

Allied Farmers Limited

Fairness Opinion

In Respect of the Exercise of a Call Option to Acquire 50% of New Zealand Rural Land Management

March 2023

Index

Section	Page
1. Introduction	1
2. Evaluation of the Fairness of the Call Option Exercise	4
3. Sources of Information, Reliance on Information, Disclaimer and Indemnity	13
4. Qualifications and Expertise, Independence, Declarations and Consents	15

1. Introduction

1.1 Background

Allied Farmers Limited (**Allied Farmers** or the **Company**) is an investment company focused on the agricultural sector.

Allied Farmers' shares are listed on the main equities securities market (the **NZX Main Board**) operated by NZX Limited (**NZX**) with a market capitalisation of approximately \$21.9 million as at 15 March 2023. Its unaudited consolidated total equity as at 31 December 2022 was approximately \$18.1 million, of which approximately \$16.0 million was attributable to the Company's owners.

1.2 NZ Rural Land Management

Allied Farmers owns:

- 50% of the shares in New Zealand Rural Land Management GP Limited (**NZRLM GP**) and
- 50% of the partnership units of New Zealand Rural Land Management Limited Partnership (**NZRLM LP**).

We refer to NZRLM GP and NZRLM LP collectively as **NZ Rural Land Management**.

Allied Farmers acquired its 50% interest in NZ Rural Land Management on 18 December 2020.

NZRLM LP is a limited partnership. NZRLM GP is the general partner of NZRLM LP.

NZRLM LP is the external manager of New Zealand Rural Land Company Limited (**NZRLC**).

Under the management agreement, NZRLM LP is responsible for all management functions of NZRLC, including:

- providing administrative and general services
- sourcing and securing potential investors and communicating with investors
- sourcing opportunities for the sale and purchase of land and operators for lease agreements in respect of land
- overseeing due diligence for and executing transactions for the sale and purchase and leasing of land
- managing NZRLC's property assets
- arranging regular valuations and audits of NZRLC
- administering the payment of NZRLC dividends and distributions.

NZRLM LP's remuneration is in the form of a management fee, land transaction and leasing fees and a performance fee.

NZRLC

NZRLC was incorporated on 11 September 2020 with the purpose of acquiring agricultural land in New Zealand.

The company leases the acquired rural land to tenants under long-term leases, with an initial focus on the dairy sector.

Over time, NZRLC intends to diversify into other types of agricultural land, including livestock, horticulture, viticulture and forestry land.

The company is currently in the process of acquiring forestry assets with a land area of approximately 2,400 hectares.

NZRLC's shares are listed on the NZX Main Board with a market capitalisation of approximately \$126.1 million as at 9 March 2023.

Its unaudited total equity as at 31 December 2022 was approximately \$190.9 million.

1.3 Call Option

On 18 December 2020, Allied Farmers entered into the *Call Option Deed* (the **Call Option Deed**) with:

- Elevation Capital Management Limited (**Elevation Capital**)
- Richard Milsom / RPMilsom Investments Limited (**RPMilsom**) (together the **Milsom Interests**)
- Hopeton Trustee Company Limited (**Hopeton**)

(together the **Vendors**), whereby the Vendors granted Allied Farmers a call option to acquire the other 50% of the shares in NZRLM GP and the other 50% of the partnership units of NZRLM LP collectively owned by the Vendors (the **Call Option**).

The Vendors now consist of:

- Clyde Holland
- Elevation Capital
- REM Trustee Limited (**REM**)
- RPMilsom
- Hopeton.

Allied Farmers exercised the Call Option on 19 December 2022 (the **Call Option Exercise**).

Under the terms of the Call Option Deed, the exercise price of the Call Option (the **Exercise Price**) is set by a binding valuation prepared by PricewaterhouseCoopers (**PwC**).

In its valuation report dated 3 March 2023 (the **PwC Valuation**), PwC assessed the Exercise Price to be \$8.3 million.

