



ALLIED FARMERS

SINCE 1889

ANNUAL SHAREHOLDER MEETING

23 November 2023

Agenda

1. Chair's Introduction
2. Presentation to Shareholders
3. Shareholder Discussion
4. Resolutions

FY 2023 Results Commentary and Operational Update



- Allied Farmers reported a Net Profit After Tax (NPAT) of \$3.338m (+16.06%) in FY 2023 vs. \$2.876m in FY 2022
- The increased FY23 profit was driven by increased returns from NZ Farmers Livestock (NZFL) - largely from meat processing - but offset by lower transaction and performance fees from NZ Rural Land Management (NZRLM).
- Allied Farmers' earnings per share (EPS) increased by +16.1% to 11.59 cents per share (FY22 9.98 cps), and Net Tangible Assets (NTA) per share, based on 67.8% direct ownership of NZFL and 100% ownership of NZRLM, equals \$0.21 per share (FY22 \$0.48 per share).

Five Year Earnings Summary:

Financial Year Ending 30 June	FY2023	FY2022	FY2021	FY2020	FY2019
Allied Farmers Net Profit After Tax (NPAT) - attributable to Allied Farmers shareholders - \$ 000's	3,338	2,876	2,021	767	1,258
Allied Farmers Earnings Per Share – cents per share	11.59	9.98	8.57	4.30	7.58
Allied Farmers Dividend Per Share – cents per share	-	-	-	1.2	2.0
<i>Comprising:</i>					
NZFL incl. Finance - earnings attributable to Allied Farmers shareholders* - \$ 000's	2,407	1,722	1,370	1,175	1,764
NZRLM - earnings attributable to Allied Farmers shareholders - \$ 000's	1,138	1,624	1,152	-	-
Asset Management (Legacy Finance Co's) - \$ 000's	-	-	-	-	-
Allied Farmers Holding Co (Parent)** - \$ 000's	(207)	(470)	(501)	(408)	(506)
Allied Farmers NPAT – attributable to Allied Farmers shareholders - \$ 000's	3,338	2,876	2,021	767	1,258

* Recognises Allied Farmers' 67.8% NZFL ownership and 52% Redshaw Livestock ownership.

** In FY 2023 from Parent Operations loss of \$779,000 (FY 2022: \$699,000) disclosed in Note A1 of the Financial Statements, tax benefits of \$572,000 (FY2022: \$230,000) received by the Parent arising from tax losses are deducted.



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FY 2023 Results Commentary and Operational Update

New Zealand
Rural Land
Management

- NZRLM is the external manager of NZX listed New Zealand Rural Land Company (NZL). NZL currently owns 14,847 hectares of rural land and forest estates, an increase of 3,137 hectares during FY23.
- The value of NZL's portfolio increased +0.94% in FY23 compared to +16.7% in FY22. As a result, NZRLM's income from performance fees was lower in FY23 than FY22. NZL also completed fewer acquisitions in FY23 than FY22 leading to reduced transaction related income.
- Allied Farmers currently owns 2,803,617 NZL shares (~2% of NZL shares on issue). 50% of these shares are restricted (escrowed) for 5 years from the date of issuance.
- On 27 March 2023 Allied Farmer's acquired the 50% of NZRLM not already owned, having exercised its call option on 19 December 2022. The purchase price was \$8.3m as determined by an independent valuation undertaken by PwC in accordance with the terms of the call option agreement. The purchase price was satisfied by the payment to the vendors of \$6.55m of cash (funded by a loan from Heartland Bank), and the transfer to the vendors of 1,800,227 NZL shares owned by Allied at their 20-day volume weighted average price prior to completion date of \$0.9721 per share, being a total of \$1.75m.
- Allied Farmers' total acquisition cost for 100% of NZRLM is \$10.8m (\$2.5m for the initial 50% in December 2020, and \$8.3m for the remaining 50%), compared to the PwC valuation of \$16.6m. Coupled with the return on investment to date, this has been a significantly value accretive investment for Allied.

