This document is a replacement product disclosure statement, replacing the previous replacement product disclosure statement dated 27 November 2018 issued by Farmlands Co-operative Society Limited.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose. Farmlands Co-operative Society Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.
1.0 KEY INFORMATION SUMMARY

WHAT IS THIS?
This is an offer of ordinary shares ("Shares") in Farmlands Co-operative Society Limited ("Farmlands"). Shares give you a stake in the ownership of Farmlands. You could receive a return reflecting the performance of Farmlands through rebates or other distributions declared by the Board.

If Farmlands runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

ABOUT THE FARMLANDS GROUP
Farmlands, together with its subsidiaries ("Farmlands Group"), is a rural supplies and services co-operative within New Zealand. The Farmlands Group offers a wide range of products and services including its retail stores, charge card partners, a national fuel distribution network, nutrition solutions, grain and seed product offerings and agricultural advice to Shareholders.

Farmlands is a society registered under the Industrial and Provident Societies Act 1908.

PURPOSE OF THIS OFFER
Shares will only be issued to persons who qualify for membership in Farmlands in accordance with Farmlands’ rules ("Rules"). In order to become a member of Farmlands ("Shareholder") you must purchase at least 500 Shares.

The purpose of this offer is to enable the issue of:

a) initial Shares to enable persons to become Shareholders; and
b) distributions or rebates to Shareholders in the form of additional Shares, up to the current maximum shareholding of 15,000 Shares per Shareholder (or otherwise as determined by the Board from time to time).

Farmlands will use the proceeds of the offer for the general corporate purposes of the Farmlands Group rather than for a specific activity.

Key terms of the offer

| Brief description of the Shares | The Shares being offered are ordinary shares in Farmlands. Each Share has a nominal value of $1.00. Farmlands only has one class of share on issue. Each Share confers on its holder the right to vote, receive rebates and distributions authorised by the Board and to share in the distribution of the surplus assets of Farmlands in accordance with the Rules. The Shares may only be surrendered in certain circumstances. |
| Price of the Shares             | $1.00 per Share (being the nominal value specified in the Rules). Under the Rules, the nominal value of the Shares can be changed by the Board from time to time provided that the change is authorised by an ordinary resolution of Shareholders. |
| Date offer of Shares opens      | 3 December 2016 |
| Date offer of Shares closes     | This is a continuous offer of Shares. The offer therefore has no closing date but the Board is not obliged to accept applications and can decide to cease or suspend offering Shares at any time. |
| Shareholding Requirements      | In order to become a Shareholder, you must make a minimum investment of $500.00 (being 500 Shares) ("Initial Subscription"). You will only be issued Shares if, in the opinion of the Board, you will be a Transacting Shareholder. As this is a continuous offer of Shares, there is no minimum number of Shares that must be subscribed for by Shareholders collectively before the Shares are issued. |
Key terms of the offer cont.

<table>
<thead>
<tr>
<th><strong>Maximum Shareholding</strong></th>
<th>The maximum number of Shares that a Shareholder may hold is 15,000. The maximum number or value of Shares that may be held by a Shareholder is as determined by the Board from time to time in accordance with the Rules.</th>
</tr>
</thead>
</table>
| **Liability of shareholders to make further payments in relation to the Shares after issue** | The Initial Subscription is $500.00 which is payable, at your election, either:  
a) as a charge on your Farmlands Account, with the full $500 to be charged to your first monthly statement; or  
b) as a charge on your Farmlands Account, with $200.00 to be charged to your first monthly statement and $100.00 to each of your next three monthly statements; or  
if you are a permanent employee of Farmlands or one of its related companies, at Farmlands’ discretion, you also have the option of paying for the Initial Subscription:  
c) as a charge on your Farmlands Account, with $60.00 to be charged to your first monthly statement and $55.00 to each of your next eight monthly statements.  
No votes attach to the Shares until they are paid up (see section 5 on page 10 under the heading ‘Rights and Entitlements’). |
| **Rebates and other distributions** | Under the Rules the Board has the power to declare rebates or other forms of distributions which may be made, in whole or part, in cash, Shares or any other form determined by the Board. In this section, a reference to a rebate includes other forms of distribution such as additional Shares.  
You could receive a return reflecting the performance of Farmlands through rebates or other distributions declared by the Board, including:  
a) monthly discounts or rebates on purchases of goods and services from Farmlands and certain third party suppliers with whom Farmlands has discount or rebate arrangements (“Monthly Rebates”); and/or  
b) a proportion of the profits of Farmlands (which may be paid in cash, credit or additional Shares) which are generally paid annually but may be paid more or less frequently (“Annual Rebates”). Shareholders do not have the right to require payment in cash or credit if the Board determines to issue additional Shares. Annual Rebates may be calculated by reference to the number, value or volume of, or the profit derived by Farmlands from transactions by Shareholders or through Farmlands and/or the number of Shares you hold. |
| **Surrender or transfer of Shares** | See section below entitled ‘How can you get your money out’ for a description of how Shares may be surrendered or transferred. |

