

LIVESTOCK IMPROVEMENT CORPORATION LIMITED

**DIVIDEND REINVESTMENT PLAN OFFER
DOCUMENT
AS AT 1 July 2019**

DIVIDEND REINVESTMENT PLAN OFFER DOCUMENT AS AT 1 July 2019 TERMS AND CONDITIONS

1. Introduction

The Board of Directors of Livestock Improvement Corporation Limited ("LIC") has approved the Livestock Improvement Corporation Limited Dividend Reinvestment Plan ("Plan") on the terms set out in this document.

The Plan enables participating Shareholders ("Participants") to voluntarily elect to reinvest the Net Proceeds of cash dividends payable or credited on all of their Eligible Shares to acquire further Shares.

While it is intended that the Plan Shares will be existing shares acquired on behalf of the Participants through market transactions on the NZX Market, LIC retains the ability to issue new shares or use treasury stock under this Plan.

As at the date of this Offer, LIC has appointed The New Zealand Guardian Trust Company Limited as the Approved Holding Entity to administer the Plan, and that company has appointed Craigs Investment Partners Limited as the Broker to acquire the Plan Shares on behalf of Participants.

If you do not wish to participate in the Plan and instead wish to receive any dividends payable in cash, entered as a credit to your LIC debtor account or credited in respect of your Eligible Shares from time to time, you do not need to do anything.

The Terms and Conditions of the Plan are set out below, and capitalised terms used in this document are defined in clause 14 of this Offer Document.

2. The Offer

- (a) The Plan allows Eligible Persons to elect to reinvest their net cash proceeds of cash dividends from their Eligible Shares to further acquire LIC shares. Participation is optional.
- (b) LIC will give every Eligible Person a reasonable opportunity to elect to participate in the Plan. Those Shareholders that participate in the Plan will receive further LIC shares in lieu of a cash dividend on Eligible Shares (as a result of the use of that dividend to acquire further LIC shares). Those Shareholders that do not participate in the Plan will receive their normal cash dividend payments (or credit to their LIC debtor account) on Eligible Shares. Eligible Persons must ensure their own compliance with relevant laws, including inside trading laws.
- (c) Nil Paid Shares, and any other Shares held to meet the shareholding requirement while a Shareholder holds Nil Paid Shares, are not Eligible Shares and may not participate in the Plan. That is because, any dividend payments on those Shares must be applied to reduce any unpaid balance on Nil Paid Shares held by the Shareholder.
- (d) Participation is only available on all of the Participant's Eligible Shares (a Participant cannot elect to participate under the Plan in relation to only some of their Eligible Shares). If a Shareholder agrees to participate then, until termination of their participation in writing, the Terms and Conditions will continue to apply to the cash dividends payable or credited on all of the Participant's Eligible Shares registered in

the Participant's name as at the relevant Record Date for all subsequent dividend payments.

- (e) Plan Shares transferred to a Shareholder under the Plan will be transferred on the Terms and Conditions and will be subject to the same rights as Shares acquired by all other holders of Shares who participate in the Plan.
- (f) If participation in the Plan results in a Shareholder holding more Shares than the Maximum Shareholding permitted under LIC's Constitution, the Shareholder must sell such excess Shares in accordance with the Constitution.
- (g) A Participant who has ceased to be an LIC Shareholder shall not be entitled to continue to participate in the Plan and their participation will be terminated upon them ceasing to be an LIC Shareholder.

3. **How to Participate**

- (a) To participate in the Plan, a Shareholder must complete the Participation Application, which accompanies the Offer Document in accordance with the instructions in that Application.
- (b) Subject to clause 3(c) below, participation will commence on receipt by LIC of a correctly completed Participation Application.
- (c) To be effective on Record Date, a Participation Application must be received on or before the Participation Cut Off Date (being one Business Day after the relevant Record Date). A Participation Application received after that Participation Cut Off Date will not be effective until after that Record Date.
- (d) Because participation under the Plan continues until termination, a Participation Application will continue to be effective for all subsequent Record Dates unless terminated or amended in accordance with the Terms and Conditions.

4. **Operation of the Plan**

In relation to each Relevant Acquisition:

- (a) LIC shall, on behalf of the Participants, enter into a contract with the Approved Holding Entity under which the Approved Holding Entity, on behalf of the Participants, will administer the Plan as set out in the Terms and Conditions.
- (b) By electing to participate in the Plan, each Participant directs LIC:
 - to pay to the Approved Holding Entity the Net Proceeds of every cash dividend payable or credited on all the Eligible Shares registered in the Participant's name on the relevant Record Date; and
 - to instruct, on behalf of the Participant, the Approved Holding Entity to apply the Net Proceeds as payment for Shares to be transferred to the Participant in accordance with the Plan.

