



ALLIED **FARMERS**

SINCE 1889

ANNUAL SHAREHOLDER MEETING

24 November 2022

Agenda

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

A Tribute to Mark Franklin



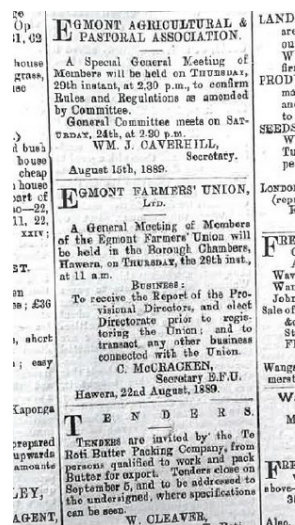
- Mark Franklin sadly passed away on 12 November 2022.
- Mark joined the Board as Independent Chair of Allied Farmers on 28 October 2021.
- He was a highly experienced & principal businessman and he made a significant contribution to Allied Farmers and its investee companies NZFL & NZRLM.
- We are grateful for the contribution he made to Allied Farmers and will greatly miss his insightfulness & wisdom.

History

**ALLIED
FARMERS**

SINCE 1889

- Allied Farmers has a history that dates back to 1889 when the Egmont Agricultural & Pastoral Association established a stock & station company - The Egmont Farmers Union Limited.



- You can learn more about Allied Farmers History on our new website: www.alliedfarmers.co.nz/#history
- There is also a link to the book "Too Old To Be Secrets Now - A History Of Allied Farmers Limited" by Russell A.J. Standing.
- We have commissioned Mr. Standing to update this book for the Company's 135 year anniversary in 2024.

FY 2022 Result Commentary



- Allied Farmers reported a Net Profit After Tax (NPAT) of \$2.876 mln in FY 2022 vs. \$2.021 mln in FY 2021.
- The result reflected improved performances from (i) New Zealand Farmers Livestock (NZFL) driven by the Farmers Meat Export (FMEL) division, and (ii) New Zealand Rural Land Management (NZRLM), driven by the continued growth of the NZX-listed New Zealand Rural Land Company (NZL.NZX).
- Corporate costs were reduced and business risk was further reduced by winding down Rural Funding SolutionNZ (RFS).

Five Year Earnings Summary:

Financial Year Ending 30 June	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Allied Farmers Net Profit After Tax (NPAT) - attributable to Allied Farmers shareholders - \$ 000's	2,876	2,021	767	1,258	1,535
Allied Farmers Earnings Per Share – cents per share	9.98	8.57	4.30	7.58	9.51
Allied Farmers Dividend Per Share – cents per share	-	-	1.2	2.0	2.0
Comprising:					
NZFL incl. Finance - earnings attributable to Allied Farmers shareholders* - \$ 000's	1,722	1,370	1,175	1,764	1,663
NZRLM - earnings attributable to Allied Farmers shareholders - \$ 000's	1,624	1,152	-	-	-
Asset Management (Legacy Finance Co's) - \$ 000's	-	-	-	-	449
Allied Farmers Holding Co (Parent)** - \$ 000's	(470)	(501)	(408)	(506)	(577)
Allied Farmers NPAT - attributable to Allied Farmers shareholders - \$ 000's	2,876	2,021	767	1,258	1,535

* Recognises Allied Farmers' 67.1% NZFL ownership and 52% Redshaw Livestock ownership.

** In FY 2022 from Parent Operations costs of \$699,000 (FY 2021: \$812,000) disclosed in Note A1 of the Financial Statements, deferred tax benefits arising from tax losses and refunds are deducted.