FY 2023 Results Commentary + Operational Update

NZ FARMERS LIVESTOCK

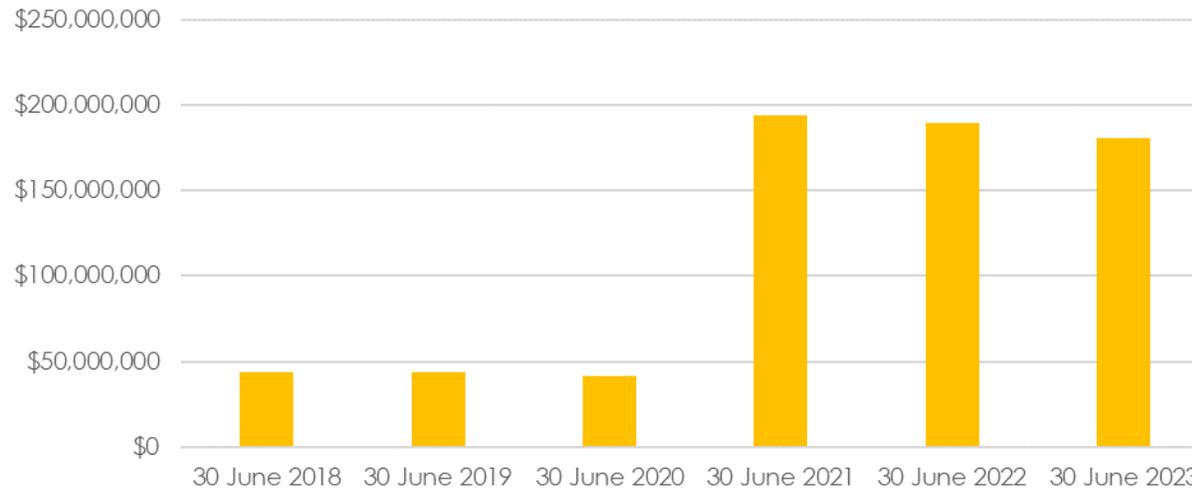
- Each of the NZ Farmers Livestock business areas – Livestock Agency, Veal and Finance – improved on the prior year to achieve consolidated earnings 41.1% ahead of the prior year.
- That said, the performance has been overshadowed by the loss of our livestock agent Mark Howells in a road accident in June. Directors and staff reiterate our deepest sympathies to his family and friends.
- The livestock agency business was again challenged, with difficult weather, some reduction in meat and dairy market prospects, the impact of stock processing space constraints, and plenty of grass through the summer making for an unusual year.
- The business's primary exposure to Cyclone Gabrielle was via our interest in Redshaw Livestock, and it is notable that this team performed extremely well as it supported clients through the major disruptions involved.
- While slightly behind expectations, the agency business saw encouraging progress on yard market shares, and continued to progress the online auction and other digital developments that are increasingly important tools for our team and clients, and future-proof this core area of our activity.
- The veal business, reflecting good product market returns, again returned an excellent result, appreciably ahead of both expectations and last year.
- The NZ Farmers Livestock livestock financing activity combines a referral business funded by Heartland Bank and short-term bull, lamb and other livestock financing conducted with the support of our main business banker.
- We are pleased with progress across all aspects of this business and contemplate ongoing growth in lending, and important support of clients in the challenging farming environment.

FY 2023 - Tax Loss Update



- Allied Farmers has a valuable tax loss asset which was the result of legacy investments in the finance sector. During FY23 Allied obtained a Private Ruling from Inland Revenue under s 91E of the Tax Administration Act 1994 that significantly increased these tax losses - unrecognised back to FY2021.
- As a result of the ruling, Allied Group unrecognised deferred tax assets comprise unused tax losses as at 30 June 2023 total \$180,785,199 gross (2022: \$36,288,403).
- The ability to utilise the tax losses is dependent on meeting shareholder continuity requirements of prevailing tax legislation, and the Allied Farmers' Board is acutely aware of maintaining both business and shareholder continuity to preserve this valuable asset for shareholders and any future transactions will be structured with this in mind.