Allied Farmers and the Vendors have agreed that the consideration for the Exercise Price (the **Consideration**) will consist of:

- cash of \$6.55 million
- the transfer of \$1.75 million of NZRLC shares held by Allied Farmers.

1.4 Elevation Capital Limited

One of the Vendors – Elevation Capital - is a related party of the Company.

Elevation Capital is the Company's second largest shareholder. It currently holds 2,750,000 ordinary shares, representing 9.55% of the Company's shares on issue.

Elevation Capital is wholly owned by Chris Swasbrook. Mr Swasbrook is the non-independent chair of Allied Farmers and a director of Elevation Capital.

1.5 Purpose of the Report

The directors of Allied Farmers not associated with Elevation Capital, being Philip Luscombe and Shelley Ruha (the **Non-associated Directors**) have engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to opine on the fairness of the Call Option Exercise.

We note that there is no regulatory requirement for this Fairness Opinion under either the NZX Listing Rules (the **Listing Rules**) or the Takeovers Code.

Simmons Corporate Finance issues this Fairness Opinion to the Non-associated Directors for the benefit of the Company's shareholders not associated with Elevation Capital and / or Mr Swasbrook (the **Non-associated Shareholders**).

This Fairness Opinion is not to be used for any other purpose without our prior written consent.

1.6 Summary of Opinion

Our evaluation of the fairness of the Call Option Exercise is set out in section 2.

In our opinion, after having regard to all relevant factors, the terms and conditions of the Call Option Exercise are fair to the Non-associated Shareholders.

2. Evaluation of the Fairness of the Call Option Exercise

2.1 Basis of Evaluation

There is no regulatory requirement for this Fairness Opinion. Nevertheless, the Non-associated Directors have requested that we prepare a Fairness Opinion in line with the requirements of an Appraisal Report for a material transaction with a related party under the Listing Rules.

Listing Rule 7.10.2 requires an Appraisal Report to consider whether terms and conditions of a transaction (in this case the Call Option Exercise) are *fair* to the Non-associated Shareholders.

There is no legal definition of the term *fair* in either the Listing Rules or in any statute dealing with securities or commercial law in New Zealand.

In our opinion, the Call Option Exercise will be fair to the Non-associated Shareholders if:

- they are likely to be at least no worse off if the Call Option Exercise proceeds than if it does not. In other words, we consider that the Call Option Exercise will be fair if there is no value transfer from the Non-associated Shareholders to Elevation Capital and
- the other terms and conditions of the Call Option Exercise are in line with market terms and conditions.

We have evaluated the fairness of the Call Option Exercise by reference to:

- the rationale for the Call Option Exercise
- the fairness of the terms of the Call Option Exercise
- the impact of the Call Option Exercise on the financial position of Allied Farmers
- the impact of the Call Option Exercise on the control of Allied Farmers
- the dilutionary impact (if any) of the Call Option Exercise
- the impact of the Call Option Exercise on Allied Farmers' share price
- the benefits and disadvantages to the Non-associated Shareholders of the Call Option Exercise.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Evaluation of the Fairness of the Call Option Exercise

In our opinion, after having regard to all relevant factors, the terms and conditions of the Call Option Exercise are fair to the Non-associated Shareholders.

Our evaluation of the merits of the Call Option Exercise is set out in detail in sections 2.3 to 2.13.