Such directions shall continue until the Participant or LIC terminates the Participant's participation in the Plan in accordance with the Terms and Conditions, but shall not apply during any period for which LIC has suspended the Plan.

- (c) The Approved Holding Entity shall instruct, on behalf of each Participant, the Broker to acquire existing Shares during such period (the "Acquisition Period"), up to but not

extending beyond 20 Business Days before the next Record Date, as is required by the Broker to acquire the number of Shares able to be purchased using the Net Proceeds of all Participants participating in the Relevant Acquisition. The Broker may acquire Shares by on-market transactions through a NZX Market, by the transfer by LIC of Shares held as treasury stock and/or by subscribing for new Shares (on behalf of the Approved Holding Entity and the relevant underlying Participant). In the event that LIC transfer Shares held as treasury stock or issues new Shares to the Broker or Approved Holding Entity under the Plan, the acquisition price for such Shares will be no greater than the higher of:

- the volume-weighted average price of Shares traded on the NZX Market during the 20 Business Days prior to the date that the Board determines to issue new Shares (“Issuance Price Setting Period”); and
- the average price paid by the Broker on behalf of Participants for on-market acquisitions with respect to the Relevant Acquisition.

(d) The Approved Holding Entity shall transfer or instruct the Broker to transfer to each Participant the number of Plan Shares calculated in accordance with paragraphs (e) and (f) below on or before the date that is not later than five Business Days after the end of the Acquisition Period (“Transfer Date”). Until the Transfer Date, the Shares acquired by the Broker will be held by the Approved Holding Entity for the Participants.

(e) The number of Plan Shares to be transferred by the Approved Holding Entity to a Participant, under the Plan, will be calculated in accordance with the following formula:

$$N = D/B + \text{or} - X$$

Where:

- (i) N is the number of whole Plan Shares that the Participant will be entitled to receive;
- (ii) D is the Net Proceeds of the cash dividend payable or credited to the Participant (expressed in cents and fractions of cents) which is to be reinvested under the Plan;
- (iii) B is the volume-weighted average price per Share (expressed in cents and fractions of cents) paid by the Approved Holding Entity to the Broker to acquire the aggregate number of Plan Shares required under the Plan with respect to the Relevant Acquisition. For the avoidance of doubt, this price shall exclude all fees, expenses, brokerage and commissions);

and where the above calculation does not result in a whole number but includes a fraction (“Part Number”), then:

- (iv) X is the result of the rounding up or down of the Part Number, where the fraction is rounded up or down, as nearly as reasonably possible, to enable all of the Plan Shares to be allocated, so as either to be the addition of a fraction to round up the Part Number to a whole number or the subtraction of the Part Number as the case may be.

(f) If, for any reason, a Participant is not transferred such number of Shares as is calculated under clause 4(c) above (including if the Approved Holding Entity is unable to acquire such amount within the Acquisition Period), then the Shares

acquired by the Approved Holding Entity will be allocated, as nearly as reasonably possible, pro rata among Participants in proportion to the Net Proceeds that they each contributed for the purposes of the Relevant Acquisition (subject to the rounding contemplated in clause 4(c) above).

- (g) After completion of the Relevant Acquisitions to the greatest extent practicable, the Approved Holding Entity shall pay to LIC all moneys received from LIC, which have not been used by the Approved Holding Entity in completing the Relevant Acquisitions under the Plan. LIC shall distribute those moneys to each Participant unless the amount to be paid or credited to the Participant is less than \$2.00 then that amount may be forfeited to LIC.
- (h) Any dividends paid on Plan Shares prior to transfer to a Participant will be held on behalf of and paid or credited to that Participant.

5. **Statements to Participants**

5.1 **Dividend Statement:** LIC will send to each Participant, as soon as practicably after each Dividend Payment Date, a statement detailing in respect of that Participant:

- (a) the number of Shares and Eligible Shares of the Participant as at the relevant Record Date;
- (b) the Net Proceeds of the cash dividend to be reinvested in respect of the Eligible Shares;
- (c) the amount of any taxation deduction made;
- (d) advice as to the amount of any imputation or other taxation credits; and
- (e) such other matters required by law with respect to dividends and/or reinvestment.

5.2 **Transfer Statement:** Within five Business Days of the Transfer Date, LIC will send to each Participant a statement detailing in respect of that Participant:

- (a) the Net Proceeds of the cash dividend to be reinvested as referred to in clause 5.1(b) above;
- (b) the number of Plan Shares the Participant has acquired under the Relevant Acquisition;
- (c) the average price of the Plan Shares acquired by the Participant under the Relevant Acquisition; and
- (d) the amount (if any) paid or credited to the Participant pursuant to clause 4(f) above.