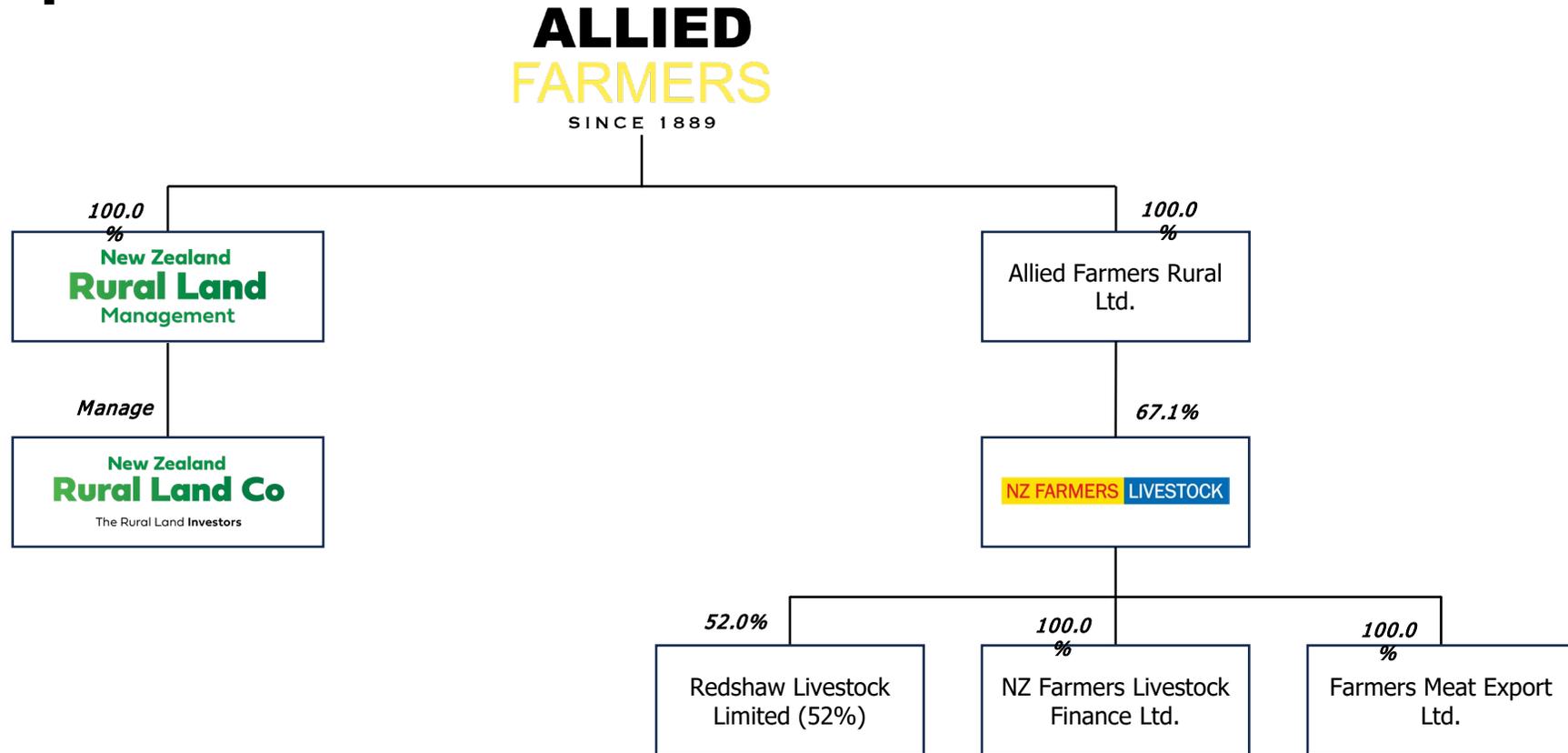
Allied Farmers Available Tax Losses (2018 – 2023)



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Group Structure



- Allied Farmers full corporate structure is detailed in appendices in the presentation provided to the NZX this morning.
- The Directors are looking to amalgamate legacy companies to simplify the corporate structure in FY2023 and are working with Deloitte at present on this matter alongside the Company's tax loss position.

