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5 April 2017

Loan Asset Sale - Update

On 5 March 2013 Allied Farmers Limited (Allied Farmers, NZX: ALF) advised that it had entered into an agreement to sell various loan assets with nil book value to a confidential third party ("Loan Asset Sale"). At that time ALF advised that the consideration for the Loan Asset Sale resulted in an immediate net payment to ALF of \$100,000 and possibly up to a further \$500,000 dependent on outcomes unknown at that time.

ALF advises that the Loan Asset Sale was the assignment by its wholly owned subsidiary, Allied Farmers Investments Limited, of loan assets to SPF No.10 Limited, a wholly owned subsidiary of litigation funder LPF Group Limited. SPF No.10 Limited is providing litigation funding to Robert Walker, the liquidator of Property Ventures Limited (in Liquidation) (the "Company") and various of its subsidiaries, in relation to litigation against the Company's directors and its auditors, for breach of duties owed to the Company and its subsidiaries.

If the Company's litigation is successful, ALF is entitled under the terms of the Deed of Assignment to a proportion of any net proceeds of that litigation (that proportion being confidential).

The Liquidator has advised that the case is progressing well and has provided updated guidance on the possible return from that litigation for ALF, based on the current circumstances advised to the Liquidator by its legal team. Highlighting the difficulties of predicting the outcome or the final quantum and the inherently risky nature of litigation, the Liquidator has advised that, if successful, the final quantum will be higher than that predicted in 2013, and accordingly that ALF may be entitled to a substantially greater amount than \$500,000.

ALF does not expect that any return would be received in the current financial year.

Garry Bluett

Chairman