**HOW YOU CAN GET YOUR MONEY OUT?**

Farmlands does not intend to quote these Shares on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Shares.

In general, persons investing in shares in an industrial and provident society do so in order to transact with the society and to be entitled to rebates based on their trading with the society, rather than to obtain capital gains in the value of the shares. Holders of Shares are unlikely to be able to transfer or surrender their Shares for more than the nominal value of $1.00 per Share.

**Subject to restrictions in the Rules, you may:**
a) sell or transfer your Shares to any person who is, or will become, a Transacting Shareholder of Farmlands; or  
b) withdraw from Farmlands membership and surrender your Shares.

**The general method of disposing of Shares is to surrender your Shares to Farmlands if you have ceased to be a Transacting Shareholder. In addition, Farmlands can require you to surrender your Shares in certain circumstances including if you:**
a) have ceased to be a Transacting Shareholder (as a result of ceasing to trade with Farmlands for the period set out in the Rules);  
b) are in default of an obligation to Farmlands or one of its related companies (including an obligation to pay money); or  
c) if the surrender is otherwise considered to be in the best interests of Farmlands.

**KEY DRIVERS OF RETURNS**

Your returns are calculated based on your levels of trading with Farmlands in various product or service categories, rather than the number or value of Shares you hold.

The principal activities of the Farmlands Group, and therefore the activities likely to have the most impact on its financial performance, are the supply of and provision of rural products and services in New Zealand.

Maintaining and increasing market share in the rural products and services industry is therefore a key driver of returns for Farmlands and its subsidiaries.

Section 2 (Farmlands Group and what it does) on page 6 outlines the key drivers of returns in more detail, along with the key strategies and plans for these aspects of the business.
1.0 KEY INFORMATION SUMMARY CONT.

KEY RISKS AFFECTING THIS INVESTMENT

Farmlands considers that the most significant risk factors that could affect the returns received from holding the Shares are:

- Levels of Trade: Entitlements to Monthly Rebates depend on your levels of trade with Farmlands and the type of products and services you buy. You will only receive Monthly Rebates for products or services in a relevant category that you buy during that month that are paid for by the due date for payment.

- Profits and Retentions: Annual Rebates are only payable out of profits after any retention for the ongoing business of Farmlands at the discretion of the Board and in accordance with the Rules. There is no guarantee that an Annual Rebate will be paid in any year.

- Rural Industry Downturn – Farmlands may be affected by a downturn in the rural industry, or any part of it, which may reduce the financial performance of the Farmlands Group.

- Capital/Funding Constraints – As an industrial and provident society, Farmlands has greater limitations on its ability to raise equity capital to invest in large projects or initiatives. As a result, Farmlands would likely need to rely on raising debt finance if it intended to make such an investment, and would therefore be more dependent on the availability of debt finance at the relevant time.

This summary does not cover all of the risks of investing in the Shares. You should also read section 7 (Risks to Farmlands Group’s Business and Plans) on page 11.

WHERE YOU CAN FIND FARMLANDS GROUP’S FINANCIAL INFORMATION

The financial position and performance of the Farmlands Group is essential to the assessment of this offer. You should also read section 6 (Farmlands Group’s Financial Information) on page 11.

TABLE OF CONTENTS

1.0  Key Information Summary ................................................................. 2
    Letter from the Chairman of Farmlands ........................................ 5

2.0  Farmlands Group and what it does .................................................. 6

3.0  Purpose of the Offer ...................................................................... 9

4.0  Terms of the Offer ........................................................................ 9

5.0  Key features of the Shares .............................................................. 10

6.0  Farmlands Group’s Financial Information ....................................... 11

7.0  Risks to Farmlands Group’s Business and Plans ............................. 11

8.0  Tax .............................................................................................. 12

9.0  Where you can find more information ........................................... 12

10.0 How to Apply ................................................................................. 13

11.0 Contact Information .................................................................... 13

12.0 Glossary ...................................................................................... 13
On behalf of the Farmlands Board, thank you for your interest in subscribing for shares in Farmlands. The Farmlands Group is New Zealand’s largest rural supplies co-operative, offering a wide range of products, services and solutions to our large shareholder base. We service our shareholders through our network of 82 stores, in addition to a mobile fleet of technical experts.

