



NOTICE OF SPECIAL MEETING
of
SPEIRS DEBT OBLIGATION HOLDERS
and
EXPLANATORY NOTES

27 August 2008

SPEIRS GROUP LIMITED

Notice of Special Meeting of Speirs Debt Obligationholders (being Speirs Secured Stockholders, Perpetual Speirs Bondholders and Subordinated Noteholders)

Speirs Group Limited gives you notice that a Special Meeting of Speirs Debt Obligationholders (being Speirs Secured Stockholders, Perpetual Speirs Bondholders and Subordinated Noteholders) will be held in The Ballroom, Travelodge, 175 Cuba Street, Palmerston North, on Friday, 12 September 2008 at 4.00 pm. The meeting will be chaired by Stephanie McGreevy of Perpetual Trust Limited.

Registration commences at 3.15 pm, when afternoon tea will be available.

The business of the meeting will be to consider and, if thought fit, to pass the following extraordinary resolutions:

Ballot 1 – Debt Obligationholders

1 The Debt Obligationholders resolve by extraordinary resolution:

- 1.1 to approve the amendment of the Composite Trust Deed dated 16 June 1986 (on and with effect from the date of this resolution) by inserting the following new section 10:

Section 10

10 SUBSTITUTION

10.1 Substitution

The Issuer and the Company may substitute any person (referred to as a "Substituted Obligor" in this section) in place of the Issuer and the Company as the principal debtor under this Deed and the Debt Obligations generally if:

- (a) *the consent of the Trustee is obtained, which consent may be given without the consent of the Debt Obligationholders if the Trustee is satisfied that the matters referred to in paragraphs (b) to (f) below have been complied with or provided to the Trustee;*
- (b) *the Substituted Obligor succeeds to and becomes bound by all the terms and conditions of this Deed by entering into such agreements and documents ("Substitution Documents"), each in form and substance satisfactory to the Trustee, as the Trustee may reasonably deem appropriate;*

- (c) *a director of the Substituted Obligor certifies that the Substituted Obligor will be solvent immediately after the substitution;*
- (d) *the obligations of the Substituted Obligor under the relevant Debt Obligations are guaranteed by the Issuer (the "Guarantee");*
- (e) *prior to the substitution being effected, the Substituted Obligor warrants and represents to the Trustee for the benefit of Debt Obligationholders that:*
 - (i) *it has obtained all necessary governmental and regulatory approvals and consents for the substitution;*
 - (ii) *it has obtained all necessary governmental and regulatory approvals and consents for the performance by it of its obligations under this Trust Deed and the Substitution Documents (collectively the "Transaction Documents") and the Debt Obligations and that they are in full force and effect; and*
 - (iii) *the obligations assumed by it are legal, valid and binding; and*
- (f) *legal opinions (in form and substance reasonably satisfactory to the Trustee) have been delivered to the Trustee, confirming that, following the substitution:*
 - (i) *the Transaction Documents and the Debt Obligations will constitute legal, valid and binding obligations of the Substituted Obligor, enforceable against it (subject to equitable principles of general application and insolvency, bankruptcy, reorganisation, moratorium or similar laws affecting creditors' rights generally);*
 - (ii) *the Substituted Obligor is validly incorporated in its jurisdiction of incorporation;*
 - (iii) *all necessary governmental and regulatory consents are in full force and effect; and*
 - (iv) *amounts payable to any Debt Obligationholders will not be reduced by the existence of any*

applicable taxes (by deduction from such amounts or otherwise) except for:

- (A) such taxes as the Issuer would have been entitled to withhold or deduct had there been no such substitution (and not exceeding the amount which the Issuer would have been entitled to withhold or deduct); and*
- (B) such taxes (if any) in respect of which the Substituted Obligor has agreed to make compensating payments to the Debt Obligationholders.*

10.2 Release of Issuer

Any Substitution Document entered into pursuant to clause 10.1 will, subject to any exceptions or other terms in the Substitution Document, release the Issuer and the Company from any or all of its obligations under the Transaction Documents and the Debt Obligations, other than pursuant to the Guarantee. Notice of the substitution must be given to the Debt Obligationholders within 14 days after the execution of the Substitution Documents and compliance with the other requirements of clause 10.1.

10.3 Completion of Substitution

After notice has been given in accordance with clause 10.2:

- (a) the Substituted Obligor is taken to be the principal debtor and to have all the rights, powers and obligations of the Issuer and the Company under this Deed and the Debt Obligations as if the Substituted Obligor were originally named in this Deed and the Debt Obligations in place of the Issuer and the Company; and*
- (b) this Deed and the terms of the Debt Obligations are taken to be amended as necessary to give effect to the substitution.*

Ballot 2 – Debt Obligationholders

2 The Debt Obligationholders resolve by extraordinary resolution

2.1 that:

- (a) subject to all necessary approvals, requirements and conditions of the amalgamation and exchange of securities,

the amalgamation of Allied Nationwide Finance Limited and Speirs Finance Limited on or after 30 September 2008, with Allied Nationwide Finance Limited continuing as the amalgamated company be approved, and the Trustee be authorised to take all such necessary and incidental actions in relation to this amalgamation; and

- (b) the exchange of all securities issued by Speirs Finance Limited as substituted obligor under the Composite Trust Deed dated 16 June 1986 between Speirs Group Limited and Perpetual Trust Limited as Trustee, as amended (the *Trust Deed*) for securities with identical terms and conditions issued by Allied Nationwide Finance Limited under the Trust Deed dated 18 November 1994 (as amended) be sanctioned and approved by the Debt Obligationholders, in each case upon the same terms as to interest rate, interest payment and principal repayment and otherwise on the terms and conditions set out in:
- (i) the Speirs Group Limited Investment Statement dated on or about 23 July 2008 (or any successor Investment Statement) in relation to the Speirs Secured Stock;
 - (ii) the Speirs Group Limited Investment Statement dated on or about 18 December 2007 (or any successor Investment Statement) in relation to the Perpetual Speirs Bonds; and
 - (iii) the Speirs Group Limited Investment Statement dated on or about 22 July 2007 (or any successor Investment Statement) in relation to the Subordinated Notes,

such exchange taking place immediately upon the amalgamation referred to in paragraph 2.1(a) becoming effective; and

