



# **WHAKATŌHEA MUSSELS (ŌPŌTIKI) LIMITED**

## **PRODUCT DISCLOSURE STATEMENT**

**FOR AN ENTITLEMENTS ISSUE OF TWO SHARES AT \$1.50 PER NEW SHARE  
FOR EVERY THREE EXISTING SHARES CURRENTLY HELD**

**17 NOVEMBER 2017**

# 1. KEY INFORMATION SUMMARY

<b>WHAT IS THIS?</b>	<p>This is an offer of ordinary shares. Ordinary shares (Shares) give you a stake in the ownership of Whakatōhea Mussels (Ōpōtiki) Limited (WMŌ). You may receive a return if dividends are paid or WMŌ increases in value and you are able to sell your Shares at a higher price than you paid for them.</p> <p>If WMŌ runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.</p>
<b>ABOUT WMŌ</b>	<p>WMŌ was formed in 2014 to develop and operate an open ocean greenshell mussel farm on 3,800 ha of water space (the Farm). The Farm is located 8.5 km off the coast of Ōpōtiki in the Eastern Bay of Plenty at a water depth of approximately 40m.</p> <p>WMŌ's mission is to develop the farming and vessel capability in both Ōpōtiki and potentially in Coromandel to produce the critical mass of mussels required to be able to build a mussel processing factory in Ōpōtiki that will operate 12 months of the year and employ in excess of 200 people.</p>
<b>PURPOSE OF THIS OFFER</b>	<p>The purpose of the Offer is primarily to raise capital for WMŌ to help fund the expansion of the Company's open ocean mussel farm. The planned expansion involves the development of a further 585 ha over the four year period ending 31 March 2021, and will more than double the current farming operation. On completion of the planned expansion, the Farm will be 1,086 ha in size. Of the money raised in the Offer, \$3.4 million will be used to purchase a new service vessel, \$0.15 million will be used to meet the costs of the Offer, and the residual \$0.34 million be contribute to the cost of the additional longlines.</p>
<b>KEY TERMS OF THE OFFER</b>	<p><b>THE OFFER:</b> The Offer is an entitlement offer of two New Shares for every three Existing Shares held by existing Shareholders at the Record Date, plus a pool of 100,000 New Shares to cover oversubscriptions and the cost of this capital raise. The Offer is personal to existing Shareholders only, except any Shareholder may transfer all or part of their entitlement to any Associated Person of that Shareholder. As a Shareholder or Associated Person of a Shareholder, you may subscribe over and above your entitlement where not all Shareholders take up the Offer in full.</p> <p>To the extent entitlements are not taken up, any unsubscribed entitlements will be pooled and allocated to those Shareholders or Associated Persons who have applied for New Shares in excess of their entitlement.</p> <p>If all New Shares under this Offer are not taken up by existing Shareholders or Associated Persons of a Shareholder (including applications for over and above a Shareholder's or Associated Person's entitlement), any residual New Shares under the Offer will be made available to such persons as the Board considers equitable and in the best interests of the Company.</p> <p><b>SECURITY:</b> Ordinary Shares in WMŌ</p> <p><b>PRICE:</b> \$1.50 per New Share</p> <p><b>OFFER OPENS:</b> 17 November 2017</p> <p><b>INITIAL CLOSING DATE:</b> 27 November 2017 – This is the date by which existing Shareholders and Associated Persons must have lodged applications for their entitlements and for any excess shares they want to apply for.</p>

**KEY TERMS OF THE OFFER**

**FINAL CLOSING DATE:** 8 December 2017

**MAXIMUM NUMBER OF NEW SHARES BEING OFFERED:** 2.802 million New Shares

**TOTAL NUMBER OF SHARES ON ISSUE ON COMPLETION OF THE OFFER:** 6.857 million Shares

**SHAREHOLDING THE SHARES BEING OFFERED WILL REPRESENT FOLLOWING THE OFFER:** 40.9%

**PAYMENT:** Payment of \$0.75 per New Share is required at the time of subscription. The remaining \$0.75 per New Share is due for payment on 30 March 2018

**KEY DRIVER OF RETURNS****CURRENT AND FUTURE ASPECTS THAT HAVE OR MAY HAVE THE MOST IMPACT ON THE FINANCIAL PERFORMANCE OF THE WMŌ BUSINESS**

The prices it receives selling fresh mussels to New Zealand supermarkets via an existing distribution arrangement with Foodstuffs;

The quality and quantities of mussels it produces and the revenues it receives from selling snap-frozen half-shell mussels to the international market place;

Its ability to collect and grow its own spat and sell surplus spat to third party farmers, and;

The money it makes from servicing longlines owned by third parties who lease the balance of Eastern Seafarms Limited (ESL's) consented area;

**KEY STRATEGIES AND PLANS**

WMŌ may chose to limit the quantity of fresh mussels supplied to the local market, if weakening demand were to effect pricing.

