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## Allied Farmers Secures New Bond

Allied Farmers (Allied Farmers, NZX: **ALF**) is pleased to advise that its wholly owned subsidiary, Allied Farmers Rural Limited (**AFRL**), has secured a new two year second ranking \$550,000 bond facility (the **030 Bond**) which will replace a \$600,000 second ranking bond facility that was issued in 2013 and is maturing on 31 August 2016 (the **010 Bond**).

The \$550,000 raised from the 030 Bond was the maximum amount being sought. As with the 010 Bond, the participants in the 030 Bond is made up of a mixture of Related Parties to ALF and parties not related to ALF, and the nature of the security granted to the participants is substantially similar to that supporting both the 010 Bond and the first ranking \$1,000,000 Bond issued in August 2014 and maturing on 30 September 2017 (the **020 Bond**) (except to the extent that the 030 Bond is second ranking to the 020 Bond).

ALF Chairman, Garry Bluett, said "the fact that the 030 Bond is for a lower amount than the 010 Bond reflects the ALF's group's improved cash position from improved operational performance and lower parent company costs, which will be further improved as a result of the interest rate on the 030 loan being substantially lower than the 12 percent interest rate on the maturing 010 Bond".

The terms of the 030 Bond are as follows:

- **Issuer:** AFRL
- **Number of Bonds Issued:** 550,000
- **Face value:** \$1.00 per 030 Bond, being a total of \$550,000
- **Coupon/Interest rate:** 7.75% per annum.
- **Payments:** Quarterly on the 30th days of December, March, June and September of each year until maturity.
- **Maturity date:** 30 September 2018 (25 months) with an option for AFRL to redeem in full on 30 September 2017 (13 Months) requiring AFRL to pay an additional 0.25% to the holders.
- **Listing:** The 030 Bonds will not be listed on any financial product market.
- **Security:** The security offered will be second ranking after the holders of the 020 Bonds (**020 Bondholders**):

- General security interest over the assets of Allied Farmers Limited and its Group Charging Subsidiaries (**Security Obligors**).
- Guarantee by the Security Obligors in respect of the obligations of AFRL.
- Specific security over the shares issued by NZ Farmers Livestock Limited and held by AFRL.
- Deed of priority between the 020 Bondholders (first-ranking up to \$1,000,000), and the holders of the 030 Bonds (second ranking up to \$550,000) in respect of money owed to them by AFRL.
- Early redemption: AFRL may, at its sole option, and with 5 business days' notice, redeem the 030 Bonds on 30 September 2017 and will pay the additional interest noted above.

**Garry Bluett**  
**Chairman**