In summary, the key factors leading to our opinion are:

- the rationale for the Call Option Exercise is sound. It provides Allied Farmers with a favourable means to obtaining greater exposure and diversity of investments in the New Zealand rural land sector
- the Exercise Price of \$8.3 million has been set by a binding valuation assessment undertaken by PwC. We consider the PwC Valuation to be robust and the conclusions reached to be reasonable. Accordingly, we are of the view that the Exercise Price is fair
- the Consideration payable to the Vendors consists of \$6.55 million of cash and \$1.75 million of NZRLC shares held by Allied Farmers. This is a variation to the terms of the Call Option Deed. Nevertheless, we consider the form and value of the Consideration to be reasonable. Accordingly, we are of the view that the Consideration is fair
- the Call Option Exercise will have an impact on the Company's financial position, increasing its level of financial leverage as the Consideration includes taking on \$5.55 million of loans. Allied Farmers had no bank borrowings as at 31 December 2022 and we consider the increase in the level of financial leverage to be of minimal significance
- the Call Option Exercise will not change Elevation Capital's level of control over the Company to any degree
- the Call Option Exercise will have no dilutionary impact on the Non-associated Shareholders as no new ordinary shares will be issued
- the Call Option Exercise is unlikely to have any significant impact on Allied Farmers' share price as we consider both the Exercise Price and the Consideration to be at fair value
- the Call Option Exercise is unlikely to have any impact on the liquidity of Allied Farmers' shares
- the Call Option Exercise will not change the overall business risk profile of Allied Farmers to any significant degree
- the attraction of Allied Farmers as a takeover target is unlikely to change.

2.3 Process Undertaken by Allied Farmers

In 2022, the Non-associated Directors engaged Northington Partners to provide advice on whether it would be in the Non-associated Shareholders' best interests to exercise the Call Option, and, if so, when would be the optimum time to do so.

Northington Partners' advice concluded that:

- "exercising the option provides Allied Farmers with a favourable means to obtaining greater exposure to the New Zealand rural land sector in a capital efficient way that improves Allied Farmers' earnings per share and growth outlook relative to the current 50% ownership position"
- "unless there was an expectation of a material medium term decline in New Zealand rural property prices and transaction activity, the option should be called at its earliest opportunity".

Having considered this advice, the Non-associated Directors determined that the most optimal outcome to exercise the Call Option was as soon as possible.

Accordingly, the Call Option was exercised on 19 December 2022 (being the first day it could be exercised under the Call Option Deed).

2.4 Terms of the Call Option Deed

The key terms of the Call Option Deed are:

- the Exercise Price will be determined by a valuer independent of NZRLM LP, Allied Farmers and the Vendors
- the valuer will determine the Exercise Price based on the fair value of NZ Rural Land Management as at the day before the Call Option is exercised
- the valuation is conclusive and binding
- after the valuer has advised the parties of the binding consideration, the Vendors can ask for the purchase price to be either paid in cash or in Allied Farmers shares at the 20 business day volume weighted average share price (**VWAP**) over the period immediately preceding a market announcement of the exercise
- 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 Farmers shares
- only if a Vendor asks to be paid in cash, Allied Farmers can opt instead to pay that Vendor in shares but at a 10% discount to the VWAP.

2.5 Fairness of the Exercise Price

The parties agreed to appoint PwC as valuer.

The Exercise Price of \$8.3 million has been set by the PwC Valuation.

Under the terms of the Call Option Deed, the PwC Valuation is binding on Allied Farmers and the Vendors.

We have reviewed the PwC Valuation and consider it to be robust and the conclusions reached to be reasonable:

- the valuation date of 18 December 2022 is appropriate
- the standard of value applied is appropriate
- the valuation methodology applied is appropriate
- the assumptions adopted in the assessment (including in respect of future maintainable earnings and capitalisation rates) are reasonable
- the valuation calculations are arithmetically correct
- the conclusions reached are reasonable.

Accordingly, we are of the view that the Exercise Price of \$8.3 million is fair.

2.6 Fairness of the Consideration

Allied Farmers and the Vendors have agreed that the Consideration will consist of:

- cash of \$6.55 million
- the transfer of \$1.75 million of NZRLC shares held by Allied Farmers.

The Consideration is expected to be paid on 22 March 2023.

The agreed form of the Consideration – particularly the transfer of the NZRLC shares – is a variation to the terms of the Call Option Deed.