6. **No Costs to Participants / Retention of Interest**

- (a) No brokerage or commission costs will be payable by Participants in respect of the Plan Shares they receive under the Plan subject to the following clause.
- (b) Amounts received by way of interest on moneys held by the Approved Holding Entity or the Broker in the course of administering and operating the Plan shall be paid to LIC and LIC shall be entitled to retain those amounts to meet expenses of LIC in relation to the Plan.

7. **Termination of Participation by Participant**

- (a) A Participant may at any time, by giving written notice to LIC terminate his, her or its participation in the Plan.
- (b) If a Participant disposes all of its holdings of Shares without first giving written notice to LIC terminating the Participant's participation in the Plan, the Participant will be deemed to have terminated its participation in the Plan from the date LIC registers a transfer of those Shares.
- (c) Termination under clause 7(a) above will take effect not later than 20 Business Days after LIC receives the written notice pursuant to that clause and shall apply with respect to dividends paid (whether to the Participant or to the Approved Holding Entity) more than 20 Business Days after receipt of that written notice, unless LIC advises otherwise in writing.
- (d) If a Participant dies, receipt by LIC of a notice of death in a form acceptable to LIC will be treated as notice under clause 7(a) above. Death of one of two or more joint holders will not automatically terminate participation.
- (e) Receipt by LIC of a written notice of company in liquidation or the winding up for a trust will be treated as a notice under clause 7(a) above.

8. **Modification, Suspension and Termination by LIC**

- (a) Subject to clause 8(c) below, LIC's Board may, in its sole discretion, at any time:
 - (i) terminate or modify the Plan. If the Plan is modified, then a Participation Application will be deemed to be a Participation Application under the Plan as modified, unless such Participation Application is subsequently withdrawn by the Participant; or
 - (ii) suspend the operation of the Plan so that it will not apply to the whole or part of any dividends and in that case the dividend or the balance of the dividend (as the case may be so) will be paid in cash or credited to the shareholder's LIC debtor account; or
 - (iii) resolve that in the event of the subdivision, consolidation or reclassification of Shares into one or more new classes of Shares, a Participation Application will be deemed to be a Participation Application in respect of the Shares as subdivided, consolidated or reclassified unless such Participation Application is subsequently changed or withdrawn by the Participant; or
 - (iv) determine that a Participation Application will cease to be of any effect.
- (b) Notice of any modification, suspension or termination of the Plan will be given to all Participants through the Participant's nominated email address and announced to the NZX via the Market Announcement Platform.
- (c) Notwithstanding the above, LIC shall not be entitled in respect of a Relevant Acquisition to exercise the powers set out in clause 8(a)(i) above during the period from the Participation Cut Off Date to the Transfer Date in respect of that Relevant Acquisition, and LIC shall not be entitled to suspend the operation of the Plan under clause 8(a)(ii) above during the period from the Effective Date to the Transfer Date in respect of that Relevant Acquisition, in each case other than as necessary to ensure compliance with clause 10.1 below.

9. **NZX**

The Shares have been accepted for listing by NZX and existing Shares are quoted on a NZX Market. LIC will seek quotation of any Shares issued to meet the requirements under this Plan on the NZX Market. NZX accepts no responsibility for any statement in this Offer Document.

10. **No Inside Information**

10.1 If Shares are to be issued by LIC under the Plan, at the time the of setting the price at which those Shares to be issued (including the Issuance Price Setting Period), LIC must each ensure that it has no information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of Shares if the information were publicly available ("material adverse information").

10.2 In the event, that LIC has material adverse information prior to instructing the Approved Holding Entity and/or Broker to acquire Shares under the Plan, LIC must suspend the Plan until the next Record Date on which LIC issues a dividend. If LIC suspends the Plan pursuant to this clause, then LIC will pay cash for any dividend amounts to the Participants for the duration that the Plan is suspended (pursuant to clause 8(a)(ii)).

11. **Governing Law**

The Plan and its operation and these Terms and Conditions will be governed by the laws of New Zealand.

12. **Tax Considerations**

The following is current as at the date of this Offer Document. It addresses only the position of Shareholders that are New Zealand tax residents, but not non-residents.

For New Zealand income tax purposes, Shareholders who reinvest the Net Proceeds of their cash dividends will be treated in the same way with respect to their dividends as if they had not reinvested. The dividends will generally be subject to resident withholding tax (**RWT**) at the rate of 33%, but with a credit for any imputation credits attached to the dividend.

Shareholders will receive the usual dividend statement from LIC to assist in preparation of tax returns.

The summary above is, of necessity, general. It does not take account of the circumstances of individual Shareholders and the specific tax consequences to them of their participation or non-participation in the Plan, which may vary considerably. As noted, it also does not address the position of non-resident Shareholders. Shareholders should not seek to rely on this general summary but should seek their own tax advice. LIC does not accept any responsibility for the financial or taxation effects of a Shareholder's participation or non-participation in the Plan.