- (c) the exchange of all securities issued by Speirs Finance Limited for securities with identical terms and conditions issued by Allied Nationwide Finance Limited shall be deemed to have satisfied all the obligations of Speirs Finance Limited and Speirs Group Limited in respect of principal and interest due to Speirs Secured Stockholders under the Trust Deed and Guarantee respectively; and
- (d) on receipt of certification from the auditors of the amalgamated entity Allied Nationwide Finance Limited to Perpetual Trust Limited that all costs, charges and expenses incurred by or payable to Perpetual Trust Limited and the

remuneration of Perpetual Trust Limited and all other moneys intended to be secured by the Trust Deed have been paid or satisfied (having regard to paragraph 2.1(c) above), Perpetual Trust Limited shall, at the request and cost of Speirs Finance Limited (or the amalgamated entity Allied Nationwide Finance Limited, as the case may be) release Speirs Group Limited and Speirs Finance Limited from all their obligations including the payment of all moneys under the Guarantee or secured by the Trust Deed and release all Charged Assets from the security interest created under the Trust Deed without, however, releasing Speirs Group Limited from its liability under any indemnity in the Guarantee or the Trust Deed in relation to any loss, cost or any liability of the Trustee in relation to this trusteeship, subject to the exception contained in these documents.

Quorum

To achieve a quorum, we will require attendance (in person or by proxy) of persons representing at least fifty per cent of the value of the Debt Obligations (being Speirs Secured Stock, Perpetual Speirs Bonds and Subordinated Notes).

If you are unable to attend you should complete the proxy form as described below.

In the event of a quorum not being achieved, the meeting will be adjourned to The Ballroom, Travelodge, 175 Cuba Street, Palmerston North on Friday, 26 September 2008 at 4.00pm and a notice of adjourned meeting will be sent to you.

Majority required

In order for the resolutions to be passed, the agreement of at least 75% of the Debt Obligationholders (being Speirs Secured Stockholders, Perpetual Speirs Bondholders and Subordinated Noteholders) attending the Special Meeting in person or voting by proxy (or, if a poll is demanded, at least 75% of the votes cast) must be obtained.

If the resolutions are passed, the amendment to the Composite Trust Deed and the approvals will be effective on the date of this meeting.

If the resolutions are not passed at this meeting or any adjournment of it, the transaction described in paragraph 5 of the explanatory memorandum will not proceed.

Proxies

You may exercise your right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote in your place. A proxy need not be a Speirs Secured Stockholder, Perpetual Speirs Bondholder or

Subordinated Noteholder of Speirs Group Limited and may be the Chair of the meeting. If you are unable to attend the meeting and you would like to vote, please complete and return a proxy form.

A proxy form is **attached** to this notice. If you wish to vote by proxy you must complete the form and produce it to Speirs Group Limited by:

- posting to Speirs Group Limited, PO Box 400, Palmerston North 4400, New Zealand; or
- delivering by hand or courier to Speirs Group Limited, Level 3, Farmer's Mutual House, 55 The Square, PO Box 400, Palmerston North, 4440,

in either case so that it is received by 4.00 pm on Wednesday, 10 September 2008.

Investment Statement and Prospectus

An investment statement dated 27 August 2008 has been prepared in relation to the Allied Nationwide Finance Limited securities (Secured Deposits, Subordinated Notes and Perpetual Bonds) to be exchanged for securities held by Speirs Secured Stockholders, Perpetual Speirs Bondholders and Subordinated Noteholders following the amalgamation and exchange of securities. It contains important information concerning Allied Nationwide Finance Limited. A copy of this investment statement is enclosed.

Allied Nationwide Finance Limited's prospectus dated 31 March 2008 (as amended by Memoranda of Amendments dated 28 April 2008, 24 July 2008 and 27 August 2008) is available on Allied Nationwide Finance Limited's website www.alliednationwide.co.nz or by telephoning 0800 65 45 45.

Trust Deed

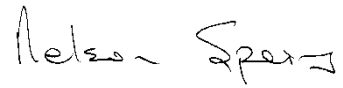
The amendment to the Composite Trust Deed has been approved by NZX. If you would like to obtain a copy of either the existing Speirs Group Limited Composite Trust Deed or Allied Nationwide's Trust Deed, please call 0800 65 45 45. The trust deeds can also be obtained from the Companies Office – Contact Centre at telephone 0508 266 726. The Companies Office may charge a fee for these documents.

Listing

Application has been made to NZX for permission to list the securities to be received by Perpetual Speirs Bondholders (if the transaction described in paragraph 5 of the explanatory memorandum is approved) and all the requirements of NZX relating thereto that can be complied with on or before the date of the distribution of this notice of Special Meeting have been duly complied with. However, NZX accepts no responsibility for any statement in this notice of Special Meeting. Listing of the securities to be received by Speirs Secured

Stockholders and Subordinated Noteholders (if the transaction described in paragraph 5 of the explanatory memorandum is approved) is not being sought.

By order of the Board

A handwritten signature in black ink that reads "Nelson Speirs". The signature is written in a cursive style with a long horizontal stroke at the end.

Nelson Speirs
Chairman

27 August 2008

SPEIRS GROUP LIMITED
EXPLANATORY MEMORANDUM

27 August 2008

Introduction

- 1 The purpose of this explanatory memorandum is to provide Speirs Secured Stockholders, Perpetual Speirs Bondholders and Subordinated Noteholders (collectively referred to as *Debt Obligationholders* in this explanatory memorandum) in Speirs Group Limited (*Speirs Group*):
 - 1.1 background information on the proposed sale of Speirs Group's finance business, Speirs Finance, to Allied Farmers Limited (*Allied Farmers*) and the implementation of the sale, including:
 - (a) the proposed inclusion of a "substituted obligor" provision in the Composite Trust Deed dated 16 June 1986 between Perpetual Trust Limited and Speirs Group Limited (the *Composite Trust Deed*) (see paragraph 16); and
 - (b) the proposed amalgamation of Speirs Finance Limited with Allied Nationwide Finance Limited (*Allied Nationwide*); and
 - (c) the exchange of securities in Speirs Finance Limited (*SFL*) for securities issued by Allied Nationwide under its trust deed dated 18 November 1994 (as subsequently amended) (the *Allied Nationwide Trust Deed*).
 - 1.2 an explanation of the rationale for the sale and amalgamation; and
 - 1.3 an explanation of the impact of the amalgamation on Debt Obligationholders.
- 2 This explanatory memorandum should be read in conjunction with the accompanying notice of Special Meeting of Speirs Debt Obligationholders (being Speirs Secured Stockholders, Perpetual Speirs Bondholders and Subordinated Noteholders) dated 27 August 2008.