We have dedicated teams that help our shareholders with decisions regarding Grain and Seed, Real Estate, Fuel and Lubricants, Horticulture and Nutrition. Our retail offering brings competitive pricing to rural New Zealand across every facet of rural supplies, while our Farmlands Card provides access to a network of partners and is a charge card accepted at more than 7,000 outlets nationwide. The Farmlands Card gives our shareholders the power to consolidate their spend into one simple monthly statement, bringing simplicity to their accounting.

By subscribing for shares in Farmlands and purchasing products and services from us, you will become a Transacting Shareholder of Farmlands. This enables you to receive rebates on your transactions through Farmlands, in addition to rebates or discounts on some of your purchases made with Farmlands Card Partners.

This Product Disclosure Statement provides an overview of the Farmlands Group and additional details of the shares. Please read this information carefully and contact the Farmlands team or your own professional advisors if you have any questions.

Farmlands was born in rural New Zealand and we are dedicated to seeing our part of New Zealand succeed. As a Transacting Shareholder, you will become part of one of New Zealand’s most prominent buying groups.

On behalf of the Board, I appreciate your expression of interest in our business and look forward to welcoming you to Farmlands.

Lachie Johnstone
Chairman
Farmlands Co-operative Society Limited
FARMLANDS GROUP AND ITS OPERATIONS

The Farmlands Group is a rural supplies and services co-operative that operates retail stores and a charge card business within New Zealand. Farmlands Co-operative Society Limited ("Farmlands") is the parent entity of the Farmlands Group. Other activities are undertaken through the subsidiaries identified below.

In addition to its retail and charge card operations, Farmlands also operates Fuel and Lubricants, Grain and Seed, Nutrition and Real Estate business units.

Farmlands is a society registered under the Industrial and Provident Societies Act 1908. It has carried on business since 1964, through a number of mergers and changes of name, the most recent being the amalgamation of Farmlands Trading Society Limited and Combined Rural Traders Society Limited on 1 March 2013.

As at the date of this PDS, Farmlands’ wholly owned subsidiary companies are:

- Farmlands Finance Limited;
- Farmlands Fuel Limited, which operates a fuel distribution network throughout New Zealand and distributes Gulf oils and lubricants;
- Farmlands Real Estate Limited, which primarily deals with the sale of rural land;
- Farmlands Real Estate Property Management Limited; and
- CRT Limited (non-trading).

The trading entity structure is as follows:

In 2017, Farmlands committed to a major transformation project at an estimated cost of $90 million over three years. This includes the replacement of legacy IT systems and scalable enhancements that will provide significantly improved information to better manage the business and deliver material benefits. Funding can be obtained within existing banking arrangements and Farmlands has balance sheet capacity for investment to enhance its offerings to Shareholders.

KEY ASPECTS OF FARMLANDS BUSINESS OPERATIONS

Farmlands considers that the following current and future aspects of the Farmlands Group’s business to have the most impact on the financial performance of the business. The key strategies and plans for these aspects of the business are also included.

<table>
<thead>
<tr>
<th>Current and future aspects of Farmlands’ business that impact financial performance</th>
<th>Key strategies and plans</th>
</tr>
</thead>
</table>
| **Volume of Sales**  
Farmlands ability to maintain and grow sales volumes or current and new products and services with its existing customers and new customers is a key driver of revenue and profitability for the Farmlands Group. | Success requires us to respond quickly to challenges, and requires us to be market leaders in agricultural knowledge and technical expertise on-farm. Our front line and field teams are critical to our success and we continue to invest in their training and knowledge base to ensure they have access to the latest information. |
| **Product Mix**  
Certain Farmlands products achieve higher levels of profitability than other Farmlands products. The mix of products offered to, and selected by, Farmlands customers is a key driver of the Farmlands Group’s profitability. | Farmlands has a diverse range of agricultural products and services which it offers to Shareholders across a wide agricultural base. |
| **Industry Risk**  
Farmlands has a high concentration of business activity in primary industries. As a result, a national event affecting agriculture (such as a foot and mouth outbreak) could lead to material reduction in trade and significantly affect the profitability of the Farmlands Group. | Farmlands manages its balance sheet closely to ensure that it is robust enough that any one-off market shock can be absorbed. |
DIRECTORS AND SENIOR MANAGERS

As at the date of this PDS, the directors of Farmlands are:
- Lachlan Johnstone (Lachie) Chairman;
- Nicole Davies-Colley (Nikki);
- Robert Hewett (Rob);
- Christopher Dennison (Chris);
- Julie Bohnenn;
- Warren Parker;
- Murray Donald;
- Hilary Sangster (Dawn);
- Gray Baldwin; and
- John Journee.

