Benefits of being

a shareholder

Effective 12 August 2026
Please visit **www.mggroup.co.nz**
for more company information

mg® fresh produce group
NEW ZEALAND

MARKET GARDENERS LTD
trading as **MG**
www.mggroup.co.nz

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DISCLAIMER

Offer of A Shares in MG
If this document has been provided in connection with an offer of A Shares in MG, such offer is made in reliance on the small offer exclusion under clause 12 of Schedule 1 of the Financial Markets Conduct Act 2013 (the *FMCA*). The offer does not therefore constitute a 'regulated offer' under the FMCA. Please see the required warning statement set out below.

> **Warning**
> You are being offered A Shares in MG.
>
> New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.
>
> The usual rules do not apply to this offer because it is a small offer (as defined under the FMCA). As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.
>
> Ask questions, read all documents carefully and seek independent financial advice before committing yourself.

Information of a general nature / no advice
The information in this document is of a general nature and has been prepared solely for information purposes. Nothing in this document constitutes legal, financial, tax, accounting or other advice and this document is not financial product or investment advice or a recommendation by MG, or its directors, officers, employees, affiliates, agents or advisers to invest in MG.

The information in this document does not take into account the particular investment objectives, financial situation, taxation position or particular needs of any person. You should make your own assessment of the information in this document and an investment in shares in MG and should not rely on this document. Before making an investment decision, you should seek independent professional advice.

No guarantee of returns or future performance
Past performance is not an indicator or guarantee of future performance. Future returns may differ from past returns and neither any returns referred to in this document, nor the money you invest, is guaranteed.

Liability
Except for liability under the FMCA that cannot be contracted out of, MG and its directors, officers, employees, affiliates, and agents disclaim all liability in relation to the information in this document including in relation to any offer of, or investment in, shares in MG including liability in contract, tort (including negligence) or otherwise.

WHO ARE WE?

Market Gardeners Limited, which trades under the name "MG", commenced business in Wellington in 1923 as a Growers' Co-operative for the marketing of fresh fruit, vegetables and other produce. From modest beginnings MG has now expanded and has branches in Invercargill, Dunedin, Christchurch, Nelson, Wellington, Palmerston North, Hamilton, Tauranga and Auckland.. As a co-operative MG can offer its grower shareholders certain benefits.

SHAREHOLDERS' BENEFITS

A grower who becomes a shareholder in MG is entitled to:

- Participate in any dividends and/or rebates on shares declared by the Board. Dividends and rebates are declared out of, and are dependent upon, the company's profits;
- Receive additional shares issued by participating in the Company's dividend reinvestment plan for the A Shares and by receiving C Shares as all or part of a rebate on A Shares (in accordance with its rights under the Company's constitution, the Company currently issues C Shares to shareholders as rebates on the A Shares). Whether shares are issued as dividends or rebates or distributions is at the Board's discretion;
- Have a say in the direction and operations of the company by attending shareholder meetings (only A Shares give the holder a right to vote at shareholder meetings however);
- Accumulate a useful "retirement fund" through an increased shareholding.

Current practice is for:

- A dividend to be declared on A Shares and for this to be paid in cash. Many shareholders have elected, under MG's dividend reinvestment plan, to receive further A Shares instead of being paid in cash. This helps to increase a grower's shareholding and assists the company in its capital development;
- Rebates are declared based on the level of consignment sales a grower shareholder has made through MG;
- The Company currently issues C Shares to holders of A Shares as rebates. The issue of C Shares as all or part of a rebate is at the Board's discretion;
- C Shares are generally converted into B shares after 1 year. The conversion of shares is at the Board's discretion;
- B Shares are generally converted into A Shares after 4 years. The conversion of shares is at the Board's discretion.

It is important to note that the level of dividend/rebate declared is dependent upon MG's profitability.

SHAREHOLDERS' RIGHTS

A shareholder's rights are determined by the rights attached to the shares held by the shareholder. The holders of A Shares have the right to:

- Vote for the appointment of directors, and on other resolutions put to the shareholders at Annual or Special meetings of shareholders, up to a maximum of 1,999 votes;
- Receive such rebates, dividends and bonus issues of shares from MG's profits that are declared by the Board from time to time (as is discussed above);
- Attend shareholders' meetings and have a voice in discussing MG's business.

