



# **INVESTMENT STATEMENT**

**for an offer to exchange Rebate Shares and  
Supplier Investment Shares for  
*Silver Fern Farms Ordinary Shares***

**17 November 2011**

Every applicant for Ordinary Shares who did not receive this Investment Statement before applying for the Ordinary Shares may, within 10 working days of the date on which this Investment Statement was sent to the applicant, withdraw their application by written notice to Silver Fern Farms Limited

## TABLE OF CONTENTS

1. Important Information/General Information ....	1
2. Investment in Silver Fern Farms .....	3
3. The Exchange Offer.....	5
4. Principal Terms of the Ordinary Shares .....	8
5. The Performance Premium Payment System .. .....	13
6. Answers to Important Questions .....	14
7. Glossary of Terms.....	29
8. Directory.....	31
9. Application Instructions for the Exchange Offer .....	32
10. Application Form for the Exchange Offer ....	34

## IMPORTANT INFORMATION

*(The information in this section is required under the Securities Act 1978)*

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

### CHOOSING AN INVESTMENT

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

<i>What sort of investment is this?</i>	14
<i>Who is involved in providing it for me?</i>	15
<i>How much do I pay?</i>	16
<i>What are the charges?</i>	17
<i>What returns will I get?</i>	18
<i>What are my risks?</i>	21
<i>Can the investment be altered?</i>	24
<i>How do I cash in my investment?</i>	25
<i>Who do I contact with enquiries about my investment?</i>	26
<i>Is there anyone to whom I can complain if I have problems with the investment?</i>	26
<i>What other information can I obtain about this investment?</i>	27

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

### THE FINANCIAL MARKETS AUTHORITY REGULATES CONDUCT IN FINANCIAL MARKETS

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>.

### FINANCIAL ADVISERS CAN HELP YOU MAKE INVESTMENT DECISIONS

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services

they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check—

- the type of adviser you are dealing with;
- the services the adviser can provide you with;
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

## GENERAL INFORMATION

### NATURE OF THIS INVESTMENT STATEMENT

This Investment Statement relates to an offer by Silver Fern Farms Limited ("**Silver Fern Farms**") to Transacting Shareholders to participate in an Exchange Offer under which they may exchange all of their Rebate Shares and Supplier Investment Shares for Ordinary Shares issued by Silver Fern Farms on the basis set out in this Investment Statement. This Investment Statement is an important document and should be read in its entirety.

### PURPOSE

The purpose of this Investment Statement is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to accept the Exchange Offer and subscribe for Ordinary Shares under the Exchange Offer.

### DEFINITIONS AND REFERENCES

Capitalised terms used in this Investment Statement have defined meanings which appear in the Glossary of Terms commencing on page 29 of this Investment Statement or within the relevant section of this Investment Statement in which the term is used. All references to dollars in this Investment Statement are to New Zealand dollars unless specified otherwise. All references to time in this Investment Statement are to New Zealand time.

### FINANCIAL MARKETS AUTHORITY CONSIDERATION PERIOD

Pursuant to section 43D of the Securities Act 1978, Silver Fern Farms is not able to allot any Ordinary Shares under the Exchange Offer, nor accept any applications or subscriptions for Ordinary Shares under the Exchange Offer during the Financial Markets Authority "Consideration Period". The

Consideration Period commences on the date of registration of the Registered Prospectus for the Exchange Offer (being, 17 November 2011) and ends at the close of the date that is five working days after that date. The Financial Markets Authority may shorten this Consideration Period, or extend it by no more than five additional working days.

#### **OFFER IN NEW ZEALAND ONLY**

This Investment Statement does not constitute an offer to participate in the Exchange Offer under this Investment Statement in any jurisdiction other than New Zealand and no action has been, or will be, taken by Silver Fern Farms which would permit the Exchange Offer, or possession or distribution of any offering material, in any other country or jurisdiction.

No shareholder, or other person, may purchase, offer, sell, distribute or deliver Ordinary Shares, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Ordinary Shares, in any jurisdiction, other than in compliance with all applicable laws and regulations.

#### **UNLISTED**

The Ordinary Shares issued pursuant to the Exchange Offer have not been approved for trading on a "registered market" (as that term is defined in the Securities Markets Act 1988), but will be quoted on the Unlisted trading market (as with the existing Ordinary Shares issued by Silver Fern Farms). Unlisted is not a "registered market" or authorised securities exchange, or regulated under New Zealand securities exchanges law. Unlisted is an unregistered securities trading facility. Efficient Market Services Limited, which operates Unlisted, accepts no responsibility for any statement in this Investment Statement.

#### **LEGISLATION**

This Investment Statement has been prepared in accordance with the Securities Act 1978, the Securities Regulations 2009 and the Securities Act (Co-operative Companies) Exemption Notice 2011. All New Zealand legislation referred to in this Investment Statement is available free of charge from the New Zealand Legislation website at <http://www.legislation.govt.nz>.

#### **DATE OF THIS INVESTMENT STATEMENT**

This Investment Statement is dated, and has been prepared, as at 17 November 2011.

## INVESTMENT IN SILVER FERN FARMS

### THE OFFER

This Investment Statement sets out the terms of an “**Exchange Offer**” under which Transacting Shareholders can exchange all their existing Rebate Shares and Supplier Investment Shares for Ordinary Shares of Silver Fern Farms, with no cash payment required.

The Board has declared a dividend of \$0.10 per Ordinary Share for the financial year ended 30 September 2011 (the “**2011 Financial Year**”), the entitlement to which will be determined one day after the date of the allotment of the Ordinary Shares under the Exchange Offer. This means that Transacting Shareholders who participate in the Exchange Offer will receive a dividend on the new Ordinary Shares issued to them in exchange for their Rebate Shares and Supplier Investment Shares.

No dividend will be paid by Silver Fern Farms on Rebate Shares or Supplier Investment Shares in respect of the 2011 Financial Year. The Board’s policy for the future is to pay dividends on a consistent basis, but only on Ordinary Shares.

### ELIGIBLE SHAREHOLDERS

A holder of Rebate Shares and/or Supplier Investment Shares is only entitled to participate in the Exchange Offer if they are a “Transacting Shareholder” of Silver Fern Farms, as defined in the Co-op Act. A holder is, in general terms, a “Transacting Shareholder” if they supply livestock to Silver Fern Farms or, having ceased to supply livestock to Silver Fern Farms, is, in the reasonable opinion of the Board, likely to resume doing so. A Transacting Shareholder may supply livestock to Silver Fern Farms directly or through a subsidiary of Silver Fern Farms.

If any Shareholder has any questions as to whether they are a Transacting Shareholder, they should contact the Legal Counsel of Silver Fern Farms.

### TIMETABLE

- ⊙ Opening Date: Friday, 25 November 2011
- ⊙ Closing Date : Friday, 16 December 2011

The Opening Date and the Closing Date may be changed by Silver Fern Farms in its discretion. In particular, the Board may change the Opening Date if the Financial Markets Authority (pursuant to section 43D of the Securities Act 1978) extends its Consideration Period in respect of the Registered Prospectus. Any changes will be communicated to shareholders. The Board has full discretion to determine, at any time prior to the Closing Date, that the issue of Ordinary Shares under the Exchange Offer will not proceed.

Application Forms to participate in the Exchange Offer must be received by Silver Fern Farms no later than 5pm on the Closing Date.

### HOW TO ACCEPT THE EXCHANGE OFFER

Complete the Application Form provided separately by Silver Fern Farms or the Exchange Offer Application Form at the end of this Investment Statement NOW and post or deliver it to:

Silver Fern Farms Share Offer  
c/- Link Market Services  
Level 16, Brookfields House  
19 Victoria Street West  
Auckland

**OR**

Silver Fern Farms Share Offer  
c/- Link Market Services  
PO Box 91976  
Auckland 1142

Transacting Shareholders who accept the Exchange Offer will be issued their Ordinary Shares by Silver Fern Farms on or about the date of the next Board meeting of Silver Fern Farms following the Closing Date of the Exchange Offer. Such meeting is currently intended to be held on 19 December 2011. Each accepting shareholder will be sent a statement setting out the number of Ordinary Shares issued to that shareholder.

**HOW TO OBTAIN THE REGISTERED PROSPECTUS AND OTHER IMPORTANT INFORMATION**

The Registered Prospectus for the Exchange Offer, the Constitution of Silver Fern Farms and the Ordinary Share Terms may each be obtained from Silver Fern Farms by calling 0800 362 362, or by writing or emailing a request to one of the following addresses or email address:

Legal Counsel  
Silver Fern Farms Limited  
218 George Street  
Dunedin 9016  
PO Box 941  
Dunedin 9054  
Email: [craig.billows@silverfernfarms.co.nz](mailto:craig.billows@silverfernfarms.co.nz)

The Registered Prospectus for the Exchange Offer and the Constitution of Silver Fern Farms can also be found on Silver Fern Farms' website at <http://www.silverfernfarms.co.nz>.

**COSTS TO TRANSACTING SHAREHOLDERS**

No brokerage, or other fee, is payable by any Transacting Shareholder for participating in the Exchange Offer.

## THE EXCHANGE OFFER

The following is a detailed summary of the main terms of the Exchange Offer. The offer is available only to “Transacting Shareholders” of Silver Fern Farms.

For the terms of the Ordinary Shares that may be subscribed for by accepting the Exchange Offer, Transacting Shareholders should refer to the more detailed information in the section of this Investment Statement entitled “*Principal Terms of the Ordinary Shares*” starting on page 8.

Transacting Shareholders should also refer to the information in the other sections of this Investment Statement, including the section entitled “*Answers to Important Questions*”.

