

1. INTRODUCTION

Plan Document

- 1.1 This document ("**Plan Document**") contains the terms and conditions of the Turners & Growers Limited ("**Turners & Growers**") Distribution Plan ("**Plan**").
- 1.2 Under the Plan, holders of ordinary shares in Turners & Growers ("**shares**") will receive distributions in respect of their shares in the form of bonus fully paid ordinary shares ("**Bonus Shares**"), together with an offer from Turners & Growers to buy back all of those Bonus Shares, or such lesser proportion as each shareholder may specify.
- 1.3 This document ("**Plan Document**") sets out the terms and conditions of the Plan, including the mechanism for determining the number of Bonus Shares to be issued, the nature and terms of the offers to buy back Bonus Shares and the implications of the buy backs for Turners & Growers and its shareholders. The Plan Document is intended to give shareholders an overview and explanation of the buy backs of Bonus Shares and the implications of those buy backs for Turners & Growers and shareholders.

Rationale

- 1.4 The board has decided to implement the Plan:
 - (a) For capital management purposes, including a reduction in the amount of net cash outflow and maintenance of Turners & Growers' equity base. Retention of cash will enable Turners & Growers to continue to pursue its strategy of growth and acquisition.
 - (b) To provide a structure which accommodates the requirements of both shareholders who wish to retain their share of profits as an investment in Turners & Growers and shareholders who wish to receive their share of profits in cash.
- 1.5 The board believes that in addition to meeting the objectives, the Plan is in the best interests of Turners & Growers and shareholders because:
 - (a) The Bonus Shares will be bought back at their issue price. Therefore, subject to any applicable withholding taxes, shareholders who accept a buy back offer in full will receive no less than the amount per share that the board has determined will be distributed to shareholders.

- (b) Shareholders will have an option as to whether or not to accept, in whole or in part, the buy back offer. This means that each shareholder can decide whether to take back some or all of their share of profits in the form of cash or whether to continue to hold the Bonus Shares.
- (c) The payments made to shareholders who accept the offer to buy back their Bonus Shares will be treated as dividends and will have imputation credits attached to them. Such shareholders will therefore be in the same New Zealand tax position as they would have been in had Turners & Growers paid a cash dividend.

2. BONUS SHARE ENTITLEMENT

General

- 2.1 The board may, in its absolute discretion, determine to issue Bonus Shares in accordance with clause 2.2. The number of Bonus Shares to be issued to a shareholder will be:
 - (a) based on the amount the board determines is available to distribute in respect of each share; and
 - (b) calculated on the basis of a set percentage of the market price of shares, as determined in accordance with the formula set out in clause 2.2, which percentage will be determined from time to time by the board in its absolute discretion.

Formula for calculation of number of Bonus Shares

- 2.2 The number of Bonus Shares to be issued to a shareholder will be calculated in accordance with the following formula:
$$N = S \times B$$
Where:
 - N is the number of Bonus Shares to be issued to a shareholder.
 - S is the number of shares held by the shareholder on the record date for an issue of Bonus Shares ("**record date**").
 - B is the bonus issue ratio determined in accordance with the following formula:
$$B = \frac{D}{C \times E}$$
 - D is the amount (expressed in cents and fractions of cents) determined by the board to be distributed per share.

C is the volume weighted average sale price for a share (expressed in cents and fractions of cents) calculated on all sales of shares which took place through the main board equity market (“**NZSX**”) operated by New Zealand Stock Exchange Limited (“**NZX**”) on the 20 trading days immediately prior to the record date. If no sales of shares occur during the 20 trading days immediately prior to the record date then the volume weighted average sale price shall be deemed to be the first sale price for a share which took place on the NZSX after the record date as determined by Turners & Growers.

Any volume weighted average sale price so determined may be reasonably adjusted by the board to allow for any bonus or dividend or other distribution expectation. If, in the opinion of the board, any exceptional or unusual circumstances have artificially affected the volume weighted average sale price so determined, the board may make such adjustment to that sale price as it considers appropriate.

E is the percentage determined by the board from time to time, in its absolute discretion.

In this Plan Document the product of $C \times E$ is referred to as the “**strike price**”.

Fractional entitlements

2.3 Where the number of Bonus Shares to be issued to a shareholder as calculated in accordance with the formula in clause 2.2 includes a fraction, then the number of Bonus Shares to be issued shall be rounded up to the nearest whole number.