FY 2022 - NZRLM Result Commentary

NEW ZEALAND
RURAL LAND
MANAGEMENT

- New Zealand Rural Land Management (NZRLM) is the external manager of the NZX-listed New Zealand Rural Land Company (NZL.NZX).
- Allied Farmers currently owns 50% of NZRLM.
- In FY2022, NZRLM delivered earnings to Allied Farmers of \$1.624 mln. This was an increase from \$1.152 mln in FY2021.
- NZRLM has been a great investment for Allied Farmers to date (initial cost for 50% was \$2.50 mln - paid in shares).
- New Zealand Rural Land Company (NZL) as at 30 June 2022 had acquired ~\$289 mln in rural land assets since its listing on 21 December 2020, comprised primarily of 11,710 ha of premium pastoral land in the South Island.
- These acquisitions have exceeded the expectations in terms of the yield achieved and also the underlying asset value growth that NZL has reported.
- NZL's NAV per share increased by +18.6% from \$1.397 to \$1.656 per share in FY2022.
- NZRLM is remunerated as the Manager of NZL as follows:
 - (i) a Management Fee of 0.50% per annum of Net Asset Value;
 - (ii) a 1.25% Transaction Fee on the acquisition/divestment of assets for NZL (the Manager pays all costs associated with such transactions - excl. any additional legal and other advice that the NZL Board seeks); and,
 - (iii) a Performance Fee of 10% of the growth in NAV annually. This performance fee is paid in shares at NAV at balance date.
- Allied Farmers was issued 1,249,874 shares at \$1.6462 per share to satisfy the performance fee for FY2022 (581,581 shares at \$1.3968 in FY2021). 50% of these shares are restricted (escrowed) for 5 years from the date of issuance.
- The clear and transparent alignment of interest built into the fee structure is critical to the success of both NZL and NZRLM in the future.

FY 2022 - NZFL Result Commentary

NZ FARMERS LIVESTOCK

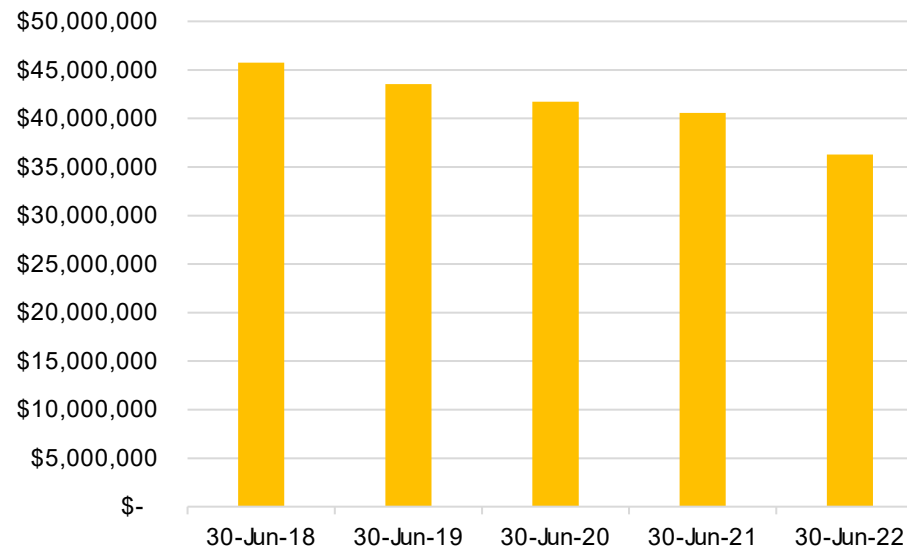
- NZFL result benefited from a vastly improved contribution by Farmers Meat Export (FMEL).
- The Livestock Agency business had a mixed year with dairy herd sales a highlight.
- Livestock Finance continued its growth enhanced by the implementation of a referral agreement with Heartland Bank. This clearly derisked and strengthened NZFL's balance sheet and provides NZFL greater capacity (via Heartland) for clients to borrow.
- MyLivestock online auction platform continued to increase its user base.
- NZFL ended the year with no net debt.

FY 2022 Tax Loss Update



- Allied Farmers has tax losses which relate to its previous finance company investments.
- As at 30 June 2022 the Company has tax losses that amount to \$36,288,403.
- We have recently obtained updated advice from Deloitte on our tax loss position & continue to work with them on the total tax loss position.

Allied Farmers Available Tax Losses (2018 - 2022)



Group Structure



- Allied Farmers full corporate structure is detailed in the Appendices.
- 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).

Christopher Swasbrook Chair

Chris is one of the founders and directors of New Zealand Rural Land Management and NZX-listed New Zealand Rural Land Company. He is also the founder and managing director of Elevation Capital Management Limited.