### **EXCHANGE OFFER**

This Investment Statement includes an offer by Silver Fern Farms to Transacting Shareholders to exchange all their existing:

- ⊙ Rebate Shares; and
- ⊙ Supplier Investment Shares,

for fully paid Ordinary Shares issued by Silver Fern Farms on the basis set out in this Investment Statement. That process is described in this Investment Statement as the “**Exchange Offer**”.

The Exchange Offer is not conditional on any minimum number of acceptances, although accepting shareholders may not accept for part only of their holdings.

The Exchange Offer ratio is 1:1. This means that if a Transacting Shareholder accepts the Exchange Offer:

- ⊙ each Rebate Share held by them will be exchanged for one Ordinary Share; and
- ⊙ each Supplier Investment Share held by them will be exchanged for one Ordinary Share.

For example, if a Transacting Shareholder accepts the Exchange Offer for 500 Rebate Shares and 500 Supplier Investment Shares, he, she or it will receive 1,000 Ordinary Shares.

Unpaid Rebate Shares held by Transacting Shareholders may only be exchanged under the Exchange Offer if they are paid in full by the Transacting Shareholder prior to accepting the offer.

The maximum number of Ordinary Shares that could be issued under the Exchange Offer is 9,316,000 Ordinary Shares.

### **ELIGIBLE SHAREHOLDERS**

A holder of Rebate Shares and/or Supplier Investment Shares is only entitled to participate in the Exchange Offer if they are a “Transacting Shareholder” of Silver Fern Farms, as defined in the Co-op Act.

A holder is, in general terms, a “Transacting Shareholder” if they supply livestock to Silver Fern Farms or, having ceased to supply livestock to Silver Fern Farms, is, in the reasonable opinion of the Board, likely to resume doing so. A Transacting Shareholder may supply livestock to Silver Fern Farms directly or through a subsidiary of Silver Fern Farms.

Transacting Shareholders who accept the Exchange Offer will be eligible to receive the dividend declared by the Board for the 2011 Financial Year of \$0.10 per Ordinary Share.

If any Shareholder has any questions as to whether they are a Transacting Shareholder, they should contact the Legal Counsel of Silver Fern Farms.

## **TIMETABLE**

- ⊙ Opening Date: Friday, 25 November 2011
- ⊙ Closing Date : Friday, 16 December 2011

The Opening Date and the Closing Date may be changed by Silver Fern Farms in its discretion. In particular, the Board may change the Opening Date if the Financial Markets Authority (pursuant to section 43D of the Securities Act 1978) extends its Consideration Period in respect of the Registered Prospectus. Any changes will be communicated to shareholders. The Board has full discretion to determine, at any time prior to the Closing Date, that the issue of Ordinary Shares under the Exchange Offer will not proceed.

Application Forms to participate in the Exchange Offer must be received by Silver Fern Farms no later than 5pm on the Closing Date.

## **HOW TO ACCEPT THE EXCHANGE OFFER**

- ⊙ Complete the Application Form provided separately by Silver Fern Farms or the Exchange Offer Application Form at the end of this Investment Statement NOW and post or deliver it to:

Silver Fern Farms Share Offer  
c/- Link Market Services  
Level 16, Brookfields House  
19 Victoria Street West  
Auckland

**OR**

Silver Fern Farms Share Offer  
c/- Link Market Services  
PO Box 91976  
Auckland 1142

Transacting Shareholders who accept the Exchange Offer will be issued their Ordinary Shares by Silver Fern Farms on or about the date of the next Board meeting of Silver Fern Farms following the Closing Date of the Exchange Offer. Such meeting is currently intended to be held on 19 December 2011. Each accepting shareholder will be sent a statement setting out the number of Ordinary Shares issued to that shareholder.

## **ACCEPTANCE MUST BE FOR ALL REBATE SHARES/SUPPLIER INVESTMENT SHARES**

Transacting Shareholders may only accept the Exchange Offer in respect of all of the Rebate Shares and all of the Supplier Investment Shares that are held by them, and they may not accept for only part of their holdings of those shares.

There are no other minimum acceptance criteria – irrespective of the number of Rebate Shares and/or Supplier Investment Shares that are held, a Transacting Shareholder can accept the Exchange Offer for all their shares.

## **LEGAL NATURE OF THE EXCHANGE OFFER**

As a legal matter, where a Transacting Shareholder accepts the Exchange Offer:

- ⊙ that acceptance constitutes an irrevocable offer by that shareholder to Silver Fern Farms to surrender all their Rebate Shares and Supplier Investment Shares for their nominal value of \$1.00 per share;
- ⊙ the Board will have resolved (or will resolve) to accept the surrender of that shareholder's Rebate Shares and Supplier Investment Shares in accordance with clause 7.1 of Silver Fern Farms' Constitution;
- ⊙ Silver Fern Farms will apply, and is authorised by that shareholder to apply, the entire surrender proceeds to subscribe for fully paid Ordinary Shares by that shareholder; and
- ⊙ Silver Fern Farms will issue that shareholder the number of fully paid Ordinary Shares to which they are entitled under this Investment Statement, at an issue price of \$1.00 per share.

All Rebate Shares and Supplier Investment Shares surrendered as a result of an acceptance of the Exchange Offer will be cancelled under section 23 of the Co-op Act.

### **TAXATION IMPLICATIONS OF ACCEPTING THE EXCHANGE OFFER**

This is a summary only of the potential tax consequences of participation in the Exchange Offer, based on taxation law in effect on the date of this Investment Statement. It does not constitute legal or taxation advice, and shareholders considering participation in the Exchange Offer should obtain their own advice.

#### **Repayment on cancellation of Rebate Shares and Supplier Investment Shares**

There are specific tax rules which apply to the surrender, redemption or repayment of certain shares issued by co-operative companies under the Co-op Act. These rules allow such shares to be surrendered, redeemed or repaid without any tax implications for the issuer or the shareholder.

The surrender and cancellation of the Rebate Shares and Supplier Investment Shares for \$1.00, followed by the contemporaneous issue of Ordinary Shares for \$1.00, under the Exchange Offer will satisfy the tax requirements for capital cancellations, and consequently can be made free of any tax implications for both the shareholder and Silver Fern Farms.

An exception to the above would occur if a shareholder holds their shares in Silver Fern Farms on revenue account, in which case the distribution upon redemption will constitute gross income to the shareholder. However, in this case, a deduction would be available to the shareholder for the original cost of the shares. Shareholders should consider their own circumstances, and take professional advice if they are uncertain as to the implications of accepting the Exchange Offer.



## PRINCIPAL TERMS OF THE ORDINARY SHARES

### ISSUER

The issuer of the Ordinary Shares is Silver Fern Farms Limited.

### NATURE AND TERMS OF THE SHARES

The Ordinary Shares are ordinary shares issued by Silver Fern Farms under the Companies Act, not the Co-op Act, and have the terms set out in:

- ⊙ Silver Fern Farms' Constitution; and
- ⊙ the terms of issue of the Ordinary Shares, a copy of which is set out in an appendix to the Registered Prospectus (the "**Ordinary Share Terms**").

This section of the Investment Statement contains a summary only of the principal terms of the Ordinary Share Terms, and is not (and does not purport to be) a comprehensive statement of such terms. Transacting Shareholders are encouraged to obtain full copies of Silver Fern Farms' Constitution and the Ordinary Share Terms, and to read and understand them.

Full copies of Silver Fern Farms' Constitution, the Ordinary Share Terms and the Registered Prospectus may be obtained from Silver Fern Farms by calling the Legal Counsel on 0800 362 362, or by writing or emailing a request to one of the following addresses or email address:

Legal Counsel  
Silver Fern Farms Limited  
218 George Street  
Dunedin 9016  
PO Box 941  
Dunedin 9054  
Email: craig.billows@silverfernfarms.co.nz

Silver Fern Farms' Constitution and the Registered Prospectus can also be found on Silver Fern Farms' website at <http://www.silverfernfarms.co.nz>.

### ISSUE PRICE

The issue price of each Ordinary Share in the Exchange Offer is \$1.00 per share.

The Ordinary Shares do not have a nominal value.

### VOTING RIGHTS

#### Voting on Farmer Elected Directors

Fully paid Ordinary Shares only confer rights to vote on the election of Farmer Elected Directors if the holder:

- ⊙ is a Current Supplier; and
- ⊙ has met (or is deemed to have met) certain minimum supply criteria determined by the Board from time to time - currently comprising the "Minimum Supply Requirement" described below.

Fully paid Ordinary Shares held by holders who meet this criteria, together with Rebate Shares held by Current Suppliers and Supplier Investment Shares, are entitled to 100% of the voting rights on the election of Farmer Elected Directors.

### **Voting on other resolutions**

On resolutions for matters other than elections of Farmer Elected Directors, the Constitution provides that at least 60% of the eligible votes of Silver Fern Farms' shareholders will be attached to Rebate Shares held by Current Suppliers and to Ordinary Shares held by Current Suppliers that vote and have satisfied the then applicable Minimum Supply Requirement (described below).

This ensures not only farmer control but the continuance of Silver Fern Farms' status as a co-operative company under the Co-op Act.

More specifically:

- ⊙ Fully paid Ordinary Shares held by Current Suppliers who have satisfied the Minimum Supply Requirement, and Rebate Shares held by Current Suppliers, that vote on a resolution (being entitled to do so) will in aggregate and between them be entitled to a number of votes equivalent to the **greater** of:
  - one vote per Ordinary Share and one vote per Rebate Share (as the case may be); and
  - 60% of the total number of votes able to be cast and voting on the relevant resolution (and the number of votes cast per such Ordinary Share will be increased accordingly where the total number of votes cast is less than 60%).
- ⊙ Fully paid Ordinary Shares held by other shareholders (i.e. Current Suppliers who have not satisfied the Minimum Supply Requirement, or persons who are not Current Suppliers), that vote on a resolution (being entitled to do so) will in aggregate and between them be entitled to a number of votes equivalent to the **lesser** of:
  - one vote per Ordinary Share; and
  - 40% of the total number of votes able to be cast and voting on the relevant resolution (and the number of votes cast per such Ordinary Share will be decreased accordingly where the total number of votes cast is in excess of 40%).