The Non-associated Directors have advised us that they have received legal advice that payment of the Consideration in this manner (ie without the issue of new ordinary Allied Farmers shares) does not require shareholder approval as the Call Option Deed was entered into prior to any of the Vendors becoming related parties of the Company.

Cash Component

The cash of \$6.55 million will be sourced from:

- cash on hand – \$1.0 million
- a loan from NZ Farmers Livestock Limited (**NZFLL**) – \$2.0 million (the **NZFLL Loan**)
- a loan from Heartland Bank - \$3.55 million (the **Heartland Loan**).

Allied Farmers had approximately \$1.146 million of cash on hand as at 15 March 2023.

Allied Farmers owns 67.1% of NZFLL, a national livestock agency business.

The key terms of the NZFLL Loan are:

- a principal sum of up to \$2.0 million
- a maturity date of 31 August 2023
- an interest rate equivalent to NZFLL's applicable ANZ Bank overdraft rate throughout the term of the loan.

The NZFLL Loan is a short term loan from the Company's 67.1% subsidiary at an interest rate equivalent to the interest rate NZFLL borrows at.

We consider the terms of the NZFLL Loan to be reasonable.

The key terms of the Heartland Loan are:

- a loan facility of \$3.8 million
- a 5 year term
- an interest rate of the 90-day bank bill rate + a margin of 4.00%
- interest only for the first 5 months
- security in the form of general security agreements in respect to all present and after acquired property in respect to Allied Farmers and NZ Rural Land Management.

We are of the view that the terms of the Heartland Loan are in line with commercial terms for a loan of this nature.

NZRLC Shares Component

Allied Farmer is currently the 4th largest shareholder in NZRLC, holding 4,200,000 shares (3.63% of the shares on issue).

The number of NZRLC shares forming the \$1.75 million component of the Consideration will be determined based on the 20 business day VWAP for NZRLC immediately prior to when the shares are transferred.

The 20 business day VWAP for NZRLC to 9 March 2023 was \$1.04. This would result in Allied Farmers transferring 1,682,692 NZRLC shares to the Vendors.

The closing share price for NZRLC's shares on 9 March 2023 was \$1.00.

We consider the use of the 20 business day VWAP to determine the number of NZRLC shares to be transferred to be reasonable.

Based on the above, we are of the view that the Consideration is fair.

2.7 Impact on Financial Position

Financial Performance

A summary of Allied Farmers' recent consolidated financial performance is set out below.

Summary of Allied Farmers Financial Performance				
	Year to 30 Jun 20 (Audited) \$000	Year to 30 Jun 21 (Audited) \$000	Year to 30 Jun 22 (Audited) \$000	6 Mths to 31 Dec 22 (Unaudited) \$000
Total income	20,761	24,351	26,818	15,804
Total expenses	(19,209)	(21,481)	(22,970)	(13,600)
Finance costs	(453)	(389)	(292)	(75)
Profit before tax	1,099	2,481	3,556	2,129
Income tax (expense) / benefit	119	95	(24)	(32)
Profit after tax	<u>1,218</u>	<u>2,576</u>	<u>3,532</u>	<u>2,097</u>
EPS (\$)	\$0.0430	\$0.0857	\$0.0998	\$0.0550

EPS: Earnings per share

Source: Allied Farmers annual reports and consolidated result for the 6 months ended 31 December 2022

The Company's total income and profitability has steadily increased over the past 3 and a half years.

The Company's main source of revenue is from commission and fee income and the sale of goods generated by NZFLL.

Operating expenses consist mainly of cost of goods sold, personnel expenses and administration costs.

Financial Position

A summary of Allied Farmers' recent consolidated financial position is set out below.