Governance Structure



Philip Luscombe Independent Director

Philip was appointed a Director of Allied Farmers Limited in December 2005 and is Chair of New Zealand Farmers Livestock Limited. As a former Agricultural Research Scientist, and with a broad farming background, he has extensive experience in the agricultural sector.

He is a shareholder and Chair of the Argyll Dairy Farm group of farms in Otago, a partner in the family dairy farm in Taranaki, and has interests in farm forestry. He is a trustee of The Massey-Lincoln and Agricultural Industry Trust, and is an Independent Director of dairy farming business, Te Rua O Te Moko Limited.

He is a former director of PKW Farms Ltd, Kiwi Cooperative Dairies Limited, Kiwi Milk Products Limited, Dairy Insight, Dexcel, and NZAEL Limited. Mr Luscombe is an independent director. He has the following qualifications: BAgSci(Hons).

Richard Milsom Managing Director

Richard was appointed Managing Director of Allied Farmers Limited in April 2023. Richard is one of the founders and executives of New Zealand Rural Land Management and NZX-listed New Zealand Rural Land Company.

He was previously a consultant at global investment management firm Elevation Capital Management, where he focused on special situation investments.

Richard has been involved in a number of industries including tourism, agriculture/ biotechnology and fine art auction houses – in functions ranging from finance, to marketing, strategy, strategic review and implementation.

Richard was previously on the board of the Institute of Finance Professionals New Zealand (INFIZ) and was recognised within the financial services industry by being awarded the INFIZ Emerging Leader Award 2017. Richard is not an independent director.

He holds a BCom in finance and economics from the University of Canterbury, with post-graduate certificates in value investing from Columbia University (New York), and agricultural businesses and leadership from Harvard Business School (Boston).

Shelley Ruha Independent Chair

Shelley was appointed a Director of Allied Farmers Limited in November 2022, and Chair in April 2023. Prior to her Director appointment, Shelley was the Independent Chair of NZ Rural Land Management GP and LP.

Shelley is a Company Director and Investor with 30 years' experience across a variety of industries. She Chairs PaySauce and TaxGift and is a director of Heartland Bank, Hobson Wealth, Partners Life, and 9 Spokes.

Previous directorships include Paymark, JB Were and The Icehouse. Shelley has a Bachelor of Commerce.

ASM Resolutions



Resolutions & Other Business:

- # **1 Director re-election:** That Richard Milsom be re-elected as Managing Director of the Company.
- # **2. Auditor's fees:** That the re-appointment of RSM Hayes Audit as the auditor of the Company be recorded and the Directors be authorised to fix the auditor's remuneration for the ensuing year.
- # **3. Other Business:** To consider any other matters that may lawfully be considered at the Meeting.