Holders of Supplier Investment Shares are only entitled to vote their Supplier Investment Shares on resolutions to appoint Farmer Elected Directors and not on any other resolutions.

### **Partly paid Ordinary Shares**

Partly paid Ordinary Shares do not have any voting rights for so long as they remain partly paid.

### **MINIMUM SUPPLY REQUIREMENT**

As noted above, the Minimum Supply Requirement is relevant for determining the shareholders eligible to vote on the election of directors and for determining the voting entitlements on other resolutions as between certain Current Suppliers and other shareholders.

The Minimum Supply Requirement, until otherwise determined by the Board, is the supply of livestock (including under Lambplan, Beefplan or other stock supply plans approved by the Board from time to time) to Silver Fern Farms for processing of 400 Production Equivalents in each of the two years ending on a date determined from time to time by the Board.

As at the date of this Investment Statement, a Production Equivalent for the purposes of calculating the Minimum Supply Requirement of livestock is:

- ⊙ One cattle beast equals 12 Production Equivalents.
- ⊙ One deer equals 6 Production Equivalents.
- ⊙ One sheep, lamb, bobby calf, goat or other type of livestock equals 1 Production Equivalent.

For the purposes of calculating the Minimum Supply Requirement, it is irrelevant whether the supply is made under a Marketing Rebate System/Performance Premium Payment System.

No Minimum Supply Requirement applies to voting rights conferred by Ordinary Shares which are not held by Current Suppliers.

## **DISTRIBUTIONS AND REBATES**

Ordinary Shares will (as a class) rank equally with all other shares on issue (as a class) for all Distributions. This does not mean that Distributions will be declared on each class equally.

Marketing Rebates (including Performance Premium Payment System payments) are not generally Distributions for this purpose as eligibility to receive Marketing Rebates shall be determined in accordance with any Marketing Rebate System/Performance Premium Payment System that applies at the relevant time, and is based on livestock supply rather than shareholdings.

Partly paid Ordinary Shares rank proportionately for Distributions to the amount paid up at the date on which the Distribution is declared.

## **MARKETING REBATES**

Holders of Ordinary Shares will be eligible to receive Marketing Rebates (including Performance Premium Payment System payments) only in accordance with any Marketing Rebate System/Performance Premium Payment System determined from time to time by the Board in which the holder has validly elected to participate and is participating.

The section of this Investment Statement, entitled "*The Performance Premium Payment System*" and commencing on page 13, summarises certain key elements of the Performance Premium Payment System that are in effect at the date of this Investment Statement.

## **REDEMPTION**

The Ordinary Shares of a shareholder are redeemable for a redemption price set by the Board at the applicable time as the price at which Silver Fern Farms is prepared to issue Ordinary Shares (or if there is no such price, an amount equivalent to the price at which the relevant Ordinary Shares were issued) only at the option of Silver Fern Farms, if:

- ⊙ the shareholder has not been a Current Supplier or Supplier during the immediately preceding five years;
- ⊙ the shareholder has died and his or her personal representative has requested the redemption by giving not less than 60 days' notice in writing to Silver Fern Farms;
- ⊙ the shareholder has permanently disposed of, or permanently changed the use of, the shareholder's property and other assets with the result that the shareholder does not have the capacity to continue or resume to be a Current Supplier or Supplier in respect of that property, the notice given in respect of the redemption certifies as to the matters referred to in this paragraph, and the Board is satisfied that the disposal or change of use is permanent, has occurred on a bona fide arm's length basis to an unrelated third party, and not with the intention or collateral objective of securing for the shareholder redemption in circumstances, or at a time or times, where redemption might or would not otherwise be available;
- ⊙ the shareholder has ceased to be a Current Supplier;
- ⊙ the shareholder has failed to comply in a material respect with requirements as to transactions contained in any contract or terms of supply entered into between Silver Fern Farms or any subsidiary of Silver Fern Farms and the shareholder;

- ⊙ the shareholder has failed to pay, within 30 days after due notice requiring moneys to be paid, any moneys due and payable to Silver Fern Farms or to any subsidiary of Silver Fern Farms;
- ⊙ the shareholder holds less than the minimum holding of Ordinary Shares as determined by the Board pursuant to Silver Fern Farms' Constitution;
- ⊙ the shareholder or any person in which the shareholder is interested (as set out in section 139(1) of the Companies Act) is in competition with the business of Silver Fern Farms;
- ⊙ the redemption of those Ordinary Shares is necessary to maintain the co-operative principles of Silver Fern Farms; or
- ⊙ Silver Fern Farms so agrees, in writing, with the shareholder to redeem such shares.

Ordinary Shares are not redeemable at the election of shareholders.

### **TRANSFER OF ORDINARY SHARES**

Ordinary Shares may be directly or indirectly legally or beneficially owned by any person, and holders need not be Transacting Shareholders.

Ordinary Shares, when fully paid, will be transferable and the Board may (but is not obliged to) facilitate transfers. The Board will retain a right to refuse registration of transfers in certain specified circumstances. Partly paid Ordinary Shares are not transferable.

A transferee of Ordinary Shares issued under the Exchange Offer who is not in compliance at the relevant time with any Minimum Supply Requirement will not become compliant as a consequence of acquisition of any Ordinary Shares from a holder who is in compliance with the Minimum Supply Requirement.

The full provisions regarding the transfer of Ordinary Shares are set out in Silver Fern Farms' Constitution and the Ordinary Share Terms.

The Ordinary Shares issued pursuant to the Exchange Offer have not been approved for trading on a "registered market" (as that term is defined in the Securities Markets Act 1988) but will be quoted on the Unlisted trading market (as with the existing Ordinary Shares issued by Silver Fern Farms). Accordingly, in the opinion of Silver Fern Farms, there is an established market for trading in the Ordinary Shares.

Unlisted is not a "registered market" or authorised securities exchange, or regulated under New Zealand securities exchanges law. Unlisted is an unregistered securities trading facility. Efficient Market Services Limited, which operates Unlisted, accepts no responsibility for any statement in this Investment Statement. Trading in shares quoted on Unlisted can only be undertaken via brokers and investors trading in shares quoted on Unlisted trade at their own risk.

### **MINIMUM AND MAXIMUM ORDINARY SHARE HOLDINGS**

The minimum and maximum numbers of Ordinary Shares which may or must be held by any holder of Ordinary Shares will be determined from time to time by the Board.

As at the date of this Investment Statement, there is no minimum or maximum number of Ordinary Shares which may or must be held by any holder of Ordinary Shares, except where the "Share Cap" described below applies.

**SHARE CAP**

No person (together with any of its associates) may have a relevant interest in more than 5% (or such other percentage as the Board may determine) of the voting securities of Silver Fern Farms without, and except in accordance with the terms of, a prior written approval of the Board.

While the Board can approve holdings above the 5% cap, the voting securities above that cap in respect of which such approval has been given:

- ⊙ will not confer voting rights on the election of Farmer Elected Directors; and
- ⊙ in respect of all other resolutions, will confer voting rights on the same basis as those Ordinary Shares within the “40% category” i.e. Ordinary Shares which are not held by Current Suppliers, or which are held by Current Suppliers who are not in compliance with the Minimum Supply Requirement.

**REGISTER OF ORDINARY SHARES**

Silver Fern Farms will maintain a register of Ordinary Shares in accordance with the Companies Act.

**LIQUIDATION**

On a liquidation of Silver Fern Farms, holders of Ordinary Shares will only receive a payment if there is a residual amount remaining after paying all debts and other liabilities of Silver Fern Farms (including the amount payable on redemption of any preference shares and the costs of liquidation).

All holders of Ordinary Shares would then be entitled to participate in distributions of surplus moneys on the following basis:

- ⊙ an amount up to the issue price of the relevant Ordinary Shares, payment which would rank equally with the nominal amount paid for shares that have a nominal value (for example, Rebate Shares and Supplier Investment Shares); and
- ⊙ as to any balance, pari passu with all other Shares which confer rights to surplus assets on a liquidation.

## THE PERFORMANCE PREMIUM PAYMENT SYSTEM

The principal terms (insofar as they relate to the Ordinary Shares) of the Marketing Rebate System in effect at the date of this Investment Statement (commonly known as the “Performance Premium Payment System”) are summarised below.

A key aspect of the Performance Premium Payment System is that participants are no longer compelled to purchase shares in Silver Fern Farms using the proceeds of their rebates.

Rather, eligibility to participate in the Performance Premium Payment System will be determined based on the number of Rebate Shares, Supplier Investment Shares and Ordinary Shares that are held. Additionally, a minimum of 400 Production Equivalents must be supplied to Silver Fern Farms in the relevant Season to participate in the Performance Premium Payment System.

As at the date of this Investment Statement, to be eligible to participate in Silver Fern Farms’ Performance Premium Payment System, a participant must hold:

- ⊙ eight Shares (whether Rebate Shares, Supplier Investment Shares and/or Ordinary Shares) for each Production Equivalent in respect of the first 5,000 Production Equivalents supplied; and
- ⊙ three Shares (whether Rebate Shares, Supplier Investment Shares and/or Ordinary Shares) in respect of each subsequent Production Equivalent supplied over 5,000 Production Equivalents.