Background

- 3 On 23 July 2008, Speirs Group entered into a conditional agreement to sell the Speirs Finance business to Allied Farmers, to be executed by a sale of SFL, as described below.
- 4 Allied Farmers is listed on the New Zealand Stock Exchange (NZSX) and has widespread business activities throughout New Zealand with particular

emphasis on servicing the needs of the dairy and other farming interests as well as its finance activities.

- 5 In order to sell the business, Speirs Group will:
 - 5.1 *Step 1:* establish a subsidiary, SFL;
 - 5.2 *Step 2:* sell its Speirs Finance business (the *Speirs Finance Business*) to SFL;
 - 5.3 *Step 3:* be replaced as issuer of the Speirs Secured Stock, Perpetual Speirs Bonds and Subordinated Notes by SFL and obligor under the Composite Trust Deed, once certain conditions are met;
 - 5.4 *Step 4:* sell the shares in SFL to Allied Farmers;
 - 5.5 *Step 5:* Allied Nationwide, a subsidiary of Allied Farmers, and SFL will be amalgamated; and
 - 5.6 *Step 6:* the Speirs Secured Stock, Perpetual Speirs Bonds and Subordinated Notes will be exchanged for securities with identical terms and conditions issued under the Allied Nationwide Trust Deed.
- 6 Steps 2 to 6 are expected to occur on the same day in the order specified above. Unless all of steps 2 to 6 happen, the transaction described above will not occur.
- 7 In order to approve the transaction described above, the Debt Obligationholders need to resolve by extraordinary resolution to approve:
 - 7.1 the amendment of the Composite Trust Deed to insert a "substituted obligor" provision. This provision will allow for the replacement of Speirs Group as the obligor under the Composite Trust Deed and as the issuer of the Speirs Secured Stock, Perpetual Speirs Bonds and Subordinated Notes issued under the Composite Trust Deed with another company, expected to be SFL, as long as certain conditions are met;
 - 7.2 the amalgamation of SFL (which will be the issuer of the Speirs Secured Stock, Perpetual Speirs Bonds and Subordinated Notes at the time of amalgamation) and Allied Nationwide;
 - 7.3 the exchange of the securities issued by SFL as substituted obligor under the Composite Trust Deed for securities with identical terms and conditions issued under the Allied Nationwide Trust Deed; and

7.4 upon the exchange of securities, the release of the Composite Trust Deed.

Recommendation

- 8 The Speirs Board considers that there are sound commercial reasons for the sale of SFL and subsequent amalgamation of SFL with Allied Nationwide. The Speirs Board considers that the amalgamation and exchange of securities will not prejudice Debt Obligationholders and will not change the nature of their investment.
- 9 The Speirs Board therefore recommends the proposal to Debt Obligationholders and seeks support for the inclusion of a substituted obligor provision to allow for the replacement of Speirs Group with SFL under the Composite Trust Deed and the subsequent amalgamation of SFL and Allied Nationwide and exchange of securities.

Background - Speirs Finance and Allied Nationwide

Speirs Finance

- 10 The Speirs Finance Business is a provider of asset financing to the plant, machinery and the light and heavy business vehicle sectors in New Zealand. There is a good fit between the activities of the Speirs Finance Business and the wider rural, commercial and other financing activities of Allied Nationwide (as discussed below).

Allied Farmers and Allied Nationwide

- 11 Allied Farmers is listed on the NZSX and has widespread activities throughout New Zealand. It is a diversified rural servicing and finance group. Its activities include offering its clients:
- 11.1 rural merchandising and bulk farm supplies through its stores in Taranaki and the King Country;
 - 11.2 advice and trading in livestock, particularly dairy livestock;
 - 11.3 crop advice; and
 - 11.4 specialised rural real estate services.
- 12 Allied Nationwide is a 100% subsidiary of Allied Farmers (although Allied Farmers is not part of the Allied Nationwide borrowing group and does not guarantee the securities issued by Allied Nationwide). It is a diversified finance company principally providing rural, commercial and property finance to borrowers throughout New Zealand. Allied Nationwide is active in some areas of the lending markets that the Speirs Finance Business does not currently access. However, its lending policies and focus are similar to those applied by the Speirs Finance Business. Allied Nationwide has a

strategy to be a leading provider of non bank finance to the rural, commercial and other sectors in New Zealand.

- 13 In 2007, Allied Farmers acquired Nationwide Finance Limited and combined this with Allied Prime Finance Limited. The proposal to acquire SFL will position Allied Farmers with a finance company with an asset book of approximately \$270 million at the time of the amalgamation. It will have the scale, lending and funding diversification to be a strong competitor in the New Zealand financial sector.
- 14 As at 30 June 2008, Allied Nationwide had cash balances of \$27 million and a loan book that was diversified across rural, property, capital equipment, business and consumer finance. It had total assets of approximately \$191 million and equity of approximately \$26 million as at 30 June 2008. Its total liabilities as at 30 June 2008 were \$165 million.
- 15 There is a strong compatibility between the Speirs Finance Business and the business carried on by Allied Nationwide. Both have solid roots in "provincial" New Zealand.