Material information publicly available

2.4 The board will ensure that at the time the bonus issue ratio is determined under clause 2.2 it will have no information that is not publicly available and that would, or would be likely to, affect materially the value of the shares if the information was publicly available.

Date of issue of Bonus Shares

2.5 The Bonus Shares will be issued on a date determined by the board.

Terms of issue of Bonus Shares

2.6 Bonus Shares will be issued on the terms set out in this Plan Document and, subject to the rights of suspension and modification set out in clause 7, will not be issued on any other terms and will all be subject to the same rights as each other. The Bonus Shares will, from the date of issue, rank equally in all respects with each other and with all other fully paid ordinary shares on issue as at that date.

Overseas shareholders

2.7 The board may, in its absolute discretion, elect to issue Bonus Shares in respect of shares held by shareholders whose address is outside New Zealand to a nominee if the board considers that the issue of Bonus Shares to those shareholders would risk breaching the laws of places outside New Zealand. In such circumstances, Turners & Growers will procure that the nominee accepts the buy back offer in respect of the Bonus Shares pursuant to clause 3.

3. BUY BACK OFFER

Offer to all shareholders

3.1 Turners & Growers will offer all shareholders the right to elect to have their Bonus Shares bought back for cash by Turners & Growers.

Buy back offer price

3.2 Turners & Growers will offer to buy back each Bonus Share at the strike price for the issue of that Bonus Share, as determined pursuant to clause 2.2.

Available options

3.3 Shareholders may elect to participate in the buy back of Bonus Shares by exercising one of the following options:

- (a) If a shareholder elects full participation, Turners & Growers will buy back all of that shareholder’s Bonus Shares.
- (b) If a shareholder elects partial participation, the percentage of Bonus Shares nominated by that shareholder will be bought back.

If a shareholder does not wish to participate in a buy back of Bonus Shares under the Plan and wishes to retain their Bonus Shares, that shareholder is not required to do anything.

4. METHOD OF ACCEPTANCE

Acceptance Notice

4.1 To participate in the buy back of Bonus Shares a shareholder must:

- (a) Complete the acceptance notice provided by Turners & Growers (or such other form of election in writing as Turners & Growers decides, in its absolute discretion, to accept) (“**Acceptance Notice**”) in accordance with the instructions on the Acceptance Notice; and

- (b) Forward the completed Acceptance Notice to the address specified in that notice or to such other person or address as Turners & Growers may determine, by the closing date specified by Turners & Growers.

- 4.2 Turners & Growers may, in its absolute discretion, accept an election in writing it reasonably believes is from a shareholder otherwise than on an Acceptance Notice, and will have no liability to a shareholder as a result of acting in good faith in accordance with such election.

Acceptance limited to current Bonus Share issue

- 4.3 The Acceptance Notice in respect of a buy back offer under the Plan will only apply to that particular offer to buy back Bonus Shares. If permitted by the terms of the Acceptance Notice the acceptance may be revoked. Otherwise the acceptance, once made, is irrevocable.

5. PAYMENT OF BUY BACK PROCEEDS

Payment of buy back proceeds

- 5.1 Turners & Growers will buy back, and pay the purchase price to a shareholder in respect of, Bonus Shares in accordance with the Acceptance Notice received from a shareholder pursuant to clause 4 on the date that such Bonus Shares are issued pursuant to clause 2.5.

Bought back Shares might be treasury stock

- 5.2 Subject to the restrictions contained in the Companies Act 1993 and Turners & Growers' constitution, Bonus Shares that are bought back by Turners & Growers may not be cancelled, and may instead be held as treasury stock, in the absolute discretion of the board.

Liens or charges over shares

- 5.3 Where a shareholder elects to have their Bonus Shares, or a proportion of them, bought back by Turners & Growers under the Plan and at the time of that buy back Turners & Growers has a lien or charge over shares of that shareholder (whether by virtue of Turners & Growers' constitution or otherwise), Turners & Growers may apply the amount payable to the shareholder under that buy back towards payment of any amount then due and owing by that shareholder to Turners & Growers in respect of that shareholder's shares.