Shareholders may apply for additional A Shares at any time. B and C Shares do not, except in limited circumstances, hold any voting rights.

Voting rights are suspended when a shareholder ceases to be a Current Producer.

SHARES CAN BE SURRENDERED

Paid up A, B and C Shares can be surrendered for their nominal value ($1.00 each).

Shares may be surrendered at the holder's option:

- When a shareholder has disposed of, or changed the use of, their land and assets so that the shareholder is not able to transact any business with MG. (Changing the use of the land would include its subdivision into housing sections, for example);
- Upon the death of a shareholder if the estate ceases to be a transacting shareholder;
- the holder hasn't been a transacting shareholder of MG for the immediately preceding five year period;

Shares may be surrendered at MG's option:

- When a shareholder has ceased to be a Producer or Current Producer or has not purchased or used Services from the Company for the previous five years ("Producer", "Current Producer" and "Services" are defined in MG's constitution);
- in certain other circumstances set out in MG's constitution.

THE SURRENDER OF SHARES IS AT ALL TIMES DEPENDENT UPON MG CONTINUING TO MEET THE SOLVENCY TEST (AS DEFINED IN THE COMPANIES ACT 1993).

TAXATION

Under current taxation legislation:

- Dividends received by a shareholder are taxable in the hands of the shareholder. However, the taxation liability may be reduced or eliminated depending on the level of imputation credits that may be attached to the dividend. The level of imputation credits attached is at the Board's discretion and is dependent upon the availability of imputation credits. Current practice is for dividends to be fully imputed and therefore are, to the extent possible under the tax laws, tax paid to the shareholder;
- Rebates declared by MG, which are currently issued as C Shares, are fully taxable in the hands of shareholders. Imputation credits are not able to be attached to rebates;
- The money received by a shareholder on the surrender of A, B or C Shares will only be assessable as income if the shares surrendered were originally issued as a non-taxable bonus issue. MG has not in the past traditionally declared non-taxable bonus issues.

SHAREHOLDING - HOW IT WORKS

- The minimum shareholding for new shareholders is currently 1,000 A Shares. The nominal value of each A Share is $1.00. Accordingly, subscription for the minimum shareholding requires a payment of $1,000. The minimum shareholding amount may be varied by the Board.
- A shareholder who holds a minimum holding of A Shares is entitled to receive such rebates or dividends declared by the Board. Dividends and rebates are declared out of the company's profits. Current practice is for dividends to be declared on A Shares only and for rebates to be declared based on the level of consignment sales a shareholder makes through MG. Traditionally;
  - dividends are paid on A Shares held at 30 June, subject to the shares not being surrendered prior to the Annual Meeting; and
  - rebates are paid to shareholders who have consigned to MG prior to 30 June, who hold a minimum shareholding at 30 June, subject again to the shares not being surrendered prior to the Annual Meeting.
- The Company may issue shares as part of any rebate or dividend on any class of sharesat the Board's discretion. Current practice is to issue C Shares to holders of A Shares as rebates and to pay dividends on A Shares in cash. However, many shareholders elect to have their dividends satisfied through the issue of further A Shares under the Company's dividend reinvestment plan.
- The Board may reclassify any C shares into B Shares or any other class of shares and B Shares into A Shares or any other class of shares. This is subject to the rights of that other class of shares. Current practice is for C Shares to be reclassified into B Shares every year and for B Shares to be reclassified into A Shares every four years.
- From time to time the Board may, at its discretion, issue bonus shares on A, B and C Shares. The level of bonus issue will vary in quantum and as between each class of share.

It is therefore of benefit for consignment suppliers of produce to MG to be shareholders of MG.

APPLICATION FOR SHAREHOLDING

Applications for shares may be made by contacting the Company Secretary on the details listed below, or through any branch of MG or a local Director.

Applications are assessed against criteria set by the Board from time to time.

The Company Secretary
Market Gardeners Limited
PO Box 8581
Christchurch 8440
email: cosec@mggroup.co.nz
phone: 03 343 0430