



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

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announce@nzx.com

EXPANSION INVESTMENT AND CHAIR SUCCESSION

Allied Farmers announces expansion of rural finance operation, investment in innovation, and change of Chairperson.

The Directors of Allied Farmers Limited ("Allied" or "Allied Group" NZX:ALF) are excited to announce a number of new initiatives and developments, aimed at materially strengthening the Allied Group and which provide significant opportunities for growth. Importantly, these initiatives will also allow Allied to achieve its vision of being a major solution provider to the New Zealand rural sector.

Investment in growth of rural-focused finance business

The Allied Group has a well-established finance operation providing short term seasonal livestock financing. The finance business has operated profitably and has given the Allied Group significant experience in rural financing.

It has become apparent that New Zealand food producers are seeking sources of finance from other than the traditional banks. As a result, the Allied Group has decided to invest in the expansion of its financing operation.

The expansion will focus on unlocking potential for good food producing operators who are constrained by traditional financing structures. Allied Group will continue to do this by providing insight and advice, on time, on point and when it matters. **Simple. Flexible. Easy.**

Allied Group's financing operation is chaired by Director and experienced rural banker Mr. Ross Verry. In announcing today this expansion, Mr Verry said "Growing and expanding Allied's finance offering is a logical step forward for the Allied Group. This is an exciting opportunity for us to invest in a way that supports cost effective financing solutions to New Zealand food producers"

Innovation initiatives

Allied recognises that food producers are facing constant challenges relating to compliance, technology, environment and market expectations. Allied believes that there are many potential innovative solutions which can assist farmers to meet these challenges.

One such challenge was presented by the COVID-19 lockdown which forced the cessation of livestock sale yard operations. Allied Group subsidiary New Zealand Farmers Livestock Ltd (**NZFL**) demonstrated its ability to respond quickly and through the introduction of the world leading innovative online/live sales process via its website MyLivestock, was able to provide farmers with an effective means to buy and sell livestock in real time both on-site and on-line.

The successful creation and deployment of this technology is an example of Allied's strategy to invest in innovation that will directly benefit food producers. Allied's intention is to continue to invest in these types of initiatives including:

- Further development of the MyLivestock website to enhance and improve this service to farmers, leading to growth in its use.
- Investigate ways in which Allied can connect Agritech providers with farmers, facilities and industry knowledge in order to trial, test and refine potential solutions and products.
- Partnering with other companies and providers to develop a modest programme of research and development aimed to identify and develop potential solutions.

Allied is conscious of the growing desire of consumers for products that are sustainable and high quality, and, in addition to the above, is currently in the early stages of an investment proposal to support the development of an important technology which will further enhance the innovation reputation of New Zealand dairy farmers,. Allied's 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.

Capital Raising

To support these initiatives, and to enable Allied to achieve its goals, Allied is exploring various capital raising options. These could include raising equity, potentially through an SPP and a placement, and raising additional debt finance through a wholesale bond issue in order to support the finance operations. Further details will be provided as these options develop.

Change of Chair

The Board of Allied is also pleased to announce the appointment of current Director Richard Perry to the position of Chairperson, effective from 1 July 2020. Mr Perry replaces current Chairperson, Mark Benseman, who indicated to the Board earlier in the year that due to personal circumstances he would have less time to devote to the role of Chairperson, as 2020 progressed. Mr. Benseman intends to remain as a Director of Allied.

Mr. Perry, on behalf of the Board, said: "We are very grateful to Mark for his valuable insight, strategic thinking and drive during his time as Chairman. He leaves the Chair with Allied in a strong position to be able to launch the initiatives announced today".

Mr. Perry has for the last six months been providing advisory services to the Allied Group. He has a wealth of experience and skills relevant to the current strategic direction that Allied is following. Therefore, in addition to his role as Chairperson, Mr. Perry will continue to provide advisory services to the Allied Group. Accordingly, Mr. Perry will not be an Independent Chairman, and in recognition of this the Board has also resolved to appoint Mrs. Marise James as Lead Independent Director with effect from 1 July 2020.

Further background on Mr. Perry is below.

Guidance

On 18 March 2020, Allied indicated it is expected that the FY20 second half result will be significantly below the FY19 second half result and that the FY20 full year result will be significantly lower than the FY19 full year result. This guidance remains current.

Despite the impact of COVID-19, the Board believes Allied remains strong and is well positioned to capitalize on the opportunities that are available to the New Zealand agricultural sector. New Zealand is well placed to be a significant supplier of food products to the world's growing population and Allied is committed to providing solutions to the rural sector to realise that aspiration.

Mark Benseman Chairperson

Richard Perry

Mr Perry was appointed a Director of Allied Farmers Limited in June 2019. He has a strong knowledge and experience of the agribusiness, finance and technology sectors. He has previously held senior finance and executive roles at the Reserve Bank of New Zealand, Landcorp Farming Ltd and Callaghan Innovation and has been a Technical Advisor to the International Monetary Fund. He is currently a member of the External Reporting Advisory Board and Director of Business Applications for Rocket Lab.

As an experienced company director he has acted for several company boards across the agri-tech, property and food and beverage sectors including start-ups, mergers and established companies. He has the following qualifications: B Com (Hons), F.C.A (Fellow of Chartered Accountants Australia and New Zealand) and CTP (Certified Treasury Professional).