

ALLIED FARMERS ENTERS CONTRACT TO BUY SPEIRS FINANCE

Allied Farmers Limited today announced that it had entered into a conditional agreement with Speirs Group Limited to acquire its finance division at a transaction price of \$5.60 million.

Speirs Finance is an operating division of the NZAX listed Speirs Group Limited and is involved in the provision of finance and leasing for commercial vehicles and capital equipment used by New Zealand businesses.

“We are pleased to have reached agreement with Speirs Group to acquire its finance business. The purchase is consistent with the growth strategy for our finance business and the Speirs Finance lending activities fall within the core business of our own finance company, Allied Nationwide Finance”, said David Bale, Group Chief Executive of Allied Farmers Limited.

“The combination of Speirs Finance and Allied Nationwide Finance will also provide us with the size, scale and diversification to become an even stronger competitor in the New Zealand finance sector”.

As at 31 March 2008, Speirs Finance managed total loan receivables of around \$230 million, funded through the issue of secured stock and perpetual bonds to retail investors, and commercial paper issued under its long standing securitisation programme.

Mr Bale said that immediately following settlement of the transaction, and subject to all necessary approvals, Speirs Finance will be amalgamated with Allied Nationwide Finance. The combined company will have around \$400 million of assets and a loan book diversified primarily across the commercial, rural, and property finance sectors.

“Speirs Group is well supported by its loyal and long standing investors and we believe that the larger business will continue to have the support of those investors and the existing Allied Nationwide Finance investors”.

The transaction remains conditional on Speirs Group obtaining the approval of its shareholders and debt obligation holders, as well as the approval of Standard & Poors to the transfer of the securitisation programme, which has an A-1+ credit rating.

“The acquisition of Speirs Finance will provide Allied Nationwide Finance with immediate access to a significant and successful asset securitisation programme, one of the oldest programs of its type in New Zealand. The programme is well supported by the BNZ as arranger with a funding commitment to \$150

million. This will provide us with wholesale funding to compliment our existing retail funding”, said John Mallon, Chief Executive of Allied Nationwide Finance.

“The amalgamation of the Speirs Finance business will result in over 60% of the combined loan book being in commercial vehicle and equipment finance to businesses throughout New Zealand”.

The acquisition price of \$5.50 million will be paid by way of the issue of \$2.50 million of new shares in Allied Farmers at a strike price of \$1.35, and \$3.0 million of cash, of which \$2.0 million will be reinvested by Speirs Group in new perpetual bonds issued by Allied Nationwide Finance. Allied Nationwide Finance will also assume ownership of an investment property in Palmerston North.

Nelson Speirs, currently Chairman of Speirs Group Limited, will be invited to join the board of Allied Nationwide Finance.

Completion of the transaction is expected to occur on or before 30 September 2008, subject to all necessary approvals being confirmed.

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