Summary of Allied Farmers Financial Position				
	As at 30 Jun 20 (Audited) \$000	As at 30 Jun 21 (Audited) \$000	As at 30 Jun 22 (Audited) \$000	As at 31 Dec 22 (Unaudited) \$000
Current assets	18,320	20,097	17,573	14,524
Non current assets	5,936	11,239	13,440	13,495
Total assets	<u>24,255</u>	<u>31,336</u>	<u>31,012</u>	<u>28,019</u>
Current liabilities	(14,086)	(14,937)	(13,132)	(8,284)
Non current liabilities	(3,779)	(2,828)	(1,377)	(1,626)
Total liabilities	<u>(17,865)</u>	<u>(17,765)</u>	<u>(14,509)</u>	<u>(9,910)</u>
Total equity	<u>6,390</u>	<u>13,571</u>	<u>16,503</u>	<u>18,109</u>
NTA per share attributable to the Company's shareholders	\$0.22	\$0.38	\$0.48	\$0.54
<i>NTA: Net tangible assets</i>				
<i>Source: Allied Farmers annual reports and consolidated result for the 6 months ended 31 December 2022</i>				

The Company's current assets as at 31 December 2022 consisted mainly of trade receivables (\$8.7 million), finance receivables (\$3.6 million), inventories (\$1.2 million) and cash and cash equivalents (\$0.8 million).

Non current assets as at 31 December 2022 consisted mainly of the investments in NZRLC (\$4.4 million) and NZ Rural Land Management (\$2.7 million), as well as \$3.0 million of owned property and \$1.5 million of right of use assets.

The Company's main current liabilities as at 31 December 2022 were trade and other payables (\$6.9 million) and employee benefits (\$1.1 million) and the \$1.6 million of non current liabilities consisted of lease liabilities.

Consolidated total equity of \$18.1 million as at 31 December 2022 consisted of:

- \$158.2 million of issued share capital
- accumulated losses of negative \$142.2 million
- \$2.1 million of non-controlling interests.

Cash Flows

A summary of Allied Farmers' recent consolidated cash flows is set out below.

Summary of Allied Farmers Cash Flows				
	Year to 30 Jun 20 (Audited) \$000	Year to 30 Jun 21 (Audited) \$000	Year to 30 Jun 22 (Audited) \$000	6 Mths to 31 Dec 22 (Unaudited) \$000
Net cash inflow / (outflow) from operating activities	767	4,501	3,439	(2,184)
Net cash inflow / (outflow) from investing activities	322	(2,866)	954	(981)
Net cash inflow / (outflow) from financing activities	(1,304)	821	(4,388)	(629)
Net increase / (decrease) in cash held	(215)	2,456	5	(3,794)
Opening cash balance	2,301	2,086	4,542	4,547
Closing cash balance	<u>2,086</u>	<u>4,542</u>	<u>4,547</u>	<u>753</u>

Source: Allied Farmers annual reports and consolidated result for the 6 months ended 31 December 2022

Allied Farmers raised approximately \$2.7 million of fresh equity in the 2021 financial year through a rights issue.

Impact of the Call Option Exercise on Allied Farmers' Financial Position

As at 31 December 2022, Allied Farmers' consolidated total equity amounted to approximately \$18.1 million, representing 64.6% of consolidated total assets of approximately \$28.0 million. The Company had no bank borrowings at that date.

The Call Option Exercise will introduce \$5.55 million of borrowings into the Company's capital structure and reduce cash by \$1.0 million and investments by \$1.75 million in exchange for \$8.3 million of additional investment in NZ Rural Land Management.

While the Call Option Exercise will result in an increase in Allied Farmers' level of financial leverage, we are of the view that the level of increase is of minimal significance.

2.8 Impact on Control

Share Capital and Shareholders

Allied Farmers currently has 28,806,434 fully paid ordinary shares on issue held by 2,417 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 3 March 2023 are set out below.