Proposed transaction

- 16 The Debt Obligationholders are asked to resolve to amend the Composite Trust Deed to include a "substituted obligor" provision. That section will allow Speirs Group to be replaced as "Issuer" and "the Company" under the Composite Trust Deed by an entity, the "substituted obligor", nominated by Speirs Group where certain conditions are met. These conditions include that Speirs Group guarantees the obligations of the substituted obligor until Speirs Group and SFL are released from their obligations by the exchange of securities described below. Once the Composite Trust Deed is amended and the sale goes unconditional, Speirs Group will be replaced by operation of the substituted obligor provision by SFL. Speirs Group, SFL and the Trustee will enter into a Substitution Document to agree the terms of the substitution.
- 17 At the same time as SFL replaces Speirs Group as "Issuer" and the "Company" under the Composite Trust Deed, the assets and liabilities of the Speirs Finance Business will be sold/transferred to SFL.
- 18 The shares in SFL will then be sold to Allied Farmers.
- 19 Following the purchase of SFL, the combined finance company activities of the Allied Farmers Group (including SFL) are expected to have approximately \$270 million of assets and around \$32 million of equity, which includes \$15,525,000 of perpetual bonds (including the perpetual bonds issued in exchange for the Perpetual Speirs Bonds).

20 It is proposed that SFL and Allied Nationwide be legally amalgamated on 30 September 2008 or on such later date as the boards of SFL and Allied Nationwide determine, subject to obtaining all necessary trustee, secured creditor, investor and other approvals.

21 It is proposed that the amalgamated (that is, the continuing) company will be Allied Nationwide. Nelson Speirs will be invited to join the board of directors of Allied Nationwide.

Rationale for the proposed sale

22 The board of Speirs Group Limited (the *Speirs Board*) has been considering the sale of the Speirs Finance Business to another finance business to give it more scale in a consolidating market.

23 The Speirs Finance Business has performed relatively well given the challenges in the New Zealand finance company sector and presented by global credit market conditions and the flow-on impact of this on the New Zealand market. The Speirs Finance Business has been able to maintain funding from supportive debenture, note and perpetual bond holders and a securitisation programme with the Bank of New Zealand.

24 However, it has become increasingly apparent to the Speirs Board in recent months, given the current environment and upcoming Government regulation for finance companies, that the future of the Speirs Finance Business is likely to be enhanced by being part of a larger finance business with a broader portfolio of activities and enhanced funding opportunities.

25 As part of this process, the Speirs Board retained Cameron Partners Limited, an investment bank, to help assess its options and to manage a sales process involving a number of potential acquirers of the Speirs Finance Business.

26 The Speirs Board, with the assistance of Cameron Partners Limited, has explored several sale options for the Speirs Finance Business and is pleased to announce that this process has culminated in the proposed sale of the Speirs Finance Business to SFL and the proposed sale of the shares in SFL to Allied Farmers.

Rationale for the proposed amalgamation

27 Allied Farmers and Speirs Group consider that there are sound commercial reasons to amalgamate the two finance companies. They have formed this view for the following reasons:

27.1 there is likely to be an increasing focus from investors and borrowers on size, strength and funding and lending diversification;

- 27.2 increased size and scale of the combined business will enable operating efficiencies to be achieved;
- 27.3 the combined business would have a wider market presence going forward and be in a better position to attract various sources of funding.
- 28 The proposed amalgamation of SFL with Allied Nationwide is supported by the boards of Allied Nationwide and its parent, Allied Farmers, and also by the boards of SFL and, its parent, Speirs Group.

Legal amalgamation

- 29 The boards of each of Allied Nationwide and SFL are expected to resolve, subject to obtaining any necessary approvals, to amalgamate Allied Nationwide and SFL to form one finance company. The amalgamated (continuing) company will be Allied Nationwide.
- 30 It is proposed that the merger be achieved by an amalgamation of SFL and Allied Nationwide pursuant to Part VIII of the Companies Act 1993. Under the amalgamated provisions of the Companies Act 1993, the directors of each company who vote in favour of an amalgamation must sign a certificate stating that, in their opinion, the amalgamated company will, immediately after the amalgamation becomes effective, satisfy the solvency test specified in the Companies Act 1993. The board of each amalgamated company must also certify that the amalgamation has been approved in accordance with the provisions of the Companies Act 1993 and the constitution of the company, if it has one. Further, the directors of the amalgamated company are required to certify that no creditor, including for these purposes the Debt Obligationholders or any stockholder of Allied Nationwide would be prejudiced as a result of amalgamation.
- 31 Pursuant to the provisions of the Companies Act 1993, the amalgamated company succeeds to all the property, rights, powers and privileges and succeeds to responsibility for all liabilities and obligations of each amalgamating company. This means that if the amalgamation is approved, SFL will cease to exist and Allied Nationwide will become liable to the Debt Obligationholders (and to the trustee for Debt Obligationholders) for obligations under the Composite Trust Deed and the securities issued by SFL (as replacement issuer for Speirs Group), as well as remaining liable to all stockholders of Allied Nationwide. However, Allied Nationwide will also assume ownership of SFL's assets and the security interest created by the Allied Nationwide Trust Deed will extend to SFL's assets as well as Allied Nationwide's assets.

Trust Deed Issues

- 32 Both SFL and Allied Nationwide will have existing trust deeds under which securities are issued to the public. However, as is evident from the above paragraph, it would be inconvenient and difficult to move to an amalgamated entity operating under two deeds as there would be immediate difficulties caused by competing security interests over the same assets as well as other practical and contractual difficulties. Accordingly, it is proposed that all securities on issue will be brought under the Allied Nationwide Trust Deed by exchanging all securities issued by SFL under the Composite Trust Deed for securities with identical terms and conditions issued by Allied Nationwide under its trust deed. It is proposed that the exchange of securities will be approved in accordance with the provisions of clause 14.2.2 of the Second Schedule to the Composite Trust Deed.
- 33 The Allied Nationwide Trust Deed is a more modern trust deed than the Composite Trust Deed. For this reason and because of its more conservative Total Liabilities limitation (see paragraph 1 of the attached Schedule for an explanation of this limitation), the Allied Nationwide Trust Deed has been chosen as the more appropriate trust deed for the amalgamated company going forward. It is considered that this Total Liabilities limitation is more appropriate in the current market environment and is likely to be more consistent with the proposed regulatory requirements which are likely to be imposed on finance companies in the future.
- 34 It is noted that the Debt Obligationholders who are Speirs Secured Stockholders will receive secured deposits (stock) issued by Allied Nationwide (secured by first ranking debenture security, subject to permitted prior charges) in exchange for their first ranking Speirs Secured Stock issued by SFL. Perpetual Speirs Bondholders will receive perpetual bonds, being unsecured subordinated securities, in Allied Nationwide in exchange for the Perpetual Speirs Bonds issued by SFL. Subordinated Noteholders will receive subordinated notes, being unsecured subordinated securities, in Allied Nationwide in exchange for the Subordinated Notes issued by SFL.
- 35 Speirs Group and Allied Farmers are in the process of obtaining all necessary trustee, secured creditor and other approvals to the amalgamation and exchange of securities proposed by the resolutions (including the approvals of The New Zealand Guardian Trust Company Limited as trustee under the Allied Nationwide Trust Deed, which will include approval to amend the Allied Nationwide Trust Deed to provide for the issue of subordinated securities under that trust deed).

