

Other Material Information relating to the Offering of Ordinary Shares in The New Zealand Merino Company Limited

Dated 23 October 2020

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Capitalised terms used but not defined in this document have the meaning given to those terms in Section 14 (Glossary) of the Product Disclosure Statement dated 23 October 2020 relating to the Offering of Ordinary Shares in The New Zealand Merino Company Limited. The information in sections 1 and 2 below form part of the PDS.

1. INTERESTS OF DIRECTORS AND SENIOR MANAGERS

As noted in Section 2.13 of the PDS, Ben Todhunter, Bill Sutherland, Paul Ensor, Matanuku Mahuika and John Leyland Penno conduct business with NZM in the normal course of their business activities as Growers and/or as Shareholders (either directly or through associated persons). All these transactions are conducted on commercial terms and conditions prevailing in the relevant season. Therefore, template supply agreements which form the basis on which NZM contracts with those persons have been included on the Offer Register.

2. RISKS TO NZM GROUP'S BUSINESS AND PLANS

The below risk is additional to those described in Section 8 (Risks to the NZM Group's business and plans) in the PDS. You should consider such risk factors together with the other information in the PDS when reading this section.

BIOSECURITY RISK	
Description of the risk and its significance	If Growers are affected by a biosecurity issue, such as foot and mouth disease, it could adversely affect ZQ wool supply and NZM's access to overseas markets. Consequently, NZM's financial performance would suffer as it may have less ZQ wool to sell, fewer markets to access and/or additional costs to incur.
NZM's assessment of the likelihood, nature and potential magnitude of the risk	<p>A biosecurity risk, such as a foot and mouth outbreak, could have a potentially severe adverse impact on Growers and on their ability to supply ZQ Wool to NZM which is a key driver of NZM's returns. Such an outbreak may also adversely impact NZM's ability to export wool to Value Chain Partners and Brand Partners.</p> <p>As NZM does not produce wool itself, it is limited in its ability to directly mitigate the risk of on-farm diseases as Growers are responsible for compliance with the relevant biosecurity standards and protocols. In the event of a biosecurity incursion, NZM's 'ZQ on Farm' team would liaise with Growers to assess the impact on them and on ZQ Wool supply. However, the response to an incursion would be headed by the Ministry for Primary Industries and Beef and Lamb New Zealand, working with the Growers.</p> <p>NZM plans to expand its ZQ Wool supply base in Australia and South Africa in the future so as to diversify wool supply and reduce reliance on any one jurisdiction. However, as ZQ Wool is predominantly sourced from New Zealand at present, overseas supply would not be able to</p>

	address a supply shortfall from a severe biosecurity incursion in New Zealand.
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3. TOTAL ESTIMATED COSTS OF OFFER AND ISSUE

The total estimated costs of the offer and issue are approximately \$469,000. Of this:

- \$319,000 is an estimate of the total amount to be paid by NZM to MinterEllisonRuddWatts for legal services on the Offer and to Deloitte for accounting and other financial advice on the Offer; and
- \$150,000 is an estimate of the total amount to be paid by NZM to Northington Partners Limited (being an expert under section 60 of the FMC Act) as fees in respect of its role as Lead Manager and financial adviser on the Offer, and its valuation report of the NZM Group that was provided solely to the Board of NZM to assist the Board to establish a price for the Share Buy-Back/Offer, a summary of which is contained in the Offer Register.

4. SHARE BUY-BACK DISCLOSURE DOCUMENT

As noted in Section 3 of the PDS, this Offer is being conducted simultaneously with the separate Share Buy-Back. A copy of the Share Buy-Back Disclosure Document has therefore been included on the Offer Register.

5. NORTHINGTON PARTNERS SUMMARY REPORT

As referred to in Section 5 of the PDS, a copy of the Northington Partners Limited's Summary Report (which is a summary of an independent valuation of NZM Group provided to the Board of NZM to assist the Board to establish a price for the Offer and Share Buy-Back) has been included on the Offer Register. Northington Partners Limited was not engaged to provide any advice or assistance to any particular Eligible Shareholder, Unshared Person or Strategic Investor and neither the summary (or the fact that it is being made available to Eligible Shareholders, Unshared Persons or Strategic Investors) nor the valuation to which it refers are intended to provide, and should not be considered or construed as providing, any advice to any particular Eligible Shareholder, Unshared Person or Strategic Investor on the value of NZM Group or NZM's Shares, the merits of, or whether to participate in, the proposed Share Buy-Back and Offer, or whether to buy, sell or hold Shares. No party other than NZM (and then only strictly in accordance with the terms of Northington Partners Limited's engagement) may rely on the Northington Partners Limited's valuation in any circumstances. Northington Partners Limited has consented to this statement and to the release of the summary only on this basis.