150 million and list on the NZX Main Board in December 2020.

It is intended that the \$2,500,000 purchase price is satisfied by the issue of Allied Farmers's shares to the NZRLM owners at an issue price of \$0.50 per share. Allied Farmers is therefore seeking shareholder approval to issue up to 5,000,000 shares to the NZRLM owners. Further details in relation to the issue of these shares are set out in the Explanatory Notes.

The purchase of an interest in NZRLM is an incredibly exciting and pivotal opportunity for Allied Farmers. Our strategy is to *"be the major solution provider to agricultural producers, growing value for those producers and our investors"*. Our NZ Farmers Livestock subsidiary is the foundation upon which we have built and delivered that strategy, and this investment enables diversification in a manner that is complementary to our core values and activities.

From our deep understanding of the rural sector built over more than 100 years, we know there is compelling long-term value in owning rural land, and we can see the benefits for farm operators wishing to expand their operational platforms in a capital efficient manner. NZRLC will be a capital providing partner for New Zealand's highly skilled and productive food producers.

Capital Raise

At the same time as we announced the purchase of an interest in NZRLM, we also announced as a separate initiative a proposal to raise, at the same price of \$0.50 per share, additional capital. This additional capital will be raised in the following manner:

- A 1:3 renounceable rights issue of Allied Farmers shares to existing shareholders. The renounceable rights issue will enable existing shareholders to participate in the capital raise at the same price as the investors in the placements referred to below. If all rights are exercised, the renounceable rights issue will raise ~ \$2,975,788 of new capital for Allied Farmers; and
- Following the annual meeting, and most likely after the renounceable rights issue, a placement of up to 10 million Allied Farmers shares to existing shareholders and new investors. If approved, these placements will potentially raise up to \$5,000,000 of new capital for Allied Farmers.

Shareholder approval is being sought to the placement of shares.

Further details in relation to the issue of the capital raise are set out in the Explanatory Notes.

The proposed capital raise will provide the fuel required to execute on our strategy to invest in the growth of our rural-focused finance business, innovation initiatives, and investment in digital technologies.

As highlighted in our recent FY20 financial results commentary, our intention is to continue to evaluate and potentially invest in profitable and innovative technologies either by strategic partnership or through direct investment within a disciplined and ethical investment framework.

Further Information

You will be asked to consider the merits of, and vote on, both these resolutions at the Meeting, together with a resolution relating to fixing the auditor's remuneration for the ensuing year.

You may submit written questions to be considered at the Meeting. Written questions should be sent by email to ross.oneill@alliedfarmers.co.nz. Allied Farmers reserves the right not to address any questions that, in the Board's opinion, are not reasonable to address in the context of an Annual Meeting, or any received fewer than five working days prior to the Meeting.

The enclosed shareholder voting form has detailed instructions on how shareholders may lodge their vote or appoint a proxy to vote on their behalf if they are unable to attend.

I look forward to seeing you at the Meeting.

Yours faithfully

Richard Perry



Chairperson