The Amalgamated Business

- 36 Allied Nationwide, as the amalgamated company, is expected to have approximately \$270 million of assets and approximately \$32 million of equity (including \$15,525,000 of perpetual bonds) at the time of the amalgamation.

Financial Information

- 37 Set out below is certain financial information relating to Allied Nationwide. Also included is pro-forma financial information, showing the combined position of Allied Nationwide and SFL, assuming that they were amalgamated at 30 June 2008. The figures in respect of Allied Nationwide are extracted from its audited financial statements, as at 30 June 2008. The figures in respect of SFL and Speirs Securities Limited are extracted from the unaudited management accounts of Speirs Group, as at 30 June 2008. They are based on figures extracted from the audited accounts of Speirs Group, as at 31 March 2008 (which have been confirmed as properly extracted by PricewaterhouseCoopers).
- 38 As described further below in paragraphs 42 and 43, an investment statement dated 27 August 2008 and a prospectus dated 31 March 2008 (as amended by Memoranda of Amendments dated 28 April 2008, 24 July 2008 and 27 August 2008) have been prepared in relation to the Allied Nationwide securities to be exchanged for securities held by Speirs Secured Stockholders, Perpetual Speirs Bondholders and Subordinated Noteholders following the amalgamation and exchange of securities. A copy of the investment statement is enclosed and you can obtain a copy of the prospectus on Allied Nationwide's website www.alliednationwide.co.nz or by telephoning 0800 65 45 45.
- 39 Speirs Securities Limited is a separately owned company which forms part of the securitisation programme operated by Speirs Group and which is consolidated with Speirs Group for financial reporting purposes, in accordance with the Financial Reporting Act 1993. Speirs Group's interest in the securitisation programme forms part of the Speirs Finance Business which will be transferred to SFL and then amalgamated with Allied Nationwide. Speirs Securities Limited is owned and controlled by the trustee of a discretionary trust and following the amalgamation of SFL and Allied Nationwide its ownership and control will continue unchanged.
- 40 A copy of the financial statements of Allied Nationwide (for the year ended 30 June 2008) will be available on Allied Nationwide's website www.alliednationwide.co.nz or by telephoning 0800 65 45 45 from 27 August 2008.

	Allied Nationwide	SFL*	Allied Nationwide (amalgamated entity) pro-forma	Speirs Securities Limited*	Consolidated Group
	30 June 2008 \$'000	30 June 2008 \$'000	30 June 2008 \$'000	30 June 2008 \$'000	30 June 2008 \$'000
Assets					
Cash	27,196	3,867	31,063	7,227	38,290
Cash arising from issue of Perpetual Bonds to Speirs Group §			2,000	-	2,000
Loans & Leases	158,266	77,334	235,600	143,249	378,849
Subordinated Investment in Speirs Securities	-	19,389	19,389	-	-
Fixed Assets	2,441	2,831	5,272	-	5,272
Other	3,264	4,463	7,727	340	8,067
	191,167	107,884	301,051	150,816	432,478
Liabilities					
Deposits	161,010	94,532	255,542	-	255,542
Subordinated Deposits	-	1,847	1,847	19,389	1,847
Commercial Paper	-	-	-	130,210	130,210
Bank Facility	-	5,000	5,000	-	5,000
Other	3,936	2,205	6,141	1,386	7,527
	164,946	103,584	268,530	150,985	400,126
Net Assets	26,221	4,300	32,521	-169+	32,352
Equity					
Share Capital	11,091	-	11,091	-	11,091
Retained Earnings	15,130	-9,227‡	5,903	-169†	5,734
Perpetual Bonds		13,527	13,527	-	13,527
Perpetual Bonds issued to Speirs Group §			2,000		2,000
	26,221	4,300	32,521	-169†	32,352
Speirs Securities Limited is not a member of the Allied Nationwide borrowing group and does not guarantee the payment of any securities by Allied Nationwide					

* The figures in respect of SFL and Speirs Securities Limited are extracted from the management accounts of Speirs Group, dated as at 30 June 2008, and are unaudited.

† *Notional Mark to Market on Swaps* – New Zealand Equivalents to International Financial Reporting Standards (*NZ IFRS*) require that “mark to market” gains or losses arising from derivatives must now be reflected in the annual income statement. In reality, the gains or losses arising from derivatives in any year are notional sums, with costs incurred being recovered by benefits in later years. While costs and benefits will fluctuate every year, ultimately, the positives and negatives will equate over the life of a derivative.

‡ Deficiency arising from the transfer of assets, liabilities and Perpetual Speirs Bonds from Speirs Group to SFL and subsequently transferred to Allied Nationwide.

§ The Perpetual Bonds issued to Speirs Group are an adjustment to the balance sheet after 30 June 2008.