13. **Other Information**

13.1 A copy of LIC's most recent Annual Report and financial statements complying with the Financial Reporting Act 2013 are available free of charge on request from:

The Company Secretary
Livestock Improvement Corporation Limited
Corner of Ruakura and Morrinsville Roads
Private Bag 3016
Hamilton
NEW ZEALAND

Email: shareregistry@lic.co.nz

13.2 LIC will ensure that:

- (a) LIC's website contains a description of the Plan and its terms and conditions;
- (b) LIC's website contains a statement that Eligible Persons may request from LIC (or LIC's share registrar) a copy of the most recent Annual Report and financial statements (that comply with the Financial Reporting Act 2013) of LIC; and
- (c) LIC (or LIC's share registrar) will, upon receiving such a request from an Eligible Person, send the document requested, free of charge, to the person within five Business Days of LIC receiving such a request.

13.3 LIC has taken all steps to be in compliance with the relevant legislation and NZX Listing Rules. However, LIC is not required to take any action, or omit to take any action, under this Plan if it would contravene the law or the NZX Listing Rules.

14. **Defined Terms**

The following words have these meanings in the Offer Document:

"Acquisition Period" means the period during which the Broker is instructed to acquire Shares under the Plan, as provided in clause 4(c).

"Approved Holding Entity" means an entity appointed by LIC to administer the Plan.

"Broker" means any NZX Firm appointed by the Approved Holding Entity from time to time for the purposes of the Plan.

"Business Day" means a day other than a Saturday, Sunday or statutory holiday in New Zealand.

"Constitution" means the constitution of LIC.

"Dividend Payment Date" means the date of payment of the relevant dividend by LIC.

"Effective Date" means, with reference to each declaration of a dividend by LIC, the last date on which any amount payable by LIC by way of dividend pursuant to that declaration is paid by LIC to the Approved Holding Entity for the purposes of the Plan.

"Eligible Person" means a person who, at 5.00pm on the date specified by LIC for determining entitlement to the relevant dividend,

- (a) is the registered holder of Shares; and
- (b) is a resident of New Zealand.

"Eligible Shares" means any Shares other than:

- (a) Nil Paid Shares;
- (b) any Shares held to meet the shareholding requirement under the Constitution, for as long as the Shareholder holds any Nil Paid Shares; and
- (c) any Shares over which LIC has a lien or charge and in respect of which LIC has

served a sale notice on the holder in accordance with LIC's Constitution or other requirements of law.

"LIC" means Livestock Improvement Corporation Limited.

"Maximum Shareholding" is the maximum number of Shares that may be held by an LIC Shareholder pursuant to the Constitution.

"Net Proceeds" means, in relation to a cash dividend payable or credited on a Participant's Shares, the cash component of that dividend (being the amount excluding imputation credits, resident withholding tax, or any other amount required to be withheld by LIC in relation to the payment of the dividend that the Participant would have received from LIC if the Participant was not participating in the Plan).

"Nil Paid Shares" means any Shares issued by LIC on which any amount remains unpaid.

"NZX Listing Rules" means NZX's Listing Rules that apply to all NZX issuers on the NZX Main Board.

"NZX Market" means a securities market operated by NZX, such as the NZX Main Board.

"NZX" means NZX Limited.

"Offer" means the offer to Shareholders to participate in the Plan, as set out in this Offer Document.

"Offer Document" means this document, as amended from time to time in accordance with the Terms and Conditions.

"Participant" means any Eligible Person who has elected to participate in the Plan and whose participation in the Plan has not been terminated in accordance with the Terms and Conditions.

"Participation Cut Off Date" means the date one Business Day after a Record Date for the relevant dividend payment to non-participating LIC Shareholders in the Plan.

"Participation Application" means a Participation Application form accompanying the Offer Document as approved by LIC from time to time.

"Plan" means the Livestock Improvement Corporation Limited Dividend Reinvestment Plan established by LIC on the Terms and Conditions set out in this Offer Document.

"Plan Shares" means existing Shares acquired by the Approved Holding Entity or the Broker and transferred or to be transferred to Participants under the Plan.

"Record Date" means 5.00pm on the date fixed by LIC for determining entitlement to the relevant dividend.

"Relevant Acquisition" means, with reference to the dividends amount paid by LIC to the Approved Holding Entity for the purposes of the Plan consequent upon a declaration of a particular dividend, the acquisition of Shares by the Approved Holding Entity or Broker using that dividends amount.

"Shares" means ordinary shares in LIC.

"Shareholders" means holders of Shares.

"Terms and Conditions" means the terms and conditions of the Plan as set out in this Offer Document as amended from time to time.

"Transfer Date" means the date upon which Plan Shares are transferred to Participants as provided in clause 4(d) above.