

Allied Farmers Ltd

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26 February 2019

Share Purchase Plan and Small Shareholder Sale

Share Purchase Plan

Allied Farmers Limited (**Allied**) is pleased to offer a Share Purchase Plan to shareholders at a discount to the current share price.

Allied is also now positioning itself for growth. With a strong financial contribution from New Zealand Farmers Livestock (NZFL), a substantially reduced cost base, improved balance sheet, and resumption of dividend payments, Allied is looking for growth opportunities in the New Zealand agricultural sector. The proceeds raised from the Share Purchase Plan will place Allied in a stronger position to invest in new opportunities as they arise, and support the continued growth of NZFL's business.

In addition, Allied is today also announcing a Small Shareholder Sale (see details below). The Share Purchase Plan provides an opportunity for holders of less than a Minimum Holding to increase their shareholding above a Minimum Holding at a discount to the current share price and without incurring brokerage. Allied can fund the cost of any repurchase from pre- Share Purchase Plan cash reserves, but without the proceeds of the Share Purchase Plan, less funds would be available to pursue growth opportunities.

This Share Purchase Plan provides for each Shareholder to apply for up to \$15,000 of shares at \$0.073 per share, being a 10% discount to the volume-weighted average price of the Company's shares traded on the NZX Main Board over the 10 trading days up to, and including, 25 February 2019. The terms and details of the Share Purchase Plan are set out in the attached documents. The maximum that can be raised is \$1.5million.

The Board appreciates your support over the past few years, and we commend this offer to you and look forward to your support as we embark on the next phase of the Allied business.

You can obtain more information about Allied and its recent performance by accessing its financial statements and other disclosures available at www.alliedfarmers.co.nz and www.nzx.com.

Small Shareholder Sale

Allied appreciates the support of its shareholders, but is aware that it is difficult for many small shareholders to sell their Allied shares, as they either do not have a share broker, or the cost of brokerage is disproportionately high relative to the value of their shareholding.

In addition, despite having completed a Small Shareholder Sale in 2016, Allied remains concerned at the ongoing high cost of maintaining a share register comprising a large number of very small holdings. Allied also recognises, and has received feedback from a number of small shareholders, that now Allied has resumed paying dividends, the payment of extremely small dividends to small shareholders is not cost-efficient or appreciated by those holders, and that they would prefer to no longer own these shares.

Under Allied's constitution and the NZX Listing Rules, Allied is permitted to exercise a power of sale of shares held by any person with less than a Minimum Holding. Appendix 2 to the NZX Listing Rules prescribes a Minimum Holding of 2,000 shares where the market price of shares does not exceed 25 cents per share. The Board therefore has decided to sell these shares for a small charge.

EXAMPLE:

At 8 cents per share, a holder of 2,000 shares only has \$160.00 worth of shares, and a holder of 1,000 shares only has only \$80.00 worth of shares. As of 22 February 2019, Allied has 2,789 shareholders (52%) with less than a Minimum Holding of 2,000 shares.

In accordance with Section 4 of Allied's constitution and NZX Main Board Listing Rule 8.5, the Board hereby gives notice to shareholders that at the expiration of three months after this notice, being 27 May 2019, the Board will, unless shareholders increase their shareholding to more than 2,000 shares, exercise the power of sale of individual holdings of less than 2,000 shares in the manner described below.

Shareholders with fewer than 2,000 shares will have three months to make a decision in respect of their small shareholdings by choosing one of the following two options:

Option 1: Do nothing.

After 27 May 2019 a broker, instructed by Allied, will sell your shares through the NZX (or in some other manner approved by the NZX (which may include Allied repurchasing the shares)) and, subject to the costs not exceeding the proceeds, you will receive the proceeds from the sale of your shareholding, less reasonable sale expenses. While the sale expenses will not be certain until completion of the sale process, it is anticipated that this will be approximately \$2.50 per shareholder. Therefore, if you hold less than \$2.50 worth of shares, you are not likely to receive any proceeds from the sale of your shares. Bank account details can be updated online by visiting the Link Investor Centre at www.linkmarketservices.co.nz.

It is proposed that:

- The shares will be offered for sale both off market and on the NZX trading platform for a period of 10 trading days commencing shortly after 27 May 2019 at minimum price equivalent to the volume weighted average price of Allied's shares for the 10 business days preceding 27 May 2019;
- Any shares not sold in the manner described above will be repurchased by Allied at the volume weighted average price of the shares sold; and
- Any shares repurchased by Allied will be cancelled, thereby reducing the total number of Allied shares on issue. As such, every remaining Allied shareholder will gain a small increase in their proportionate equity holding.

Option 2: Increase your shareholding:

Purchase additional shares to increase your holding to more than 2,000 shares. **The purchase of additional shares must be settled prior to 27 May 2019.** If you would like to increase your holding at a discount to the current share price and without incurring brokerage costs, you may wish to participate in the Share Purchase Plan also announced today. The minimum subscription for the Share Purchase Plan is \$1,000, which, based on the current share price, would mean that at a minimum you would hold well in excess of 2,000 shares. **Please note that you will need to subscribe for shares under the Share Purchase Plan prior to the closing date of 19 March 2019. Alternatively you can increase your holding by purchasing additional shares on-market, but in that case you would incur brokerage costs.**

The steps outlined above will further strengthen Allied's capital structure by lowering its corporate costs and providing capital for growth, positioning it for further growth.

Yours faithfully,

Allied Farmers Limited

A handwritten signature in black ink, appearing to read 'Mark Benseman', with a long horizontal flourish extending to the right.

Mark Benseman, Chairman