Composition of Combined Loan Book as at 30 June 2008

Sector*	Allied Nationwide	SFL and Speirs Securities Limited	Consolidated Group	Percentage
	30 June 2008	30 June 2008	30 June 2008	
	\$m	\$m	\$m	
Property	59.9	0.5	60.4	16%
Rural	21.3		21.3	6%
Capital Equipment	40.0	194.5	234.5	62%
Commercial	19.6		19.6	5%
Consumer†	17.5	25.6	43.1	11%
	158.3	220.6	378.9	100%

* The methods to classify the loan books of Allied Nationwide, SFL and Speirs Securities Limited by sector are based on security type. There are no material differences between the methods of classification used by Allied Nationwide, SFL and Speirs Securities Limited.

† The Consumer sector includes loans secured by 2nd mortgages over real property.

Ratio Review as at 30 June 2008

- 41 Below are some of the key financial ratios under the Allied Nationwide Trust Deed, for each of Allied Nationwide and Allied Nationwide (amalgamated entity) as at 30 June 2008.

	Allied Nationwide 30 June 2008 \$'000	Allied Nationwide (amalgamated entity) 30 June 2008 \$'000
Total Liabilities Restriction	<i>Total Liabilities not to exceed 90% of Total Tangible Assets</i>	
Total Liabilities	164,946	268,530
Total Tangible Assets	188,877	298,707
Ratio	87.3%	89.9%
Related Party Transactions	<i>Restricted to 2% of Total Tangible Assets without Trustee consent</i>	
Total Tangible Assets	188,877	298,707
Loans to Related Parties	-	2,710
Ratio	0%	0.9%
Prior Charges Limitation	<i>Limited to 5% of Total Tangible Assets</i>	
Total Tangible Assets	188,877	298,707
Amounts secured by Prior Charges	-	5,000
Ratio	0%	1.7%
Concentrated Exposures Limitation	<i>Amounts owing from one group of debtors limited to 5% of Total Tangible Assets (as per Allied Nationwide's agreement with its Trustee)</i>	
Total Tangible Assets	188,877	298,707
Largest individual group exposure*	5,353	5,353
Ratio	2.8%	1.8%

* This excludes investment in subordinated debt in Speirs Securities Limited.

Liquidity Analysis as at 30 June 2008

Liquidity Analysis as at 30 June 2008	Cash \$'000	Funding Lines \$'000	Undrawn Amount \$'000
Allied Nationwide	27,196	-	-
SFL	3,867	12,900	7,900
Total	31,063	12,900	7,900

Notes

The funding lines available to the Speirs Finance Business as at 30 June 2008 are through Bank of New Zealand and comprise committed lines of \$6.0 million and uncommitted lines of \$6.9 million made available at that time to Speirs Group. These lines are secured by a Prior Charge over the assets of Speirs Group (which includes the assets of the Speirs Finance Business).

Under the terms of the Allied Nationwide Trust Deed, prior charges for bank funding lines are not permitted. It is expected that the funding lines for the Speirs Finance Business will be fully repaid and cancelled and the prior charge released by Bank of New Zealand on the settlement date (which is intended to occur on 30 September 2008 or such later date as the boards of Allied Nationwide and SFL determine).

Provisioning Analysis

Provisioning Analysis as at 30 June 2008	Allied Nationwide \$'000	SFL \$'000	Combined Position \$'000
Provision for Individually Impaired Assets	2,327	894	3,221
Provision for Collectively Impaired Assets	2,642	169	2,811
Total Provisions	4,969	1,063	6,032
Net Loan Ledger (before provisions)	163,235	221,646	384,881
Provision as a % of the total Net Loan Ledger	3.0%	0.5%	1.6%

Investment Statement and Prospectus

- 42 An investment statement dated 27 August 2008 has been prepared in relation to the Allied Nationwide securities (Secured Deposits, Subordinated Notes and Perpetual Bonds) to be exchanged for securities held by Speirs Secured Stockholders, Perpetual Speirs Bondholders and Subordinated Noteholders following the amalgamation and exchange of securities. Secured Deposits in Allied Nationwide are secured by a first ranking charge against the assets and undertaking of Allied Nationwide, subject to permitted prior charges. Subordinated Notes and Perpetual Bonds are unsecured debt obligations of Allied Nationwide and rank for priority of payment behind all other secured and unsecured indebtedness of Allied Nationwide other than other subordinated indebtedness. The Allied Nationwide investment statement contains important information concerning Allied Nationwide. A copy of this investment statement is enclosed.
- 43 Allied Nationwide's prospectus dated 31 March 2008 (as amended by Memoranda of Amendments dated 28 April 2008, 24 July 2008 and 27 August 2008) is available on Allied Nationwide's website www.alliednationwide.co.nz or by telephoning 0800 65 45 45.

Funding

- 44 As noted above, both the Speirs Group and Allied Nationwide finance their lending activities through the issue of debt securities to the public (retail investors) under trust deeds. It is intended that the amalgamated company will continue to raise funds for its activities in this way, but under one trust deed, being the existing Allied Nationwide debenture trust deed.

- 45 Allied Nationwide's prospectus dated 31 March 2008 (as amended) will remain in place immediately following amalgamation to enable the amalgamated company to accept debenture stock and deposits from new investors to continue to fund its lending activities.
- 46 The amalgamated company will also have access to the securitisation programme currently accessed by Speirs Group through Speirs Securities Limited, which will provide access to the wholesale money markets.

Comparison with Trust Deeds

- 47 Set out in the table below is a brief comparison of the key financial ratios, covenants and reporting obligations contained in the existing Speirs Composite Trust Deed dated 16 June 1986 (as subsequently amended) (the *Composite Trust Deed*) and the Allied Nationwide Trust Deed

	Allied Nationwide Trust Deed	Speirs Composite Trust Deed
Key Financial Ratios & Covenants		
Equity (being Total Tangible Assets less Total Liabilities)	10%	8.33%
Related Party transactions	2% of TTA	2% of TTA
Concentrated group exposure limits	5% of TTA	Greater of Shareholder Funds and 10% of TTA
Prior Charges	5% of TTA	15% of TTA
Trustee Reporting¹		
Management accounts	Monthly	Monthly
Quarterly Report	Yes	Yes
Annual accounts	Within 3 months	Within 3 months
Half year accounts	Within 3 months	Within 8 weeks
Directors' Certificates	Quarterly	Quarterly
Auditor's Report	Half Yearly	Half Yearly

- 48 A comparative summary of the substantive differences between the existing Composite Trust Deed and the Allied Nationwide Trust Deed is set out in the Schedule attached.