He was previously a Partner of Goldman Sachs JBWere Pty, co-head of institutional equities at Goldman Sachs JBWere (NZ) and a foundation broker of the New Zealand Exchange ("NZX"). Before that he was an Individual Full Member of the NZ Stock Exchange ("NZSE"). He has been a board member of the Financial Markets Authority since 2019, the NZX Listing Sub-Committee since 2008, a member of the NZ Markets Disciplinary Tribunal since 2013 and an Advisory Board Member of the Auckland Art Gallery Toi o Tamaki. He is also a director of Bethunes Investments Limited and Swimtastic Limited.

Chris Swasbrook is not an independent director as he is an Associated Person of an Allied Farmers's Substantial Product Holder.

Shelley Ruha Independent Director

Shelley is a Company Director and Investor with 30 years' experience across a variety of industries. Current directorships include Heartland Bank, Hobson Wealth, Partners Life, ASX listed 9 Spokes, and Chair of TaxGift. Previous directorships include Paymark, JB Were and The Icehouse.

In Shelley's executive career she led large, complex businesses in New Zealand, including P&L accountability for businesses with revenues over \$1bn and 1,200 employees; and in disciplines including Technology, Operations, Product, Property and Procurement.

FY 2023 Operational Update



- Shelley Ruha appointed to the Board on 9 November 2022.
- Allied Farmers has no net debt at a Company and Group level and is in a net cash position of ~\$1.0 mln at present.
- Allied Farmers expects continued distributions from NZFL and is working with the NZFL management team to optimise its working capital requirements.
- The Directors of Allied Farmers are in agreement that no dividends will be paid while tax losses are still being utilised. The most likely mechanism of capital returns in the future will be buybacks.
- The most important matter ahead for Allied Farmers for FY2023 is the NZRLM Call Option which becomes available for exercise on 18 December 2022.
- The Independent Directors have received an indicative understanding of NZRLM's value from PwC and advice from Northington Partners. Having considered this, the Independent Directors advise they intend to exercise the Call Option on 18 December 2022.
- The Independent Directors do not expect Allied Farmers will need to raise any capital to fully exercise the Call Option.
- As detailed in the Chair address when Allied exercises the Call Option:
 - The five individual sellers of NZ Rural Land Management shares – “Vendors” – on receipt of notice of exercise of the Call Option, can ask for the purchase price to be either paid in cash, or in Allied shares at the 20-business day volume weighted average price over the period immediately preceding a market announcement of the exercise (“VWAP”);
 - Individual Vendors cannot ask for a mixture of cash and shares, but some Vendors may ask for all cash, and some may ask for all Allied shares;
 - Only if a Vendor asks to be paid in cash, Allied can opt instead to pay that Vendor in shares, but at a 10% discount to the VWAP.
- This will be a major transaction with related parties and Allied Farmers will need to obtain an Independent Advisor Report and seek approval from shareholders not interested in the transaction at a Special Shareholder Meeting anticipated to be held in Q1 2023.

FY 2023 Operational Update

NEW ZEALAND
RURAL LAND
MANAGEMENT

- On 21 October 2022, NZL announced the acquisition of a \$63 mln forestry estate located in the Manawatū-Whanganui region in the North Island. The estate comprises five properties with a total area of approximately 2,400 hectares.
- The settlement date for the acquisition is 15 April 2023 with the entire estate to be leased to New Zealand Forest Leasing for a period of 20 years.
- NZL continues to have a very strong pipeline of assets, focus is now on broadening the shareholder base (particularly internationally) to facilitate future growth with only ~23% of NZL's register held by offshore investors at present, with 49.9% permitted foreign ownership.

NZ FARMERS LIVESTOCK

- Livestock Agency has had a slower start to the year.
- FMEL has had another strong year and we are just waiting for the inventory to sell through to close out the season.
- Finance book continues to grow now at ~\$6.6 mln.
- Management working on optimising working capital which should see a capital return to NZFL shareholders in FY2023.
- MyLivestock will remain a focus for investment and future growth as penetration of online auctions continues to grow.
- Health & Safety + Animal Welfare remain a priority for Management.

ASM Resolutions



Resolutions & Other Business:

Resolution #1: Director re-election: That Philip Luscombe be re-elected as a Director of the Company.

Resolution #2: Director re-election: That Shelley Ruha be re-elected as a Director of the Company.