This shareholding requirement is capped at an aggregate of 100,000 Rebate Shares, Supplier Investment Shares and/or Ordinary Shares.

Performance Premium Payment System payments will be linked to a supplier’s volume of livestock supplied to Silver Fern Farms, rather than to the number of Rebate Shares, Supplier Investment Shares and/or Ordinary Shares held.

The total number of Rebate Shares, Supplier Investment Shares and Ordinary Shares that must be held by a supplier at any time to participate in the Performance Premium Payment System is referred to as the “**Share Standard**”, and this is calculated at the end of each Quarter, before any payments are made under the Performance Premium Payment System.

The number of Production Equivalents supplied for the purposes of this calculation is the average of the Production Equivalents supplied by that supplier over the previous three complete Seasons.

Production Equivalents are a measure determined by the Board from time to time, but are as at the date of this Investment Statement:

- ⊙ One cattle beast equals 12 Production Equivalents.
- ⊙ One deer equals 6 Production Equivalents.
- ⊙ One sheep, lamb, bobby calf, goat or other type of livestock equals 1 Production Equivalent.

### OTHER KEY FEATURES AND TERMS OF THE PERFORMANCE PREMIUM PAYMENT SYSTEM

Other key features and terms of the Performance Premium Payment System in respect of the 2011/2012 Season are set out in the document entitled “*You & Us Backbone Programme*”, a copy of which may be obtained from Silver Fern Farms by calling 0800 362 362.

## ANSWERS TO IMPORTANT QUESTIONS

### 1. ***WHAT SORT OF INVESTMENT IS THIS?***

#### **Description of the Exchange Offer**

The shares being offered under the Exchange Offer are Ordinary Shares in the capital of Silver Fern Farms. The Exchange Offer, and eligibility to participate in that offer, is described in detail in the section of this Investment Statement entitled “*The Exchange Offer*”, commencing on page 5.

#### **Ordinary Shares**

The Ordinary Shares are issued by Silver Fern Farms under the Companies Act, not the Co-op Act, and have the terms set out in:

- ⊙ Silver Fern Farms’ Constitution; and
- ⊙ the terms of issue of the Ordinary Shares, a copy of which is set out in an appendix to the Registered Prospectus (the “**Ordinary Share Terms**”).

Silver Fern Farms’ Constitution, the Ordinary Share Terms and the Registered Prospectus can be obtained by calling the Legal Counsel on 0800 362 362, or by writing or emailing a request to one of the following addresses or email address:

Legal Counsel  
Silver Fern Farms Limited  
218 George Street  
Dunedin 9016  
PO Box 941  
Dunedin 9054  
Email: [craig.billows@silverfernfarms.co.nz](mailto:craig.billows@silverfernfarms.co.nz)

Silver Fern Farms’ Constitution and the Registered Prospectus can also be found on Silver Fern Farms’ website at <http://www.silverfernfarms.co.nz>.

Transacting Shareholders are encouraged to obtain and read a copy of Silver Fern Farms’ Constitution and the Ordinary Share Terms.

#### ***Principal rights, privileges, limitations and conditions of Ordinary Shares***

The principal rights, privileges, limitations and conditions attaching to the Ordinary Shares are:

- ⊙ There is no nominal value – the dollar in dollar out model does not apply.
- ⊙ They are eligible to receive dividends and other distributions as declared by the Board from time to time.
- ⊙ On the election of Farmer Elected Directors, voting rights attaching to Ordinary Shares are exclusive to Current Suppliers to Silver Fern Farms who have satisfied the Minimum Supply Requirement determined from time to time by the Board. Those holders of Ordinary Shares vote for Farmer Elected Directors alongside holders of Rebate Shares and Supplier Investment Shares who are eligible to vote.
- ⊙ On all other matters, one vote per fully paid Ordinary Share applies subject to the following:
  - Fully paid Ordinary Shares held by Current Suppliers who have satisfied the Minimum Supply Requirement prescribed by the Board, together with Rebate

Shares held by Current Suppliers, will be entitled, in aggregate, to no less than 60% of all votes able to be cast and voting on any resolution of Silver Fern Farms shareholders.

- Fully paid Ordinary Shares held by Current Suppliers who have not satisfied the Minimum Supply Requirement prescribed by the Board, and Ordinary Shares held by persons who are not Current Suppliers, will be entitled, in aggregate, to a maximum of 40% of all votes able to be cast and voting on any resolution of Silver Fern Farms shareholders.
- ⊙ Until fully paid, Ordinary Shares do not confer any voting rights.
- ⊙ When fully paid, Ordinary Shares will be transferable and the Board may (but is not obliged to) facilitate transfers. The Board will retain a right to refuse registration of transfers in certain specified circumstances.
- ⊙ Redeemable by Silver Fern Farms at its option in certain limited circumstances. Ordinary Shares are not redeemable at the option of holders.

The principal terms of the Ordinary Shares are described in detail in the section of this Investment Statement entitled "*Principal Terms of the Ordinary Shares*", commencing on page 8.

### **Offer Period**

The Exchange Offer will:

- ⊙ open on Friday, 25 November 2011 (the "**Opening Date**"); and
- ⊙ close at 5pm on Friday, 16 December 2011 (the "**Closing Date**").

The Opening Date and the Closing Date may be changed by Silver Fern Farms in its discretion. In particular, the Board may change the Opening Date if the Financial Markets Authority (pursuant to section 43D of the Securities Act 1978) extends its Consideration Period in respect of the Registered Prospectus. Any changes will be communicated to shareholders. The Board has full discretion to determine, at any time prior to the Closing Date, that the issue of Ordinary Shares under the Exchange Offer will not proceed.

**Application Forms to participate in the Exchange Offer must be received by Silver Fern Farms no later than 5pm on the Closing Date.**

## **2. *WHO IS INVOLVED IN PROVIDING IT FOR ME?***

### **Issuer**

Silver Fern Farms is the issuer of the Ordinary Shares. Until 3 June 2008, Silver Fern Farms was named PPCS Limited.

Silver Fern Farms was incorporated in New Zealand on 30 September 1948 and can be contacted at its registered office, the address of which, as at the date of this Investment Statement, is as follows:

Silver Fern Farms Limited  
218 George Street  
Dunedin 9016

PO Box 941  
Dunedin 9054



The names of the Directors as at the date of this Investment Statement are:

- ⊙ Antony John Balfour;
- ⊙ Trevor John Burt;
- ⊙ Eoin Reay Hamilton Garden;
- ⊙ Robert James Hewett;
- ⊙ Angus Collis Mabin;
- ⊙ David Alfred Shaw;
- ⊙ Richard John Somerville; and
- ⊙ Peter Herstatt Ulrich.

The names of the Directors and the address of Silver Fern Farms noted above may change.

The current names of the Directors and the address of Silver Fern Farms at any particular time may be obtained from the Companies Office website (<http://www.business.govt.nz/companies>).

Silver Fern Farms is involved in the processing of lambs, sheep, cattle, deer and other livestock at plants in New Zealand, and marketing red meat and animal related products throughout the world. These are the principal activities of Silver Fern Farms, and Silver Fern Farms has been undertaking one or more of these activities since 1948.

More information on the business activities of Silver Fern Farms can be found at <http://www.silverfernfarms.co.nz>.

### 3. **HOW MUCH DO I PAY?**

#### **Issue price/share exchange**

##### **Exchange Offer**

The Ordinary Shares have an issue price of \$1.00 per share.

However, **no money is payable** by Transacting Shareholders who accept the Exchange Offer.

Rather, if a Transacting Shareholder submits an Application Form and accepts the Exchange Offer:

- ⊙ that acceptance constitutes an irrevocable offer by that shareholder to Silver Fern Farms to surrender all their Rebate Shares and Supplier Investment Shares for their nominal value of \$1.00 per share;
- ⊙ the Board will have resolved (or will resolve) to accept the surrender of that shareholder's Rebate Shares and Supplier Investment Shares in accordance with clause 7.1 of Silver Fern Farms' Constitution;
- ⊙ Silver Fern Farms will apply, and is authorised by that shareholder to apply, the entire surrender proceeds to subscribe for fully paid Ordinary Shares by the shareholder; and

- © Silver Fern Farms will issue such shareholder the number of fully paid Ordinary Shares to which they are entitled under this Investment Statement, at an issue price of \$1.00 per Ordinary Share.

The net effect is that each Transacting Shareholder who accepts the Exchange Offer will receive:

- © one fully paid Ordinary Share for each of their Rebate Shares; and
- © one fully paid Ordinary Share for each of their Supplier Investment Shares.

Unpaid Rebate Shares held by Transacting Shareholders may only be exchanged under the Exchange Offer if they are paid in full by the Transacting Shareholder prior to accepting the offer.

All Rebate Shares and Supplier Investment Shares surrendered as a result of an acceptance of the Exchange Offer will be cancelled under section 23 of the Co-op Act.

#### **Minimum acceptance criteria**

Transacting Shareholders may only accept the Exchange Offer in respect of all of the Rebate Shares and all of the Supplier Investment Shares that are held by them, and they may not accept for only part of their holdings of those shares.

There are no minimum acceptance criteria – irrespective of the number of Rebate Shares and/or Supplier Investment Shares that are held, a Transacting Shareholder can accept the Exchange Offer for all those shares.

#### **Cooling Off Period**

Every applicant for Ordinary Shares who did not receive this Investment Statement before applying for the Ordinary Shares under the Exchange Offer may, within 10 working days of the date on which this Investment Statement was sent to the applicant, withdraw their application by written notice to Silver Fern Farms.

Where a Transacting Shareholder has requested and received this Investment Statement and accepts the Exchange Offer, that acceptance is irrevocable.