6. STATEMENTS OF BONUS SHARES TO BE ISSUED

- 6.1 Turners & Growers will send shareholders a statement of Bonus Shares issued and/or proposed to be bought back in such form as it thinks fit, subject to any requirements of Turners & Growers' constitution or NZX.

7. TERMINATION, SUSPENSION AND MODIFICATION

Termination, suspension or modification by Turners & Growers

- 7.1 The board may at any time and from time to time in its sole discretion:
 - (a) terminate or modify the Plan;
 - (b) suspend the operation of the Plan or part of the Plan (for example to complete a bonus issue but not a buy back) for any reason including (without limitation) if:
 - (i) it ceases to be satisfied that a particular buy back of Bonus Shares is in the best interests of Turners & Growers, or ceases to be satisfied that the terms of the buy back offer are fair and reasonable to Turners & Growers; or
 - (ii) it becomes aware of information that is material to an assessment of the value of the Bonus Shares that will not be disclosed to shareholders and as a result of which the terms of a particular buy back offer would be unfair to shareholders accepting the offer; or
 - (c) resolve that the price at which Bonus Shares are to be issued shall be at no discount to the market price, or shall be at a different discount to the market price than previously applied; or
 - (d) resolve that an Acceptance Notice will cease to be of any effect.

Notice

- 7.2 Notice of any modification or termination of the Plan by the board will be given to all shareholders.

8. TAXATION

- 8.1 The statements below in relation to taxation are based on New Zealand taxation laws current at the date of this document. They are for guidance purposes only. Turners & Growers recommends that shareholders obtain their own tax advice as to their particular tax circumstances if necessary.

New Zealand resident shareholders

- 8.2 Bonus Shares will not be subject to tax on issue irrespective of the shareholder's marginal tax rate or whether the shareholder holds the shares on capital or revenue account.
- 8.3 Amounts received by a New Zealand resident shareholder on the buy back of Bonus Shares will be treated as a dividend for income tax purposes and will be taxable to the shareholder. If Turners & Growers attaches imputation credits to such amounts, the resident withholding tax liability will be reduced by the amount of the imputation credits.
- 8.4 The taxation consequences for New Zealand resident shareholders who retain their Bonus Shares and then subsequently sell them on-market will generally depend on whether they hold their shares on capital or revenue account. New Zealand resident shareholders who hold their shares on capital account and any shareholder that is a Portfolio Investment Entity should not be taxable on sale of the Bonus Shares. Shareholders who hold shares on revenue account should be taxable on the sale proceeds of the shares and should be entitled to a deduction for part of the cost of their total shareholding in Turners & Growers. Turners & Growers recommends that shareholders discuss the calculation of any taxable gain with their tax advisors.

Non-resident shareholders

- 8.5 Turners & Growers has not reviewed the non-New Zealand tax consequences of the Plan for non-resident shareholders. Turners & Growers recommends that these shareholders discuss the tax consequences of the Plan in their home country with their tax advisors.
- 8.6 No New Zealand withholding tax will be deducted or payable on the issue of Bonus Shares to non-resident shareholders.

- 8.7 Any amount received by shareholders resident outside New Zealand pursuant to the buy back offer will be treated as a dividend for New Zealand tax purposes. This dividend will be subject to non-resident withholding tax ("NRWT") at a rate of between 15% and 30% of the gross amount (depending on whether there is a tax treaty between New Zealand and the shareholder's home country and the level of imputation credits attached to the dividend). Turners & Growers may elect to pay a supplementary dividend under the Foreign Investor Tax Credit regime. This would compensate any non-resident shareholder for the cost of the NRWT deducted from the redemption proceeds.

9. COSTS

- 9.1 There are no charges for participation in the Plan. No brokerage costs will be incurred by shareholders on the issue or buy back of Bonus Shares.

10. OTHER INFORMATION

- 10.1 A copy of Turners & Grower's most recent annual report is available to shareholders (which contains the most recent financial statements of Turners & Grower's complying with the Financial Reporting Act 1993) free of charge by writing to:

The Company Secretary
Turners and Growers Limited
PO Box 56
Auckland 1140
New Zealand

Alternatively a copy can be downloaded from the company's website (investor centre):

www.turnersandgrowers.co.nz

Or requested by email to:

info@turnersandgrowers.com.

11. GOVERNING LAW

- 11.1 The Plan Document and the Plan, and its operation, will be governed by the laws of New Zealand.