Allied Farmers' 10 Largest Shareholders		
Shareholder	No. of Shares Held	%
Custodial Services Limited	2,975,017	10.33%
Elevation Capital	2,750,000	9.55%
REM	1,687,000	5.86%
Forsyth Barr Custodians Limited	1,400,008	4.86%
Wairahi Investments Limited	1,300,000	4.51%
New Zealand Central Securities Depository Limited	1,091,460	3.79%
Donald Jacobs	831,050	2.88%
Elizabeth Benjamin and Michael Benjamin	682,622	2.37%
DFS Investment Partners LLC	522,185	1.81%
Deborah Seerup	500,001	1.74%
Subtotal	<u>13,739,343</u>	<u>47.70%</u>
Others (2,407 shareholders)	15,067,091	52.30%
Total	<u>28,806,434</u>	<u>100.00%</u>

Source: NZX Company Research

Elevation Capital is owned by Chris Swasbrook, the Company's non-independent chair.

The Milsom Interests hold 1,937,000 shares (6.72%) through REM and RPMilsom.

Shareholding Voting

The Call Option Exercise will not result in the Elevation Capital increasing its control of voting rights in the Company.

Board Control

The directors of Allied Farmers are:

- Chris Swasbrook, non-independent chair (associated with Elevation Capital)
- Philip Luscombe, independent non-executive director
- Shelley Ruha, independent non-executive director.

We are advised by the Non-associated Directors that the Call Option Exercise will not have any impact on Elevation Capital's representation on the Board. Mr Swasbrook will remain as Elevation Capital's sole representative on the Board.

Operations

We are advised by the Non-associated Directors that the Call Option Exercise will not increase Elevation Capital's level of influence over the Company's operations. Elevation Capital's influence over Allied Farmers' operations is predominantly through Mr Swasbrook's board representation.

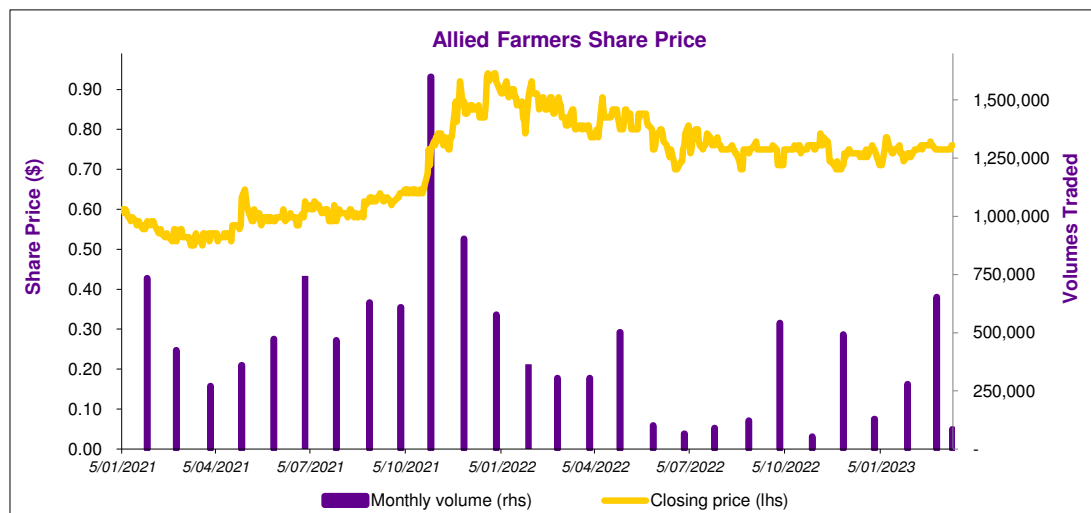
2.9 No Dilutionary Impact

The Call Option Exercise does not involve the issue of any new ordinary shares and therefore will have no dilutionary impact on the Non-associated Shareholders.

2.10 Impact on Share Price and Liquidity

Share Price

Set out below is a summary of Allied Farmers' daily closing share price and monthly volumes of shares traded from 5 January 2021 to 15 March 2023.