#### **4. *WHAT ARE THE CHARGES?***

There are no entry, administration, management or any other charges payable to Silver Fern Farms by an applicant for Ordinary Shares under the Exchange Offer.

Silver Fern Farms pays all charges in connection with the issue of Ordinary Shares under the Exchange Offer.

No brokerage, or other fee, is payable by any Transacting Shareholder for participating in the Exchange Offer.

Silver Fern Farms will pay all costs and expenses associated with the offer including legal and other professional fees, issue management and administration expenses and printing and distribution costs, together with all registry fees.

## 5. **WHAT RETURNS WILL I GET?**

### **Entitlement overview**

Returns to holders of Ordinary Shares may be a combination of:

- ⊙ distributions;
- ⊙ Marketing Rebates (including Performance Premium Payment System payments) payable in respect of livestock supplied under any Marketing Rebate System/Performance Premium Payment System that applies at the relevant time; and
- ⊙ the price received on any transfer or redemption of Ordinary Shares.

A brief description of each of the above types of returns is set out below.

### **Distributions**

#### ***Distributions generally***

Distributions (such as dividends) may be paid to the holders of the Ordinary Shares at the discretion of the Board.

Ordinary Shares will (as a class) rank equally with all other shares on issue for all Distributions. This does not mean that Distributions will be declared on each class equally. Partly paid Ordinary Shares rank proportionately for Distributions to the amount paid up at the date on which the Distribution is declared.

The Board shall determine what profits of Silver Fern Farms are available for distribution.

In respect of the 2011 Financial Year, the Board has declared a dividend of \$0.10 per Ordinary Share which will be payable on all Ordinary Shares on issue on the date that is one date after the allotment of Ordinary Shares under the Exchange Offer.

In respect of all other financial years, there are no specific dates on which Distributions are payable.

### **The Performance Premium Payment System**

The principal terms (insofar as they relate to the Ordinary Shares) of the Marketing Rebate System in effect at the date of this Investment Statement (commonly known as the "Performance Premium Payment System") are summarised below.

A key aspect of the Performance Premium Payment System is that participants are no longer compelled to purchase shares in Silver Fern Farms using the proceeds of their rebates.

Rather, eligibility to participate in the Performance Premium Payment System will be determined based on the number of Rebate Shares, Supplier Investment Shares and Ordinary Shares that are held. Additionally, a minimum of 400 Production Equivalents must be supplied to Silver Fern Farms in the relevant Season to participate in the Performance Premium Payment System.

As at the date of this Investment Statement, to be eligible to participate in Silver Fern Farms' Performance Premium Payment System, a participant must hold:

- ⊙ eight Shares (whether Rebate Shares, Supplier Investment Shares and/or Ordinary Shares) for each Production Equivalent in respect of the first 5,000 Production Equivalents supplied; and

- ⊙ three Shares (whether Rebate Shares, Supplier Investment Shares and/or Ordinary Shares) in respect of each subsequent Production Equivalent supplied over 5,000 Production Equivalents.

This shareholding requirement is capped at an aggregate of 100,000 Rebate Shares, Supplier Investment Shares and/or Ordinary Shares.

Performance Premium Payment System payments will be linked to a supplier's volume of livestock supplied to Silver Fern Farms, rather than to the number of Rebate Shares, Supplier Investment Shares and/or Ordinary Shares held.

The total number of Rebate Shares, Supplier Investment Shares and/or Ordinary Shares that must be held by a supplier at any time to participate in the Performance Premium Payment System is referred to as the "**Share Standard**", and this is calculated at the end of each Quarter, before any payments are made under the Performance Premium Payment System.

The number of Production Equivalents supplied for the purposes of this calculation is the average of the Production Equivalents supplied by that supplier over the previous three complete Seasons.

Production Equivalents are a measure determined by the Board from time to time, but are as at the date of this Investment Statement:

- ⊙ One cattle beast equals 12 Production Equivalents.
- ⊙ One deer equals 6 Production Equivalents.
- ⊙ One sheep, lamb, bobby calf, goat or other type of livestock equals 1 Production Equivalent.

Other key features and terms of the Performance Premium Payment System in respect of the 2011/2012 Season are set out in the document entitled "*You & Us Backbone Programme*", a copy of which may be obtained from Silver Fern Farms by calling 0800 362 362.

### ***Transfer – Ordinary Shares***

Ordinary Shares may be directly or indirectly legally or beneficially owned by any person, and holders need not be Transacting Shareholders.

Ordinary Shares, when fully paid, will be transferable and the Board may (but is not obliged to) facilitate transfers. The Board will retain a right to refuse registration of transfers in certain specified circumstances. Partly paid Ordinary Shares are not transferable.

A transferee of Ordinary Shares issued under the Exchange Offer who is not in compliance at the relevant time with any Minimum Supply Requirement will not become compliant as a consequence of acquisition of any Ordinary Shares from a holder who is in compliance with the Minimum Supply Requirement.

The full provisions regarding the transfer of Ordinary Shares are set out in Silver Fern Farms' Constitution and the Ordinary Share Terms.

### **Returns are not promised**

Amounts payable by way of Distributions and/or Marketing Rebates cannot be quantified in advance and the payment of any particular Distribution and/or Marketing Rebate is not promised by Silver Fern Farms.

**Persons liable to pay returns**

If the Board determines that a Distribution and/or Marketing Rebate should be paid, Silver Fern Farms is the person legally liable to pay the relevant Distribution and/or Marketing Rebate.

The dates on which, and the frequency with which, the returns described in this section will be due and paid are unknown.

**Taxes**

Taxes may affect the returns to investors.

The following comments on taxes are of a general nature only. They do not constitute legal advice. Transacting Shareholders should consult their own tax advisers concerning the tax consequences of owning Ordinary Shares, in light of their particular situation.

The Ordinary Shares are issued by Silver Fern Farms under the Companies Act, not the Co-op Act, and therefore the specific tax rules which apply to the surrender, redemption or repayment of certain shares issued by co-operative companies under the Co-op Act will not apply.

The surrender and cancellation of the Rebate Shares and Supplier Investment Shares for \$1.00, followed by the contemporaneous issue of Ordinary Shares for \$1.00, under the Exchange Offer will satisfy the tax requirements for capital cancellations, and consequently can be made free of any tax implications for both the shareholder and Silver Fern Farms.

An exception to the above would occur if a shareholder holds their shares in Silver Fern Farms on revenue account, in which case the distribution upon redemption will constitute gross income to the shareholder. However, in this case a deduction would be available to the shareholder for the original cost of the shares. Shareholders should consider their own circumstances, and take professional advice if they are uncertain as to the implications of accepting the Exchange Offer.

Distributions of dividends on Ordinary Shares will be subject to New Zealand withholding and final taxes but the holder's liability in respect of such taxes may be reduced or satisfied to the extent the distributions have imputation credits attached.

**Reserves/retentions**

Returns may be affected by Silver Fern Farms' level of reserves and/or retentions.

**No guarantee**

Neither Silver Fern Farms, nor any other person, guarantees or promises a return of capital, or any amount of returns, in relation to the Ordinary Shares.

The information set out in this section should be read in conjunction with the information set out in the section entitled "*What are my risks?*" below. The factors described in that section could reduce or eliminate the Distributions and/or Marketing Rebates that may be derived from holding Ordinary Shares, and/or the return that the holder of Ordinary Shares may receive on redemption or transfer of their shares.

## 6. **WHAT ARE MY RISKS?**

The majority of the business risks faced by the holders of Ordinary Shares will be the same as the business risks described in this section which they already face as the holders of Rebate Shares and Supplier Investment Shares.

### **Principal risks**

The principal risks for the holders of Ordinary Shares, if Silver Fern Farms suffers from financial difficulties, are:

- ⊙ the subscription money paid by shareholders on any Rebate Shares and Supplier Investment Shares exchanged by them for Ordinary Shares under the Exchange Offer not being recovered on any transfer or redemption of Ordinary Shares in the future; and
- ⊙ Silver Fern Farms may not be able to pay any Distributions in respect of Ordinary Shares and/or any Marketing Rebates.

### **Business risks**

- ⊙ *Economic conditions:* General economic factors such as economic activity levels, inflation, currency fluctuations, industrial disruption, interest rate fluctuations, commodity prices and changes in laws and government policy both in New Zealand and overseas may have a material and adverse impact on Silver Fern Farms' business, financial condition and/or performance.
- ⊙ *General operating risks:* Silver Fern Farms faces commercial risks such as commodity price weaknesses, the breakdown or failure of its plant or processes, natural disasters, fire (such as at its Te Aroha plant), adverse weather conditions (particularly those which have an adverse effect on the supply of livestock), animal disease, litigation and occupational health and safety issues and liabilities.
- ⊙ *Commodity prices:* Silver Fern Farms' profitability and performance can be materially affected if commodity prices in the markets in which Silver Fern Farms operates decline or are low, and if aggressive competitive activity in the New Zealand marketplace drives procurement prices up. These will result in declining margins, lower profitability and lower cash flows.
- ⊙ *Exchange rates:* As the large majority of Silver Fern Farms' sales are made in foreign currencies, the value of those currencies against the New Zealand dollar is material to Silver Fern Farms, and any significant and/or prolonged adverse movement in those currencies may have a material adverse impact on Silver Fern Farms' business, financial condition and/or performance. Silver Fern Farms has a treasury policy in place to manage this risk but exchange rate movements do affect Silver Fern Farms' performance. Strength in the New Zealand dollar relative to other currencies – and particularly the US dollar – materially impacts on the business, financial condition and/or performance of Silver Fern Farms and its subsidiaries.
- ⊙ *Financing:* Silver Fern Farms has material banking facilities, that are renewed from time to time. Should any of its financiers withdraw, materially alter amounts or the costs of facilities or not make further funds available from time to time, such actions could materially affect the performance of the company and its ability to operate.
- ⊙ *Climate:* Climate can have a material impact on Silver Fern Farms' operations and profitability, and adverse climate conditions can materially affect the performance of Silver Fern Farms.