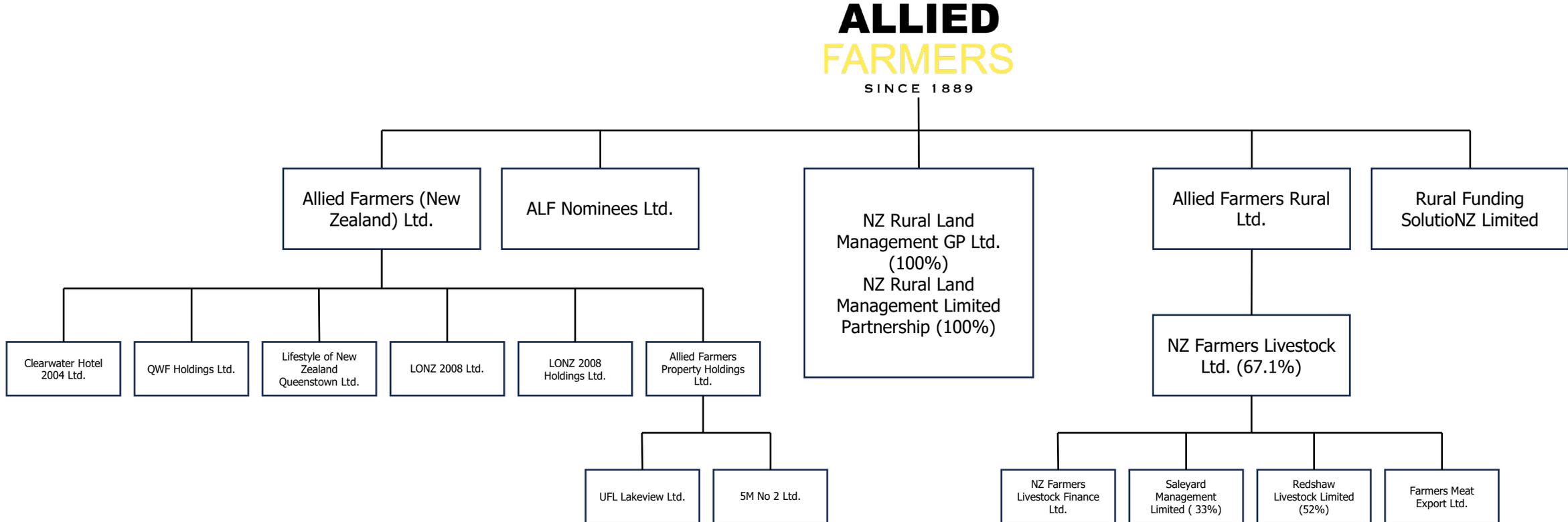
ASM Proxy Votes

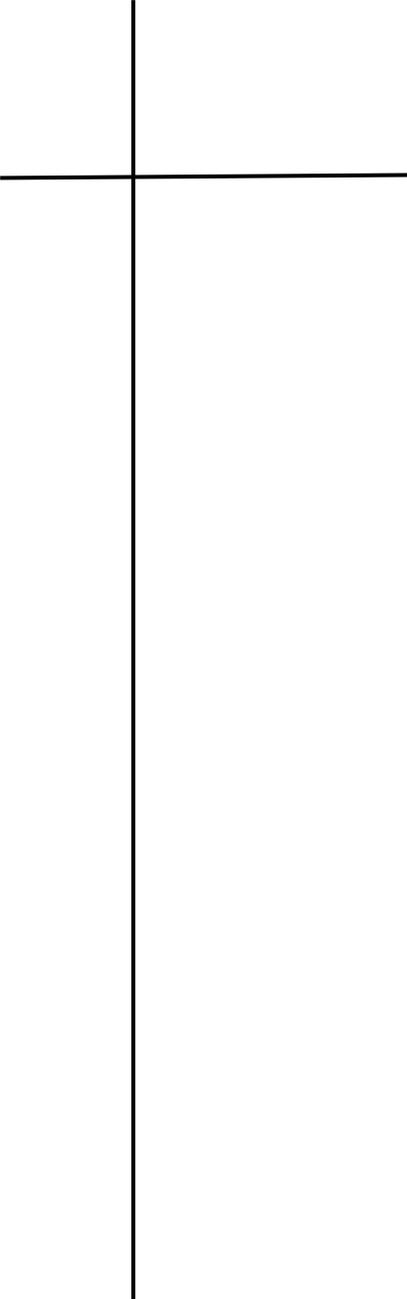


PROXY SNAPSHOT
THURSDAY 23 NOVEMBER 2023
Proxies at 21/11/2023 14:05

		<u>For</u>	<u>Open</u>	<u>Against</u>	<u>Total Valid Available Votes</u>	<u>As a % of Issued Capital</u>	<u>Abstain¹</u>
Resolution 1 TO RE-ELECT RICHARD MILSOM AS MANAGING DIRECTOR	Votes	4,922,085	160,793	336	5,083,214	17.65%	0
	Holders	36	22	1			0
	Percentage	96.83%	3.16%	.01%			
Resolution 2 RE-APPOINTMENT OF AUDITOR	Votes	4,740,318	167,896	175,000	5,083,214	17.65%	0
	Holders	34	23	2			0
	Percentage	93.25%	3.30%	3.44%			

Appendix #1: Allied Farmers Full Corporate Structure - as at 23 November 2023 - Pre-Amalgamations





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