ACQUIRED BUSINESSES

As at the date of this PDS, no member of the Farmlands Group has acquired any business, or has become a subsidiary of Farmlands, or intends to acquire a business or acquire equity securities to result in a body corporate becoming a subsidiary of Farmlands, during the period since 30 June 2015 where financial information about the business or subsidiary is material information.

SUBSTANTIAL SHAREHOLDERS AND RELEVANT INTERESTS HELD BY DIRECTORS AND SENIOR MANAGERS

No shareholder in Farmlands holds a relevant interest in 5% or more of the shares on issue in Farmlands, nor will do so after the issue of the Shares under this offer.

All Shares held by Farmlands’ directors or senior managers have been acquired by the directors or senior managers in their capacity as Transacting Shareholders of Farmlands. Such shareholding details are not material information.

OTHER EQUITY SECURITIES IN FARMLANDS

The Shares are the only class of equity security of Farmlands.

Director remuneration and benefits

The total remuneration and value of other benefits received by each director of Farmlands for the financial year ended 30 June 2018 are as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Remuneration and value of benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lachlan Johnstone (Lachie)</td>
<td>$131,895</td>
</tr>
<tr>
<td>Donald McFarlane (Don) – retired 7 November 2017</td>
<td>$20,825</td>
</tr>
<tr>
<td>Nicole Davies-Colley (Nikki)</td>
<td>$65,279</td>
</tr>
<tr>
<td>David Ferraby (Joe) – retired 23 November 2018</td>
<td>$61,975</td>
</tr>
<tr>
<td>David Jensen – retired 23 November 2018</td>
<td>$61,975</td>
</tr>
<tr>
<td>Anthony O’Boyle (Tony) – retired 7 November 2017</td>
<td>$20,825</td>
</tr>
<tr>
<td>Peter Wilson – retired 23 November 2018</td>
<td>$67,583</td>
</tr>
<tr>
<td>Robert Hewett (Rob)</td>
<td>$61,975</td>
</tr>
<tr>
<td>Christopher (Chris) Dennison</td>
<td>$61,975</td>
</tr>
<tr>
<td>Julie Bohnenn (appointed 1 August 2017)</td>
<td>$52,150</td>
</tr>
<tr>
<td>Murray Donald (appointed 7 November 2017)</td>
<td>$41,150</td>
</tr>
<tr>
<td>Warren Parker (appointed 7 November 2017)</td>
<td>$41,407</td>
</tr>
</tbody>
</table>

No services were provided to Farmlands by any director other than in their capacity of acting as a director of Farmlands.
EMPLOYEE REMUNERATION OVER $100,000 PER ANNUM

There were 193 employees (or former employees) of Farmlands, not being directors of Farmlands, who during the financial year ended 30 June 2018, received remuneration and other benefits in their capacity as employees of Farmlands that in value was or exceeded $100,000.

The table below sets out the number of such employees or former employees in brackets of $10,000:

<table>
<thead>
<tr>
<th>Remuneration and value of benefits</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000 – $110,000</td>
<td>44</td>
</tr>
<tr>
<td>$110,000 – $120,000</td>
<td>25</td>
</tr>
<tr>
<td>$120,000 – $130,000</td>
<td>37</td>
</tr>
<tr>
<td>$130,000 – $140,000</td>
<td>20</td>
</tr>
<tr>
<td>$140,000 – $150,000</td>
<td>13</td>
</tr>
<tr>
<td>$150,000 – $160,000</td>
<td>6</td>
</tr>
<tr>
<td>$160,000 – $170,000</td>
<td>11</td>
</tr>
<tr>
<td>$170,000 – $180,000</td>
<td>2</td>
</tr>
<tr>
<td>$190,000 – $200,000</td>
<td>8</td>
</tr>
<tr>
<td>$200,000 – $210,000</td>
<td>4</td>
</tr>
<tr>
<td>$210,000 – $220,000</td>
<td>2</td>
</tr>
<tr>
<td>$220,000 – $230,000</td>
<td>2</td>
</tr>
<tr>
<td>$230,000 – $240,000</td>
<td>1</td>
</tr>
<tr>
<td>$240,000 – $250,000</td>
<td>1</td>
</tr>
<tr>
<td>$250,000 – $260,000</td>
<td>1</td>
</tr>
<tr>
<td>$280,000 – $290,000</td>
<td>2</td>
</tr>
<tr>
<td>$290,000 – $300,000</td>
<td>2</td>
</tr>
<tr>
<td>$310,000 – $320,000</td>
<td>1</td>
</tr>
<tr>
<td>$320,000 – $330,000</td>
<td>1</td>
</tr>
<tr>
<td>$330,000 – $340,000</td>
<td>1</td>
</tr>
<tr>
<td>$340,000 – $350,000</td>
<td>1</td>
</tr>
<tr>
<td>$350,000 – $360,000</td>
<td>1</td>
</tr>
<tr>
<td>$400,000 – $410,000</td>
<td>1</td>
</tr>
<tr>
<td>$420,000 – $430,000</td>
<td>1</td>
</tr>
<tr>
<td>$430,000 – $440,000</td>
<td>1</td>
</tr>
<tr>
<td>$440,000 – $450,000</td>
<td>1</td>
</tr>
<tr>
<td>$450,000 – $460,000</td>
<td>1</td>
</tr>
<tr>
<td>$560,000 – $570,000</td>
<td>1</td>
</tr>
<tr>
<td>$1,170,000 – $1,180,000</td>
<td>1</td>
</tr>
</tbody>
</table>

MATERIAL INTERESTS IN FARMLANDS (OR ANY OF ITS SUBSIDIARIES)

No directors and senior managers (or their associated persons) have a direct or indirect material interest in Farmlands or any of its subsidiaries, or in any agreement entered into on behalf of or in respect of Farmlands or any of its subsidiaries that is material to that director and Farmlands:

OTHER MATERIAL GOVERNANCE DISCLOSURES

The minimum number of directors of Farmlands is six and the maximum number is ten.

The Rules set out that up to a maximum of eight directors shall be appointed or elected to represent shareholders (“Shareholder Directors”) who reside in regions as follows:

a) a maximum of four Shareholder Directors shall be appointed to represent Shareholders who reside in regions within the North Island; and

b) a maximum of four Shareholder Directors shall be appointed to represent Shareholders who reside in regions within the South Island.

The Board may determine that each of the North Island and the South Island shall be divided into separate areas (each a “Region”) and that shareholders in each Region have the right to elect one or more Shareholder Directors. Shareholders are only entitled to vote for Shareholder Directors in relation to the Region in which they reside.

In addition, provided that there is no more than:

a) three elected Shareholder Directors representing shareholders in the North Island, then one Shareholder Director may be appointed by the Board to represent Regions in the North Island; and

b) three elected Shareholder Directors representing shareholders in the South Island, then one Shareholder Director may be appointed by the Board to represent Regions in the South Island.

Any such Board appointed Shareholder Directors will hold office until the next annual general meeting, where their continued appointment is subject to ratification by an ordinary resolution of shareholders resident in the relevant Island. Such Board appointments may not be contested.

All Shareholder Directors (whether appointed by the Shareholders or the Board) are required to be Transacting Shareholders of Farmlands, and must have been Transacting Shareholders of Farmlands during the three years preceding the date of their nomination or re-election (as the case may be).

The Board may also appoint up to two independent directors from time to time, provided that one must reside in the North Island and the other must reside in the South Island.
3.0 PURPOSE OF THE OFFER

The purpose of this offer is to enable the issue of:

a) initial Shares to enable persons to become Shareholders; and

b) distributions or rebates to members in the form of additional Shares, up to the current maximum shareholding of 15,000 Shares per Shareholder (or otherwise as determined by the Board from time to time).

The purpose of this offer of Shares is not therefore to raise capital for Farmlands, but as a mechanism for membership. Farmlands will use the proceeds of the offer for the general corporate purposes of the Farmlands Group rather than for a specific activity. The use of the funds raised will not change depending on the total amount that is raised.