- © *Resource Management Act*: Silver Fern Farms operates a number of activities that need to comply with the Resource Management Act 1991 and/or the directives of local authorities.
- © *Key relationships*: Silver Fern Farms' business and growth prospects are dependent on key supplier and customer relationships, the ability to develop these relationships and the ability to retain them in a competitive environment. It is the nature of Silver Fern Farms' business that key supplier and customer relationships are dynamic and subject to change. There is no certainty that current key supplier and customer relationships will continue to be successful or renewed on similar terms, or that if discontinued they could be satisfactorily replaced.
- © *Competition*: The core areas of Silver Fern Farms' business are highly competitive. In order to match market or non-market related procurement over a sustained period, Silver Fern Farms may need to reduce its margins and any such reduction could have a material adverse effect on Silver Fern Farms' business, financial condition and/or performance. Such material adverse effects may also result from changes in the competitive environment or the preferences of consumers.
- © *Potential reputational risk occurring and impacting on our brand value*: Reputational risk may arise from any number of events or associations including:
  - adverse trends in financial performance;
  - poor customer service;
  - a drop in product quality or a product integrity / food safety issue;
  - regulatory infraction;
  - environmental harm;
  - unethical or unfair treatment of corporate stakeholders; and
  - inappropriate actions of staff, directors, suppliers, shareholders and / or customers.

With the rise of pressure groups and social media platforms, negative publicity can have a far greater impact than in the past. The risk of potential damage to the Silver Fern Farms brand is heightened as the consumer-facing brand bears the same identity as the company, and any adverse publicity about the organisation may have negative consequences on sales. Developing a desired reputation depends on creating a sustainable connection between target characteristics of features such as quality, price and service and external perceptions of these.

- © *Livestock availability*: Livestock availability is subject to suppliers achieving competitive returns from producing and selling livestock as compared to other land-use options that may be available to them. If livestock availability is reduced, including due to suppliers adopting other land-use options, then this may have a material adverse effect on Silver Fern Farms' business, financial condition and/or performance.
- © *Food safety*: Silver Fern Farms is at risk of sanctions by the Ministry of Agriculture and Forestry or importing countries if food safety compliance failures are identified. Sanctions can range from the loss of export status to individual markets, through to temporary plant closures and destruction of meat inventories. Such events occur from time to time within the industry in New Zealand. Reinstatement of licences and resumption of production typically occurs within a few days, but a serious issue could result in a significantly longer outage.
- © *Diseases*: As a business based on livestock, Silver Fern Farms is at risk from any outbreak of exotic and other diseases either in New Zealand or overseas. Such an event affecting any of the livestock species in New Zealand may force Silver Fern Farms to suspend export of products from the infected species and possibly other or all meat exports. It is also possible that certain markets may prohibit the import of

product from New Zealand in the event of the outbreak or suspected outbreak of a disease in New Zealand. An occurrence of this nature may have a material adverse effect on Silver Fern Farms' business, financial condition and/or performance.

- © *Employee issues:* As with any major employer and exporter, Silver Fern Farms is at risk from prolonged industrial action either by its own workforce or by services that are sourced externally. Widespread and prolonged industrial action would have a material impact on Silver Fern Farms' business, financial condition and/or performance. Low unemployment levels in New Zealand and the aging nature of the skilled employee base have resulted, and may in the future result, in a shortage of labour and if Silver Fern Farms were to suffer a significant inability to retain the personnel that it required with the right skill sets (including seasonal labour), this could have a material impact on Silver Fern Farms' business, financial condition and/or performance. From time to time, employees may make claims against Silver Fern Farms, including in respect of accidents in the workplace, and any material claim or claims, if proven, could impact on profitability.
- © *Plant utilisation:* Silver Fern Farms considers from time to time the issue of plant utilisation. Should Silver Fern Farms elect to close a plant and/or plants then this may have a short-term material adverse effect on its financial condition and/or performance. A breakdown or failure of a Silver Fern Farms plant or plants could result in a significant period of inactivity at that plant or those plants, and that could have a material adverse effect on Silver Fern Farms.
- © *Market access:* Silver Fern Farms, together with New Zealand's other main meat exporters, is restricted by product sales quota in several key overseas markets, including the United States and the European Union. While quota mechanisms differ by market, their existence may result in Silver Fern Farms being forced to sell into alternative markets at lower prices, which would adversely affect Silver Fern Farms' margins and/or performance. Quota is calculated on a three-year rolling average and any loss of quota may adversely affect Silver Fern Farms' business, financial condition and/or performance. Over time, the European Union may become more restrictive in its access arrangements and quotas, and in its interpretation of existing access arrangements and quotas.
- © *Litigation and claims:* As a company with global operations, Silver Fern Farms faces the possibility of lawsuits and claims in many jurisdictions if product, supply, service or other issues arise. If any such claims were material and proven, they could have a material adverse effect on Silver Fern Farms, its business, its financial condition and its performance.
- © *Costs:* A material increase in the costs faced by Silver Fern Farms could have material adverse implications for Silver Fern Farms. Major cost items include insurances, electricity, freight, procurement costs, plant repairs and maintenance and labour.
- © *Retention:* Ten percent (10%) of the schedule, contract or other price of livestock supplied to Silver Fern Farms by suppliers that elect to participate in the Performance Premium Payment System in respect of that livestock will be retained by Silver Fern Farms and, at the discretion of Silver Fern Farms, paid out at a later date. There is a risk that if Silver Fern Farms makes a loss in the financial year in which the livestock was supplied, or if Silver Fern Farms suffers from financial difficulties, Silver Fern Farms may not be able to repay this retained amount to suppliers.

### **Consequences of insolvency**

No holder of Ordinary Shares issued under the Exchange Offer will be liable to pay any further amounts to Silver Fern Farms or any other person in respect of the Ordinary Shares if Silver Fern Farms becomes insolvent.



If Silver Fern Farms is liquidated or becomes insolvent, the assets of Silver Fern Farms will be sold and the proceeds applied first to meet the claims of any creditors of Silver Fern Farms, whether the creditor is preferred, secured or unsecured, and the claims of holders of any preference shares issued by Silver Fern Farms. If there are surplus assets remaining (after payment of all fees, expenses, costs of liquidation, payment to all creditors and the holders of preference shares and other preferential payments) the holders of Ordinary Shares shall be entitled to participate in distributions of surplus moneys on the following basis:

- ⊙ an amount up to the issue price of the relevant Ordinary Shares (to the extent paid up), payment which would rank equally with the nominal amount paid for shares that have a nominal value (for example, Rebate Shares and Supplier Investment Shares); and
- ⊙ as to any balance, pari passu with all other Shares which confer rights to surplus assets on a liquidation.

## 7. **CAN THE INVESTMENT BE ALTERED?**

### **Subscription price**

After the Ordinary Shares have been issued there is no right to increase the amount payable by the applicant for such Ordinary Shares.

The Ordinary Shares issued pursuant to the Exchange Offer will be issued fully paid up.

### **Terms**

The rights attached to the Ordinary Shares, to the extent that they are set out in Silver Fern Farms' Constitution, can only be changed by Silver Fern Farms if approved by a special resolution of the holders of the Ordinary Shares, as applicable, passed at a meeting of such group called for that purpose. In order to be passed, the special resolution needs to be approved by at least 75 percent of the votes of those holders of Ordinary Shares, as applicable, entitled to vote and voting on that resolution, provided that such percentage must include a majority of the votes exercisable by Current Suppliers, and voting, on the resolution.

The Board may at any time make any alteration, modification, variation or addition to the Ordinary Share Terms if in the opinion of the Board:

- ⊙ it is made to correct an unintended outcome or a manifest error or is of a formal or technical nature; or
- ⊙ it is not likely to become prejudicial to the interests of the holder of the Ordinary Shares or the holder of any other class of Shares.

### **Discretions**

In addition, Silver Fern Farms' Constitution and the Ordinary Share Terms confer various discretions on Silver Fern Farms and the Board. The principal discretions that can be exercised under those terms include:

- ⊙ determination of the terms and application of the Marketing Rebate System;
- ⊙ determination of Distributions, if any;
- ⊙ determination of whether an Ordinary Share may be transferred or not; and
- ⊙ determination of whether a shareholder's Ordinary Shares may be redeemed or not.

Silver Fern Farms can issue preference shares or other securities that rank ahead of the Ordinary Shares for payment of principal, Distributions and Marketing Rebates.

### **Further information**

The principal terms of the Ordinary Shares are described in detail in the section of this Investment Statement entitled “*Principal Terms of the Ordinary Shares*”, commencing on page 8.

## **8. HOW DO I CASH IN MY INVESTMENT?**

### ***Transfer – Ordinary Shares***

Ordinary Shares may be directly or indirectly legally or beneficially owned by any person, and holders need not be Transacting Shareholders.

Ordinary Shares, when fully paid, will be transferable, and the Board may (but is not obliged to) facilitate transfers. The Board will retain a right to refuse registration of transfers in certain specified circumstances. Partly paid Ordinary Shares are not transferable.

A transferee of Ordinary Shares issued under the Exchange Offer who is not in compliance at the relevant time with any Minimum Supply Requirement will not become compliant as a consequence of acquisition of any Ordinary Shares from a holder who is in compliance with the Minimum Supply Requirement.

The full provisions regarding the transfer of Ordinary Shares are set out in Silver Fern Farms’ Constitution and the Ordinary Share Terms.