Please note, the comparative summary set out in the Schedule represents what Speirs Group considers to be the substantive differences between the Composite Trust Deed and the Allied Nationwide Trust Deed, and the main points Debt Obligationholders should consider. Debt Obligationholders should determine for themselves, having regard to their own circumstances and their own investment parameters, which provisions of Allied Nationwide Trust Deed constitute a substantive change from the existing Composite Trust Deed.

- 49 Copies of the existing Composite Trust Deed and the Allied Nationwide Trust Deed can be obtained by telephoning 0800 65 45 45.

¹ As amended by the additional requirements for trust deeds of this type which are deemed by the Securities Regulations 1983 to be contained in the Composite Trust Deed and the Allied Nationwide Trust Deed.

- 50 Copies of the trust deeds can also be obtained from the Companies Office website, www.companies.govt.nz or by contacting the Companies Office – Contact Centre at telephone 0508 266 726. The Companies Office may charge a fee for inspection of these documents.

Listing

- 51 Application has been made to NZX for permission to list the securities to be received by Perpetual Speirs Bondholders (if the transaction described in paragraph 5 of this explanatory memorandum is approved) and all the requirements of NZX relating thereto that can be complied with on or before the date of the distribution of this explanatory memorandum have been duly complied with. However, NZX accepts no responsibility for any statement in this explanatory memorandum. Listing of the securities to be received by Speirs Secured Stockholders and Subordinated Noteholders (if the transaction described in paragraph 5 of this explanatory memorandum is approved) is not being sought.

Impact on Existing Investments

- 52 SFL will not exist after the amalgamation (which is intended to occur on 30 September 2008 or such later date as the boards of Allied Nationwide and SFL determines), subject to the resolutions being passed and all other necessary trustee, regulatory and other approvals being obtained. Immediately after the amalgamation becomes effective, the securities you will hold in SFL (SFL having been substituted for SGL as issuer of the securities) will be exchanged for securities with identical terms and conditions issued under the Allied Nationwide Trust Deed. The New Zealand Guardian Trust Company Limited will be the trustee.
- 53 There will be no change to the interest rate which applies to your investment, its maturity date or the ranking of your security, though now held against the assets of the amalgamated company. Your current investment certificate will remain valid without the need for further action and the amalgamated company will not issue you with a new certificate, but will record your investment on the amalgamated company's register.

Guarantee

While Allied Nationwide benefits from Allied Farmers' management expertise, neither Allied Farmers nor any of the other members of the Allied Farmers group of companies guarantee any of the securities referred to in this explanatory memorandum. Following the exchange of securities described above, Speirs Group will not guarantee any of the securities described in this explanatory memorandum.

SCHEDULE

SUMMARY OF SUBSTANTIVE DIFFERENCES BETWEEN SPEIRS GROUP LIMITED COMPOSITE TRUST DEED AND ALLIED NATIONWIDE FINANCE LIMITED TRUST DEED

Set out below is a summary of the substantive differences between the existing Speirs Group Limited (*Speirs Group*) Composite Trust Deed dated 16 June 1986 (as amended from time to time) (the *Speirs Deed*) and the Trust Deed of Allied Nationwide Finance Limited (*Allied Nationwide*) dated 18 November 1994 (as amended from time to time) (the *Allied Nationwide Deed*). After the amalgamation, your securities will be issued under, and governed by, the Allied Nationwide Deed.

The summary has been based on the summary of the Speirs Deed contained in the current prospectus for Speirs Group and the summary of the Allied Nationwide Deed contained in the current prospectus for Allied Nationwide. For the purposes of this summary, unless specified otherwise terms defined in the Speirs Deed and/or the Allied Nationwide Deed shall have the same meaning where used below. In some cases, the definitions of terms are slightly different between the two Trust Deeds. However, Speirs Group considers that the comparisons made below are nevertheless reasonable and sufficient to provide Securityholders with an adequate basis for determining the main differences between the two Trust Deeds. In addition, pursuant to the Speirs Deed, the Borrowing Group is required to comply with certain other Prudential Guidelines which Speirs Group agrees with the Trustee from time to time.

Shareholders' Funds Ratio

- 1 Under both the Speirs Deed and the Allied Nationwide Deed there are covenants that protect the Securityholders by limiting the level of liabilities and/or borrowing relative to the value of the assets of the relevant company. The *Total Liabilities Limitation* is designed to ensure that shareholders funds are above a minimum level.

Under the Speirs Deed, the Borrowing Group (comprising Speirs Group Limited (to be replaced by Speirs Finance Limited) and any Guaranteeing Subsidiaries) must ensure that Total Liabilities of the Borrowing Group will not exceed an amount equal to 12 times Shareholders' Funds.

Under the Allied Nationwide Deed, the Company must ensure that Total Liabilities will not exceed 90% of Total Tangible Assets.

The practical effect of this difference is that the minimum level of shareholders funds will be required to increase from 8.3% to 10% of Total Tangible Assets under the Allied Nationwide Deed. The increased minimum level of shareholders funds means there is a tighter restriction on the ability

to incur borrowings under the Allied Nationwide Deed than compared to the Speirs Deed and, from a commercial point of view, more of a buffer against bad debts. However, under the Prudential Guidelines of Speirs Group, if the Total Liabilities exceed 10 times Shareholders' Funds then an amount represented by that excess must be invested in fixed interest securities issued by Financial Institutions approved by the Board.

Prior Charges Limitation

- 2 Under the Speirs Deed the Company must not create or permit to arise any Prior Charge over its assets other than Charges where the total amount secured does not exceed 15% of Total Tangible Assets being a mix of a general security agreement in favour of Bank of New Zealand which has a priority limited to 10% of Total Tangible Assets and further specific charges over specific assets. Under the Allied Nationwide Deed, the limitation on Prior Charges is set at a limit of 5% of Total Tangible Assets.