4.0 TERMS OF THE OFFER

<table>
<thead>
<tr>
<th>Terms of the offer</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brief description of the Shares</td>
<td>The Shares being offered are ordinary shares (being ordinary nominal value shares in Farmlands). See section 1 (Key Information Summary) on page 2 for more information.</td>
</tr>
<tr>
<td>Price of the Shares</td>
<td>$1.00 per Share (being the nominal value specified in the Rules). Under the Rules, the nominal value of the Shares can be changed by the Board from time to time provided that the change is authorised by an ordinary resolution of Shareholders.</td>
</tr>
<tr>
<td>Date offer of Shares opens</td>
<td>3 December 2016</td>
</tr>
<tr>
<td>Date offer of Shares closes</td>
<td>This is a continuous offer of Shares. The offer therefore has no closing date but the Board is not obliged to accept applications and can decide to cease or suspend offering Shares at any time.</td>
</tr>
<tr>
<td>Shareholding Requirements</td>
<td>See section 1 (Key Information Summary) on page 2.</td>
</tr>
<tr>
<td>Maximum Shareholding</td>
<td>See section 1 (Key Information Summary) on page 3.</td>
</tr>
<tr>
<td>Liability of shareholders to make further payments in relation to the Shares after issue</td>
<td>See section 1 (Key Information Summary) on page 3.</td>
</tr>
<tr>
<td>Rebates and other distributions</td>
<td>See section 1 (Key Information Summary) on page 3.</td>
</tr>
<tr>
<td>Surrender or transfer of Shares</td>
<td>See section 1 (Key Information Summary) on page 3 and section 5 (Key Features of the Shares) on page 10.</td>
</tr>
</tbody>
</table>

The terms of issue and rights and powers attaching to the Shares are set out in Part B of the Rules. The Rules are available for download at the online Register of Financial Products at www.business.govt.nz/disclose. Returns potentially payable on the Shares are discussed in section 5 of this document (Key Features of the Shares) on page 10.
5.0 KEY FEATURES OF THE SHARES

ISSUE AND PAYMENT
The minimum initial subscription of Shares in Farmlands is 500 shares, with an aggregate value of $500 ("Initial Subscription").

The Initial Subscription of $500.00 is payable, at your election, either:

a) as a charge on your Farmlands Account, with the full $500.00 to be charged to your first monthly statement; or

b) as a charge on your Farmlands Account, with $200.00 to be charged to your first monthly statement and $100.00 to each of your next three monthly statements; or

if you are a permanent employee of Farmlands or one of its related companies, at Farmlands’ discretion, you also have the option of paying for the Initial Subscription:

c) as a charge on your Farmlands Account, with $60.00 to be charged to your first monthly statement and $55.00 to each of your next eight monthly statements.

Key features of the Shares are also included in section 4 (Terms of the Offer) on page 9.

RIGHTS AND ENTITLEMENTS
In addition to the key terms applying to the Shares set out in section 1 (Key Information Summary) and section 4 (Terms of Offer), the Shares have the following rights attached to them:

a) the right to receive notices of, attend and speak at, meetings of shareholders of Farmlands;

b) the right to one vote per shareholder on any shareholder resolution by a show of hands or voice vote;

c) the right to one vote per share on a poll at a shareholders’ meeting on any resolution or postal vote, subject to the specific voting provisions in the Rules in relation to the election of Farmlands directors by area rather than by all Shareholders as a group. See page 8 under the heading “Other material governance disclosures” for further details;

d) the right to receive rebates or distributions (which may be paid in cash, credit or additional Shares as determined by the Board). Shareholders do not have the right to require payment in cash or credit if the Board determines to issue additional Shares; and

e) the right to a share in the distribution of the surplus assets of Farmlands in accordance with the rules.

Votes attach to the Shares once they are fully paid up. Shares are fully paid up when you have paid for and hold the minimum shareholding of 500 shares. You will not be entitled to vote on any resolution at a shareholders meeting unless you are a Transacting Shareholder (as defined in the Rules) and your shares are fully paid up.

The terms of issue and rights and powers attaching to the Shares are set out in Part B of the Rules. The Rules are available for download at the online Register of Financial Products at www.business.govt.nz/disclose.

SURRENDER
The general method of disposing of Shares is to surrender your Shares to Farmlands.

Farmlands can require you to surrender your Shares in certain circumstances including if you:

a) have ceased to be a Transacting Shareholder (as a result of ceasing to trade with Farmlands for the period set out in the Rules);

b) are in default of an obligation to Farmlands or one of its related companies (including an obligation to pay money); or

c) if the surrender is otherwise considered to be in the best interests of Farmlands.