The Ordinary Shares issued pursuant to the Exchange Offer have not been approved for trading on a “registered market” (as that term is defined in the Securities Markets Act 1988) but will be quoted on the Unlisted trading market (as with the existing Ordinary Shares issued by Silver Fern Farms). Accordingly, in the opinion of Silver Fern Farms, there is an established market for trading in the Ordinary Shares.

Unlisted is not a “registered market” or authorised securities exchange, or regulated under New Zealand securities exchanges law. Unlisted is an unregistered securities trading facility. Efficient Market Services Limited, which operates Unlisted, accepts no responsibility for any statement in this Investment Statement. Trading in shares quoted on Unlisted can only be undertaken via brokers and investors trading in shares quoted on Unlisted trade at their own risk.

### ***Redemption***

The Ordinary Shares of a shareholder are redeemable for a redemption price set by the Board at the applicable time as the price at which Silver Fern Farms is prepared to issue Ordinary Shares (or if there is no such price, an amount equivalent to the price at which the relevant Ordinary Shares were issued) only at the option of Silver Fern Farms, if:

- ⊙ the shareholder has not been a Current Supplier or Supplier during the immediately preceding five years;
- ⊙ the shareholder has died and his or her personal representative has requested the redemption by giving not less than 60 days’ notice in writing to Silver Fern Farms;
- ⊙ the shareholder has permanently disposed of, or permanently changed the use of, the shareholder’s property and other assets with the result that the shareholder does not have the capacity to continue or resume to be a Current Supplier or Supplier in respect of that property, the notice given in respect of the redemption certifies as to the matters referred to in this paragraph, and the Board is satisfied that the disposal or change of use is permanent, has occurred on a bona fide arm’s length basis to an

unrelated third party, and not with the intention or collateral objective of securing for the shareholder redemption in circumstances, or at a time or times, where redemption might or would not otherwise be available;

- ⊙ the shareholder has ceased to be a Current Supplier;
- ⊙ the shareholder has failed to comply in a material respect with requirements as to transactions contained in any contract or terms of supply entered into between Silver Fern Farms or any subsidiary of Silver Fern Farms and the shareholder;
- ⊙ the shareholder has failed to pay, within 30 days after due notice requiring moneys to be paid, any moneys due and payable to Silver Fern Farms or to any subsidiary of Silver Fern Farms;
- ⊙ the shareholder holds less than the minimum holding of Ordinary Shares as determined by the Board pursuant to Silver Fern Farms' Constitution;
- ⊙ the shareholder or any person in which the shareholder is interested (as set out in section 139(1) of the Companies Act) is in competition with the business of Silver Fern Farms;
- ⊙ the redemption of those Ordinary Shares is necessary to maintain the co-operative principles of Silver Fern Farms; or
- ⊙ Silver Fern Farms so agrees, in writing, with the shareholder to redeem such shares.

Ordinary Shares are not redeemable at the election of shareholders.

**9. *WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?***

Any enquiries about Ordinary Shares should be directed to:

Legal Counsel  
Silver Fern Farms Limited  
218 George Street  
Dunedin 9016

PO Box 941  
Dunedin 9054

Telephone: 0800 362 362  
Facsimile: (03) 477 0528  
Email: [craig.billows@silverfernfarms.co.nz](mailto:craig.billows@silverfernfarms.co.nz)

**10. *IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?***

Any complaints about Ordinary Shares can be directed to:

Legal Counsel  
Silver Fern Farms Limited  
218 George Street  
Dunedin 9016

PO Box 941  
Dunedin 9054

Telephone: 0800 362 362  
Facsimile: (03) 477 0528

Email: craig.billows@silverfernfarms.co.nz

There is no ombudsman for this type of investment and therefore complaints about the Ordinary Shares are not able to be made to an ombudsman.

**11. *WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?***

**Prospectus and financial statements**

Other information about the Ordinary Shares and Silver Fern Farms is contained or referred to in the Registered Prospectus for the Exchange Offer issued by Silver Fern Farms, and in the most recent financial statements of Silver Fern Farms. A copy of the full Ordinary Share Terms is set out in an appendix to the Registered Prospectus.

A copy of the Registered Prospectus for the Exchange Offer, the most recent financial statements of Silver Fern Farms, Silver Fern Farms' Constitution, and the Ordinary Share Terms can be obtained, free of charge, from:

Legal Counsel  
Silver Fern Farms Limited  
218 George Street  
Dunedin 9016

PO Box 941  
Dunedin 9054

Telephone: 0800 362 362  
Facsimile: (03) 477 0528  
Email: craig.billows@silverfernfarms.co.nz

The Registered Prospectus for the Exchange Offer, the most recent financial statements of Silver Fern Farms, Silver Fern Farms' Constitution and other documents of, or relating to, Silver Fern Farms are filed on a public register at the Companies Office of the Ministry of Economic Development and are available there for public inspection. Copies are also available from Silver Fern Farms' website (<http://www.silverfernfarms.co.nz>) and from the Companies Office website (<http://www.business.govt.nz/companies>).

**Annual report**

In each year every holder of Ordinary Shares will be sent a copy of the Annual Report of Silver Fern Farms.

This Annual Report includes the financial statements of Silver Fern Farms for the relevant financial year.

**On request information**

The information which is available on request from Silver Fern Farms is a copy of the Registered Prospectus for the Exchange Offer, a copy of the most recent financial statements of Silver Fern Farms, Silver Fern Farms' Constitution, the Ordinary Share Terms, the latest Annual Report of Silver Fern Farms and any other information that a holder of Ordinary Shares is entitled to request under regulation 44 of the Securities Regulations 2009.

Any request for such information should be made to:

Legal Counsel  
Silver Fern Farms Limited  
218 George Street  
Dunedin 9016

PO Box 941  
Dunedin 9054

Telephone: 0800 362 362  
Facsimile: (03) 477 0528  
Email: [craig.billows@silverfernfarms.co.nz](mailto:craig.billows@silverfernfarms.co.nz)

No charge will be made for the information provided to each applicant.

In addition, a holder of Ordinary Shares is entitled to request information from Silver Fern Farms in accordance with section 178 of the Companies Act. Silver Fern Farms is permitted to charge a reasonable amount for supplying that information in accordance with section 178.

## GLOSSARY OF TERMS

*Capitalised terms used but not defined in this Investment Statement have the meanings given to them in Silver Fern Farms' Constitution.*

**2011 Financial Year** means the financial year of Silver Fern Farms ended 30 September 2011.

**Application Form** means the Application Form attached to this Investment Statement, or an Application Form provided separately by Silver Fern Farms that is in substantially the same form, to be used by Transacting Shareholders for participation in the Exchange Offer.

**Board** means the Directors of Silver Fern Farms acting as a board.

**Closing Date** means Friday, 16 December 2011, or such other date as Silver Fern Farms determines in its discretion.

**Companies Act** means the Companies Act 1993.

**Co-op Act** means the Co-operative Companies Act 1996.

**Current Supplier** has the meaning given to that term in Silver Fern Farms' Constitution, being a Silver Fern Farms shareholder who has supplied Stock to Silver Fern Farms during the current Season and/or the immediate past Season.

**Director** means a director of Silver Fern Farms.

**Distribution** means, in relation to a distribution by Silver Fern Farms to a shareholder:

- (a) the direct or indirect transfer of money or property, other than Silver Fern Farms' own shares, to or for the benefit of the shareholder; or
- (b) the incurring of a debt to or for the benefit of the shareholder,

in relation to shares held by that shareholder, and whether by means of a purchase of property, the redemption or other acquisition of shares, a distribution of indebtedness, or by some other means and except where inconsistent with the context.

**Exchange Offer** means the offer by Silver Fern Farms to Transacting Shareholders to exchange all their existing Rebate Shares and/or Supplier Investment Shares for Ordinary Shares issued by Silver Fern Farms, and to subscribe for Ordinary Shares, on the basis set out in this Investment Statement and the Registered Prospectus.

**Marketing Rebate** means a pricing premium payable under the Marketing Rebate System, and has the meaning given to that term in the Constitution.

**Marketing Rebate System** means any system in effect from time to time, as determined by the Board, under which holders of Rebate Shares, Supplier Investment Shares and Ordinary Shares are eligible for Marketing Rebates, and which, as at the date of this Investment Statement, is known as the "Performance Premium Payment System".

**Minimum Supply Requirement** has the meaning given to that term in the Ordinary Share Terms and is also referred to in the section of this Investment Statement entitled "*Principal Terms of the Ordinary Shares*", commencing on page 8.

**Opening Date** means Friday, 25 November 2011, or such other date as Silver Fern Farms determines in its discretion.

**Ordinary Shares** means the shares known as Ordinary Shares to be issued, and issued, in accordance with the Ordinary Share Terms which are offered for subscription under this Investment Statement and the Registered Prospectus.

**Ordinary Share Terms** means the terms of issue of the Ordinary Shares attached as an appendix to the Registered Prospectus.

**Production Equivalent** is determined as follows:

- (a) one cattle beast equals 12 Production Equivalents;
- (b) one deer equals 6 Production Equivalents; and
- (c) one sheep, lamb, bobby calf, goat or other type of livestock equals 1 Production Equivalent,

in each case as at the date of this Investment Statement, but may be altered from time to time by the Board after such date.

**Rebate Shares** means the fully paid ordinary shares issued by Silver Fern Farms and known as Rebate Shares, as referred to in clauses 3.5(a)(i) and 3.5(b) of Silver Fern Farms' Constitution.

**Registered Prospectus** means the Registered Prospectus dated on or about 17 November 2011 relating to the Exchange Offer.