The practical effect of the difference in these covenants is that the Speirs Deed permits a higher level of Prior Charges over its assets as a percentage of Total Tangible Assets. Therefore the level of Prior Charges is required to decrease under the Allied Nationwide Deed. This provision results in a tighter restriction on the ability to incur secured borrowings that rank ahead of the Stockholders under the Allied Nationwide Deed than compared to the Speirs Deed. However, under the Prudential Guidelines of Speirs Group, the priority amount is, in practice, limited to 10% of Total Tangible Assets.

Property Owning Restrictions

- 3 Under the Allied Nationwide Deed, no member of the Borrowing Group is permitted, without the Trustee's prior written consent, to own land, or shares in any company, unit trust or entity of any other nature which is not a member of the Charging Group, except as security for the provision of financial accommodation or as the result of enforcing any such security. There is no equivalent restriction under the Speirs Deed.

The practical effect is that the Allied Nationwide Deed places more stringent restrictions on the Company with regard to ownership of different types of non-lending assets. In other words, the Company is required to carry on the business of a finance company and is prevented from investing in land, shares or other securities except where such assets are charged by borrowers as security for loans made by the Company, or the Trustee has otherwise consented. It should be noted that Allied Nationwide will, as part of the proposed transaction, acquire an investment property in Palmerston North currently owned by Speirs Group. The ownership of this property by Allied Nationwide will be subject to the approval of the Trustee under the Allied Nationwide Deed.

Guarantees of Related Persons

- 4 Under the Speirs Deed, the Company and the Borrowing Group may not, without the prior written consent of the Trustee, give any guarantee or security for the obligations of, or lend money to, or allow money to remain outstanding by a Related Company except in the ordinary course of business for amounts which do not exceed 2% of Total Tangible Assets unless certain conditions are met. Certain other dealings with Related Companies are prohibited except in certain circumstances.

Under the Allied Nationwide Deed, Allied Nationwide cannot, without the prior written consent of the Trustee, give any guarantee or security for the obligations of a Related Company except in the ordinary course of business for amounts which do not exceed 2% of Total Tangible Assets or lend any money to a Related Company except in certain circumstances or as approved by the Trustee.

The practical effect of these provisions is substantially the same.

Sale of Business Restrictions

- 5 Under the Speirs Deed the sale or transfer of the whole or any substantial part of the business of the Borrowing Group except within the Borrowing Group is prohibited other than with the prior written consent of the Trustee. Under the Allied Nationwide Deed the Company covenants that neither it nor any Charging Subsidiary will, without the prior consent of the Trustee, sell or transfer the whole or a major part of its business as a going concern except within the Charging Group.

In practical terms, there are no substantive differences between these provisions.

Concentrated Exposure Limit

- 6 Under the Speirs Deed, the Borrowing Group is not permitted, without the prior consent of the Trustee, to allow the aggregate liabilities owing by any one debtor of the Borrowing Group to exceed the greater of Shareholders Funds or 10% of Total Tangible Assets.

The Allied Nationwide Deed does not include a similar restriction. However, the Allied Nationwide Trustee has required Allied Nationwide to state, in its prospectus, that it will not permit, without the prior consent of the Trustee, the aggregate liabilities owing by any one third party debtor of the Borrowing Group to exceed 5% of Total Tangible Assets. The directors of Allied Nationwide are not aware of any intention of the Allied Nationwide Trustee to withdraw this requirement.

The practical effect of this difference is that the maximum aggregate sum that can be outstanding with any one person or group of persons (and

hence the associated concentration of credit risk) is reduced under the Allied Nationwide prospectus and in a practical sense and, assuming the Trustee requirement remains the same, is therefore less than the limit in the Speirs Deed where Shareholder Funds exceed 5% of Total Tangible Assets (i.e. a tighter restriction). However, under the Prudential Guidelines of Speirs Group, Speirs Group has agreed to limit its concentrated exposures to 1.5% of Total Tangible Assets.

Reporting

- 7 The obligation to provide regular reporting to the Trustee is reasonably consistent between the Speirs Deed and Allied Nationwide Deed.

Under both the Speirs Deed and the Allied Nationwide Deed, the Company is obliged to provide financial statements in respect of itself and the Borrowing Group to the Trustee at six monthly intervals. In addition, there are certain monthly reporting requirements and quarterly certificates.

There is no practical difference in these covenants.

Grace Periods for Defaults

- 8 Under the Speirs Deed, the 'grace period' for default in payment of interest owed on any Debt Obligations is 14 days. There is no grace period for payment of principal under the Speirs Deed. Under the Allied Nationwide Deed, the 'grace period' for default in payment of interest owed to Stockholders is 14 days and for payments of interest owed to other persons, 14 days after demand in writing for payment. There is no grace period in respect of the obligation to pay principal moneys in respect of Stock on the due date for payment.

The practical difference is that there will be a grace period of 14 days after demand in writing for principal for instruments other than secured stock and that the grace period for payments of interest in relation to securities other than secured stock will not begin until written demand is made (i.e. a looser restriction for instruments other than secured stock, although in practice there is unlikely to be a timing difference as default is also likely to have occurred in relation to the secured stock).

Appointment of New Trustee

- 9 Under the Speirs Deed, the power of appointment of a new Trustee vests in the Company but any such appointment requires the approval of the Debt Obligationholders by way of Extraordinary Resolution. Under the Allied Nationwide Deed, the power of appointment of a new Trustee vests in the Company but any such appointment currently requires the approval of the Stockholders and Depositors by way of Extraordinary Resolution.

There is no practical difference between these provisions. However, it is anticipated that the Allied Nationwide Trust Deed will be amended prior to the amalgamation to provide for the issue of subordinated instruments, and those amendments will include providing that the power of appointment of a new Trustee vests in the Company but any such appointment requires the approval of all debt security holders by way of Extraordinary Resolution.

Subordinated Instruments

- 10 The Allied Nationwide Deed currently does not contemplate the issue of subordinated instruments. However, prior to the amalgamation, the Allied Nationwide Deed will be amended to include subordination provisions. Such provisions are expected to be consistent with the equivalent provisions in the Speirs Deed.

Speirs Group and Allied Nationwide are both in compliance with their respective Trust Deeds, as at the date of the notice of special meeting.