

SECURITISATION OF INTERESTS A KEY ATTRACTION FOR INVESTORS IN
ALLIED FARMERS PROPOSAL

Investors in Hanover Finance & United Finance will have the ability to sell their interests following the proposals announced today by Allied Farmers Ltd, where they will exchange their debentures and notes for Allied shares, which are listed on the NZX

Chairman Mr John Loughlin said today the deal meant Hanover and United investor's destiny was back in their own hands.

'They can now make decisions based on their own circumstances and requirements about their investment rather than being locked into a moratorium for five years.

"Some who need to derive income from their investment will be able to sell the shares issued to them in Allied Farmers and reinvest in other securities, while those who want to retrieve as much of their capita as possible may prefer to remain in Allied Farmers as shareholders until the realisations of property assets are completed, hopefully sooner than the five years of the moratorium."

Mr Loughlin said the transaction leveraged Allied Farmers NZX listing by being able to issue shares as consideration. It is proposed more than 900 million new shares will be issued to the Hanover and United investors, with the price set by reference to the market price of Allied's shares at the time the transaction is completed.

"The obvious question is what happens if all the shares issued come back on the market".

Mr Loughlin said that by issuing such a significant amount of capital, Allied Farmers would increase in size to the extent it would expect to be included in the NZX Top 50 index at which point a percentage of its shares would be required to be bought by the funds that have a spread of shares in the top 50 companies.

"This will see a certain level of buying interest although we are the first to acknowledge that there may be some price instability for a short time until the supply and demand for shares settles down."

-Ends-

Issued on behalf of Allied Farmers Ltd.

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