**Season** has the meaning given to that term in Silver Fern Farms' Constitution, being the period from 1 October in any year to 30 September in the following year, or such other period as the Board may from time to time determine.

**Silver Fern Farms** means Silver Fern Farms Limited.

**Silver Fern Farms' Constitution** means the Constitution of Silver Fern Farms in effect from time to time and at the applicable time.

**Supplier Investment Shares** means the ordinary shares issued by Silver Fern Farms and known as Supplier Investment Shares, as referred to in clauses 3.5(a)(ii) and 3.5(c) of Silver Fern Farms' Constitution.

**Transacting Shareholder** has the meaning given to that term in section 4 of the Co-op Act.

**DIRECTORY****DIRECTORS OF SILVER FERN FARMS**

Eoin Reay Hamilton Garden  
David Alfred Shaw  
Angus Collis Mabin  
Peter Herstatt Ulrich  
Robert James Hewett  
Richard John Somerville  
Trevor John Burt  
Antony John Balfour

**REGISTERED OFFICE OF SILVER FERN FARMS AND ADDRESS FOR COMMUNICATIONS**

218 George Street  
Dunedin 9016

PO Box 941  
Dunedin 9054

**LEGAL ADVISERS TO SILVER FERN FARMS**

Harmos Horton Lusk Limited  
Level 37, Vero Centre  
48 Shortland Street  
Auckland

PO Box 28  
Shortland Street  
Auckland 1140



## APPLICATION INSTRUCTIONS FOR THE EXCHANGE OFFER

**Please read the Investment Statement carefully before completing the Application Form.**

### GENERAL

Applications for Ordinary Shares may be lodged from the opening date of the Exchange Offer on Friday, 25 November 2011.

The Exchange Offer will remain open until 5pm on Friday, 16 December 2011. These opening and closing dates may be changed by Silver Fern Farms in its discretion.

Silver Fern Farms will not accept applications which are received after the Closing Date.

An application will constitute an irrevocable offer:

- Ⓒ to surrender **ALL of the Rebate Shares and ALL of the Supplier Investment Shares** that are held by the applicant (irrespective of whether the applicant incorrectly inserts a lesser or greater number of such shares actually held by the applicant in the Application Form), and to subscribe for a number of Ordinary Shares equal to the number of Rebate Shares and Supplier Investment Shares held by the applicant; and
- Ⓒ to subscribe for the number of Ordinary Shares specified in the Application Form,

in each case on the terms and conditions set out in this Investment Statement.

### **Applications cannot be revoked or withdrawn.**

Following the Closing Date, each successful applicant will be sent a statement setting out the number of Ordinary Shares issued to that applicant (unless the Board exercises its discretion and determines at any time prior to the Closing Date that the issue of Ordinary Shares under the Exchange Offer will not proceed).

### THE APPLICATION FORM

Please complete all relevant sections of the Application Form using CAPITAL LETTERS. If the applicant's details are not on the Application Form, then the applicant must complete them. Insert full name(s), number of Rebate Shares, number of Supplier Investment Shares, address and telephone numbers. Applications must be in the name(s) of the holder of Rebate Shares and Supplier Investment Shares.

Silver Fern Farms may accept any Application Form not correctly completed as being valid, and may correct errors and omissions (including the number of Rebate Shares and Supplier Investment Shares held by the applicant), in its sole discretion.

### **Full name details**

This form may only be used by the exact legal entity which holds Rebate Shares and Supplier Investment Shares. This name is pre-printed on the Application Form sent separately to Transacting Shareholders (but not on the version in this Investment Statement). If the name of the applicant does not match exactly the name of the holder of Rebate Shares and Supplier Investment Shares, the application may not be accepted.

### **Postal address**

The applicant's currently recorded postal address is pre-printed on the Application Form sent separately to Transacting Shareholders (but not on the version in this Investment Statement). If necessary, please update in the space provided. All communications to the applicant from Silver Fern Farms (including allotment statements) will be mailed to the address as shown. For joint applicants, only one address is to be entered.

### **Telephone number and email address**

Applicants should enter their telephone number(s) and email address in the space provided in case Silver Fern Farms needs to contact an applicant in relation to their application.

### **Signing**

Read the Investment Statement, the Application Form and the declaration carefully and **sign** the Application Form.

It must be signed by applicants personally. Companies or other bodies corporate must sign in the same way as they would sign a formal deed or other formal legal document. Applications may, in either case, be executed by an attorney. If the Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the applicable certificate of non-revocation of power of attorney at the bottom of the Application Form.

### **Payment**

No payment is required by applicants in respect of Ordinary Shares subscribed for under the Exchange Offer.

### **Delivery**

Application Forms must be mailed or delivered, to arrive before **5pm on Friday, 16 December 2011** to:

Silver Fern Farms Share Offer  
c/- Link Market Services  
Level 16, Brookfields House  
19 Victoria Street West  
Auckland

**OR**

Silver Fern Farms Share Offer  
c/- Link Market Services  
PO Box 91976  
Auckland 1142

*Please lodge Application Forms AS SOON AS POSSIBLE.*

### **PERSONAL INFORMATION RIGHTS**

Personal information provided by the applicant may be held by Silver Fern Farms at its registered office or at Link Market Services. This information will be used for the purpose of managing the applicant's holding of Ordinary Shares (if the applicant is successful). Pursuant to the Privacy Act 1993, applicants have the right to access and correct any personal information about them.

## APPLICATION FORM FOR THE EXCHANGE OFFER

**(Please complete all details not already inserted using CAPITAL LETTERS)**

This application is for Ordinary Shares in Silver Fern Farms Limited offered under the Investment Statement dated 17 November 2011. You can obtain the Investment Statement from Silver Fern Farms by calling 0800 362 362. For instructions on how to complete and deliver this form, please see pages 32 to 33 of the Investment Statement. This form is only for use by Transacting Shareholders (as defined in the Investment Statement) who wish to apply for Ordinary Shares under the Exchange Offer.

### A. FULL NAME AND SUPPLIER NUMBER DETAILS

*The name of the applicant must be the same as the exact legal entity which holds Rebate Shares and/or Supplier Investment Shares.*

Full Name:   
 Supplier Number:

### B. EXCHANGE OFFER – NUMBER OF REBATE SHARES AND SUPPLIER INVESTMENT SHARES HELD AND EXCHANGED

Number of Rebate Shares:   
 Number of Supplier Investment Shares:   
 Number of Ordinary Shares that can be received in the Exchange Offer:

### C. POSTAL ADDRESS DETAILS

Number and Street:   
 Suburb:   
 City:   
 Postcode:

### D. CONTACT DETAILS

Home:  Work:  Mobile:   
 Email:

### E. DECLARATION AND SIGNATURE

I/We hereby:

- acknowledge that I/we have received a copy of the Investment Statement before completing this application, if I/we have requested it;
- irrevocably surrender all my/our Rebate Shares and Supplier Investment Shares and irrevocably subscribe for a number of Ordinary Shares equal to the aggregate number of Rebate Shares and Supplier Investment Shares being surrendered; and
- irrevocably subscribe for the total number of Ordinary Shares specified above,

upon the terms and conditions set out in the Investment Statement, and acknowledge that I/we are legally bound by any decision of Silver Fern Farms to allocate me/us Ordinary Shares pursuant to the Exchange Offer.

Signature(s) of applicant (or for companies, execute as a deed).

Applicant #1:  Date:   
 Joint applicant #2:

**ADDITIONAL APPLICATION TERMS**

1. By signing this Application Form, the applicant acknowledges that:
  - (a) the applicant's offer to subscribe for Ordinary Shares is made upon and subject to the terms and conditions set out in the Investment Statement; and
  - (b) if the applicant has requested and received the Investment Statement, the applicant has read and understood the Investment Statement.
2. An application cannot be withdrawn or revoked by the applicant.
3. An applicant does not have any interest in, nor right of entitlement to, any Ordinary Shares unless and until, and then only to the extent that, the Ordinary Shares are allotted to that applicant by Silver Fern Farms.
4. A statement setting out the number of Ordinary Shares allotted to the applicant will be dispatched to successful applicants as soon as practicable after allotment.
5. Applications must conform with the application instructions. Silver Fern Farms may accept any Application Form not correctly completed as being valid and reserves the right to correct any errors or omissions in the Application Form.
6. Expressions defined in the Investment Statement have the same meanings in this Application Form. This Application Form, the Exchange Offer and any contract arising out of acceptance of the offer contained in the Investment Statement are governed by New Zealand law.

**CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY (if attorney is an individual)**

I,  of  certify:  
(Full name of attorney) (Place and country of residence, and occupation)

1. That by deed dated the  day of  /  ,  of   
(Full name of person for whom attorney is signing) (Place and country of residence of person for whom attorney is signing)

appointed me his/her/its attorney.

2. That I have not received notice of any event revoking the power of attorney.

Signed at  this  day of  2011

(Signature of attorney)

**CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY (if attorney is a body corporate)**

I,  of  certify:  
(Full name of attorney) (Place and country of residence, and occupation)

1. That by deed dated the  day of  /  ,  of   
(Full name of person for whom attorney is signing) (Place and country of residence of person for whom attorney is signing)

appointed as attorney  , a body corporate having its registered office or principal place of business at   
(Full name of body corporate holding power of attorney) (Address of registered office or principal place of business)

and I am authorised to give this certificate on its behalf. The capacity in which I give this certificate for the attorney is as:

**director / officer / or other capacity** (please circle one).

2. That I have not received notice of any event revoking the power of attorney and to the best of my knowledge and belief no such notice has been received by:

or by any employee or agent of that body corporate.  
(Full name of body corporate holding attorney)

Signed at  this  day of  2011

(Signature of attorney)