Resolution #3: 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.

Other Business: To consider any other matters that may lawfully be considered at the Meeting.

ASM Proxy Votes



THURSDAY 24 NOVEMBER 2022

Proxies at 22/11/2022 14:16

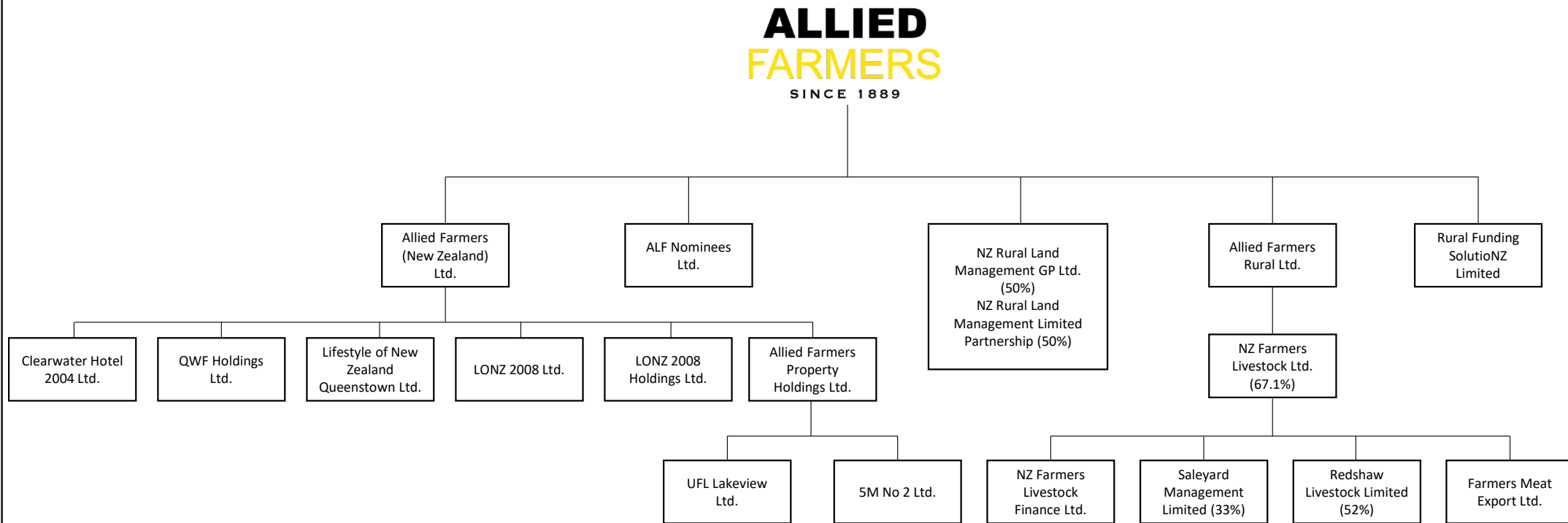
		<u>For</u>	<u>Open</u>	<u>Against</u>	<u>Total Valid Available Votes</u>	<u>As a % of Issued Capital</u>	<u>Abstain¹</u>
Resolution 1 PHILIP LUSCOMBE TO BE RE-ELECTED AS DIRECTOR.	Votes	4,647,286	219,008	5,956	4,872,250	16.91%	7,172
	Holdings	62	34	4			4
	Percentage	95.38%	4.50%	.12%			
Resolution 2 SHELLEY RUHA TO BE RE-ELECTED AS DIRECTOR.	Votes	4,386,921	202,111	1,226	4,590,258	15.93%	3,619
	Holdings	42	33	2			4
	Percentage	95.57%	4.40%	.03%			
Resolution 3 AUDITOR'S FEES.	Votes	4,430,022	218,008	177,036	4,825,066	16.75%	2,833
	Holdings	61	33	4			3
	Percentage	91.81%	4.52%	3.67%			

Appendices



Appendix #1: Allied Farmers Full Corporate Structure - as at 24 November 2022 - Pre Amalgamations

Appendix #1: Allied Farmers Full Corporate Structure - as at 24 November 2022 - Pre Amalgamations



ALLIED FARMERS

SINCE 1889

www.alliedfarmers.co.nz