Source: NZX Company Research

During the period, Allied Farmers' shares have traded between \$0.51 and \$0.94 at a VWAP of \$0.70.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 15 March 2023 is set out below.

Allied Farmers Share Trading up to 15 March 2023					
Period	Low \$	High \$	VWAP \$	Volume Traded (000)	Liquidity
1 month	\$0.75	\$0.77	\$0.75	617	2.1%
3 months	\$0.71	\$0.78	\$0.75	1,115	3.9%
6 months	\$0.70	\$0.79	\$0.75	1,849	6.4%
12 months	\$0.70	\$0.88	\$0.77	3,301	11.5%

Source: NZX Company Research

In our view, the Call Option Exercise is unlikely to have any significant impact on the Company's share price as we are of the view that both the Exercise Price and the Consideration are fair.

No Impact on Liquidity

The analysis shows that Allied Farmers' shares are relatively thinly traded on the NZX Main Board, with only 11.6% of the shares being traded in the past year.

As the Call Option Exercise does not involve any change in the number of shares on issue nor who holds the Company's shares, we do not consider that it will impact the liquidity of the Company's shares in any way.

2.11 Advantages to the Non-associated Shareholders of the Call Option Exercise

The Call Option Exercise will increase Allied Farmers' ownership of NZ Rural Land Management from 50% to 100%, providing a greater exposure to the New Zealand rural land sector.

2.12 Disadvantages to the Non-associated Shareholders of the Call Option Exercise

We do not consider that the Call Option Exercise poses any significant disadvantages to the Non-associated Shareholders.

2.13 Other Issues for the Non-associated Shareholders to Consider

No Significant Change in Business Risk

Allied Farmer currently faces a variety of business risks associated with investing in the agricultural sector.

The Call Option Exercise will increase the Company's ownership of NZ Rural Land Management from 50% to 100%. It will have no significant impact on the key business risks faced by Allied Farmers as the Company is already fully exposed to such risks.

Likelihood of a Takeover Offer Unlikely to Change Significantly

In our view, the Call Option Exercise is unlikely to change the attraction of Allied Farmers as a takeover target to Elevation Capital or to other parties.

3. Sources of Information, Reliance on Information, Disclaimer and Indemnity

3.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the Call Option Deed
- the PwC Valuation
- the Northington Partners advice to the Non-associated Directors
- the Allied Farmers annual reports for the years ended 30 June, 2020 to 2022 and half year consolidated result for the 6 months ended 31 December 2022
- Allied Farmers share price data and shareholder data from NZX Company Research.

During the course of preparing this report, we have had discussions with and / or received information from the Non-associated Directors.

The Non-associated Directors have confirmed that we have been provided for the purpose of this Fairness Opinion with all information relevant to the Call Option Exercise that is known to them and that all the factual information provided by Company contained in this report is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is necessary for the purpose of preparing this Fairness Opinion.

In our opinion, the information set out in this Fairness Opinion is sufficient to enable the Non-associated Directors and the Company's shareholders to understand all the relevant factors in respect of the fairness of the Call Option Exercise.

3.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Allied Farmers and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Allied Farmers. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

3.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Allied Farmers will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Allied Farmers and its directors and management team. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

3.4 Indemnity

Allied Farmers has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of this report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Allied Farmers has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law, Simmons Corporate Finance shall reimburse such costs.

4. Qualifications and Expertise, Independence, Declarations and Consents

4.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

4.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Allied Farmers or Elevation Capital or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Call Option Exercise.

Simmons Corporate Finance has not had any part in the formulation of the Call Option Exercise or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report. We will receive no other benefit from the preparation of this report.

4.3 Declarations

An advance draft of this report was provided to the Non-associated Directors for their comments as to factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

4.4 Consents

We consent to the issuing of this report in the form and context in which it is to be provided to Allied Farmers' shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons
Director

Simmons Corporate Finance Limited
16 March 2023