You may request the surrender of your Shares in certain circumstances, including:

a) if you cease to be a Transacting Shareholder; or

b) on your death, when your personal representative may request a surrender of your Shares, and such request must be accepted by the Board unless it considers the surrender would not be in the best interests of Farmlands.

The consideration for the surrender of your Shares is the lesser of:

a) the nominal value of the Shares on the date that the surrender takes effect;

b) the amount paid up for the Shares;

c) if the terms of issue include a procedure for determining the consideration on surrender, the amount determined in accordance with those terms; or

d) an amount agreed upon between you and the Board, less any amount you owe to Farmlands or any of its related companies on any account whatsoever.

Where Farmlands has required the surrender of the Shares, the consideration must be paid within three months. If Farmlands has accepted a surrender request, the consideration can either be paid in one sum or in instalments, provided that the full consideration must be paid within 5 years.

Further information on the process for the surrender of Shares is set out in clauses 46 to 50 of the Rules. The Rules are available for download at the online Register of Financial Products at www.business.govt.nz/disclose.

DIVIDENDS
In practice, Farmlands does not ordinarily pay dividends in respect of the Shares. However rebates may be paid as further described in Section 1 ("Key Information Summary") on page 2 under the heading “What is this?”
6.0 FARMLANDS GROUP’S FINANCIAL INFORMATION

Key financial information about the Farmlands Group, including relevant full financial statements are available on the offer register at www.business.govt.nz/disclose. If you do not understand this financial information, you can seek advice from a financial adviser or accountant.

SELECTED FINANCIAL INFORMATION

The offer register contains a table outlining selected financial information for the most recent Financial Year of the Farmlands Group as well as the two preceding Financial Years.

The selected financial information included in the table comprises:

- Revenues
- Profit before tax and rebates
- Rebates
- Profit after tax and rebates
- Total assets
- Cash and cash equivalents
- Total liabilities
- Total debt
- Net cash flows from operating activities

FULL FINANCIAL STATEMENTS

The offer register contains full audited financial statements of the Farmlands Group for the most recent financial year of the Farmlands Group as well as the two preceding financial years.

7.0 RISKS TO FARMLANDS GROUP’S BUSINESS AND PLANS

This section contains a description of the circumstances that Farmlands is aware of that exist, or are likely to arise, that significantly increase the risk to Farmlands Group’s financial position, financial performance or stated plans.

SPECIFIC RISKS RELATING TO FARMLANDS GROUP’S FINANCIAL PERFORMANCE

<table>
<thead>
<tr>
<th>New Zealand Rural Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description of risk</strong></td>
</tr>
<tr>
<td><strong>Assessment of nature, likelihood and potential magnitude of risk</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital/Funding Constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description of risk</strong></td>
</tr>
<tr>
<td><strong>Assessment of nature, likelihood and potential magnitude of risk</strong></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Product Failure/Negligence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description of risk</strong></td>
</tr>
</tbody>
</table>
### Product Failure/Negligence

**Assessment of nature, likelihood and potential magnitude of risk**

Farmlands has a variety of policies and procedures in place to minimise product failure risk. These include:

- providing ongoing training and support to employees, both in terms of product specifications and application, and general agricultural knowledge;
- managing complaints and concerns raised by customers and Shareholders to ensure that any issues that are identified are promptly remedied; and
- as a fall back, maintaining a comprehensive portfolio of insurance policies, including liability insurances, to protect the Farmlands Group from unforeseen circumstances such as product failure.

### Business Transformation Programme (Braveheart) Failure

**Description of risk**

Farmlands has entered into a major transformation programme (titled Braveheart) designed to equip Farmlands for trading in a future operating environment. Braveheart will consolidate five disparate ERP platforms to one cloud based Microsoft platform. Business processes are being reviewed and modernised and the skills and capabilities of Farmlands staff will be enhanced to enable them to utilise the system and complete the processes. This programme is all encompassing and touches every aspect of Farmlands’ business operations.

**Assessment of nature, likelihood and potential magnitude of risk**

Current status of the programme is “On Track” with delivery in scope, within budget and on time as adjusted and approved by the Board from time to time. Identified business benefits are being tracked and measured and remain consistent with the business case although achievement of these benefits will take longer than forecast in the original business case as the project deployments are occurring later than originally planned. Change management is assessed through regular staff surveys that are identifying an organisation “ready for change”. The programme is sponsored by the CEO, has a Farmlands Leadership Team steering committee, a full-time Programme Director and is tracked against a project plan weekly. The Board has an appointed “Independent Quality Auditor” (IQA) and receives quarterly “Deep Dives” into programme status, which includes a tracking of costs, benefits and an IQA assessment.

### GENERAL RISKS

Other more general risks which may affect Farmlands Group’s financial performance include:

- a general downturn in economic and business conditions;
- decreases in consumer demand or changes in consumer habits;
- changes in tax rates or regimes;
- changes in timing and amount of Farmlands’ forecast capital expenditure;
- a new competitor entering the markets in which Farmland’ operates, or a competitor substantially increasing their market share;
- changes in the regulatory environment which could affect the market in which Farmlands operates.

### 8.0 TAX

Tax law is complex and changes frequently. Taxation could have a significant consequence for investments, including returns payable in relation to the Shares.

The information in this section is intended as general guidance only. Farmlands recommends that shareholders seek professional tax advice regarding their individual circumstances prior to investing in the Shares.

### 9.0 WHERE YOU CAN FIND MORE INFORMATION

Further information relating to Farmlands and the Shares (including the Rules and Farmlands’ financial statements) is available free of charge on the online Register of Financial Products at www.business.govt.nz/disclose and can be obtained by request to the Registrar of Financial Service Providers. Farmlands’ Rules may also be viewed free of charge on the Companies Office website www.business.govt.nz/companies by searching for Farmlands Co-operative Society Limited under ‘Search Other Registers’ and ‘Industrial and Provident Society’. Copies may also be obtained by contacting the Companies Office of the Ministry of Business, Innovation and Employment at info@companies.govt.nz or 0508 266 726. A fee may apply for this.

Information can also be inspected without fee at the registered office of Farmlands, 535 Wairakei Road, Christchurch, during normal business hours by any person who so requests. Requests for copies of documents such as Farmlands’ financial statements and the Rules should be made in writing to Farmlands’ Secretary at the address listed below in section 11 (Contact Information) on page 13.
10.0  HOW TO APPLY

Applications to subscribe for Shares should be made by completing the relevant shareholder application form available online at www.farmlands.co.nz. There are different forms that you need to complete depending on the entity for which you are applying.

If you are not able to access the shareholder application form online, you may contact the Farmlands Customer Care team on 0800 200 600 and they can send you a shareholder information pack.

Completed application forms can be returned to Farmlands by post or handed in to your local Farmlands store. Please see the contact information below in section 11 (Contact Information) on page 13.

11.0  CONTACT INFORMATION

Farmlands can be contacted at:
Share Registry
Farmlands Co-operative Society Limited
535 Wairakei Road
Christchurch 8140

Telephone: 0800 200 600
Email: ask@farmlands.co.nz

12.0  GLOSSARY

In this PDS, the following defined terms have the meanings set out below, unless the context requires otherwise:

<table>
<thead>
<tr>
<th>Defined Term</th>
<th>Defined Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Rebates</td>
<td>Has the meaning given in the table on page 3 under the heading “Rebates and other distributions”.</td>
</tr>
<tr>
<td>Board</td>
<td>The board of directors of Farmlands.</td>
</tr>
<tr>
<td>Farmlands</td>
<td>Farmlands Co-operative Society Limited.</td>
</tr>
<tr>
<td>Farmlands Group</td>
<td>Farmlands and its subsidiaries as at the date of this PDS.</td>
</tr>
<tr>
<td>Initial Subscription</td>
<td>The minimum investment of $500 for 500 Shares required in order to become a Shareholder.</td>
</tr>
<tr>
<td>Monthly Rebates</td>
<td>Has the meaning given in the table on page 3 under the heading “Rebates and other distributions”.</td>
</tr>
<tr>
<td>PDS</td>
<td>This Product Disclosure Statement.</td>
</tr>
<tr>
<td>Region</td>
<td>The separate areas that each of the North Island and the South Island are divided into as determined by the Board under the Rules.</td>
</tr>
<tr>
<td>Rules</td>
<td>The rules of Farmlands (as amended or replaced from time to time). You can access a copy of the current rules free of charge on the offer register at <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a>.</td>
</tr>
<tr>
<td>Shareholder</td>
<td>A member of Farmlands.</td>
</tr>
<tr>
<td>Shareholder Directors</td>
<td>The directors appointed or elected in accordance with the Rules to represent shareholders.</td>
</tr>
<tr>
<td>Shares</td>
<td>Ordinary shares in Farmlands.</td>
</tr>
<tr>
<td>Transacting Shareholder</td>
<td>Has the meaning given in the Rules.</td>
</tr>
</tbody>
</table>