WMŌ is staging Farm expansion to enable export demand for its snap-frozen half-shell mussels to be progressively increased;

Farm expansion will reduce the significance of WMŌ's reliance on income from selling surplus spat

Farm expansion will reduce the significance of WMŌ's reliance on income from servicing third party longlines.

More information about the key drivers of returns, strategies and plans of WMŌ are provided in Section 2 of this PDS – "WMŌ AND WHAT IT DOES", and in particular under the heading "Current and future aspects of WMŌ business that may have the most impact on WMŌ financial performance.

**HOW CAN YOU GET YOUR MONEY OUT?**

WMŌ does not intend to quote these Shares on a market licensed in New Zealand and there is no other established market for trading them.

This means that you may not be able to sell your Shares. There is no ability to redeem your Shares.

Investments in shares are risky. You should consider if the degree of uncertainty about WMŌ's future performance and returns is suitable for you. The price of the Shares should reflect the potential returns and the particular risks of these Shares. WMŌ considers that the most significant risk factors that could affect the value of the Shares are:

RISK FACTOR	SIGNIFICANCE TO WMŌ
Cyclone or severe storm damage to the farm longlines	There is a risk that mussel supply will be reduced by storm damage to WMŌ longlines. The risk to both productivity and physical structures is mitigated by the robustness of the longlines that WMŌ has developed. To date the deepwater longline system has physically performed well in several sizable and one exceptional storm.
Inability to harvest due to rainfall or biotoxins	The rainfall closure control is a sanitary measure where a particular level of Whakatane river flow is used as a proxy of likely bacteriological or viral contamination (bio-contaminants) of water that may flow offshore and reach the farm site. An analysis of river flow records for the past decade indicates that in extended rainfall events the farm will remain closed to harvest for up to 10-20 days at a time. In most years the cumulative days of rainfall harvest closure is likely to fall in the range of 25-45 days per annum.
Exposed large-scale open ocean farming system	The farm is located in the most exposed location on any existing mussel farm in New Zealand and this exposure means that there is a risk that the farming system will not always perform as expected. As the farm gets larger, the consequences of variable farm performance become magnified.
Going Concern	If the Company does not harvest 60 longlines in FY19 as it expects, it could potentially have a going concern issue because the crop is not insured against loss of production. If this risk eventuated, the Company may not be able to pay its debts as they fall due, which could result in a creditor appointing a receiver or liquidator to run or wind up the Company.
Insufficient processing capacity	The ability of WMŌ to expand its farming operation beyond the proposed 282 longlines is dependent on an increase in industry processing capacity. This risk is mitigated by the fact that the Farm is expected to be commercially profitable even if it does not expand beyond 282 longlines.
Insufficient spat settlement and retention.	WMŌ catches its own spat and plans to sell surplus spat to other mussel farmers. Annual variability in spat settlement and retention may pose some risk. In the event that there is insufficient spat retained for WMŌ's needs, it can purchase extra spat from Kaitia.
Reliance on a single service vessel	WMŌ currently has only one service vessel and would be vulnerable if there was loss, damage or major equipment failure on this vessel. WMŌ's current vessel is relatively new and well maintained. It is therefore unlikely to be susceptible to major failures.
Ōpōtiki Harbour Transformation Project does not proceed	If the Ōpōtiki Harbour Transformation Project were not to proceed for whatever reason then continuing to operate farming vessels out of Whakatane Harbour is unlikely to impact the rate of farm development that is currently budgeted.

For a more comprehensive assessment of these risks, you should also read section 8 of this PDS ("RISKS TO WMŌ's BUSINESS AND PLANS").

#### WMŌ FINANCIAL INFORMATION

The financial position and performance of WMŌ are essential to an assessment of this Offer. You should also read section 7 ("WMŌ's FINANCIAL INFORMATION").

# TABLE OF CONTENTS

<b>1. KEY INFORMATION SUMMARY</b>	<b>1</b>	<b>5. TERMS OF THE OFFER</b>	<b>26</b>
<b>TABLE OF CONTENTS</b>	<b>4</b>	<b>6. KEY FEATURES OF WMŌ'S SHARES</b>	<b>27</b>
<b>CHAIRMAN'S LETTER</b>	<b>5</b>	<b>7. SELECTED FINANCIAL INFORMATION</b>	<b>28</b>
<b>2 WMŌ AND WHAT IT DOES</b>	<b>6</b>	<b>8. RISKS TO WMŌ'S BUSINESS AND PLANS</b>	<b>30</b>
Overview of WMŌ	6	<b>9. TAX</b>	<b>35</b>
The New Zealand Mussel Industry	11	<b>10. WHERE YOU CAN FIND MORE INFORMATION</b>	<b>35</b>
Key Strategies and Plans	13	<b>11. HOW TO APPLY</b>	<b>36</b>
Ōpōtiki Harbour Transformation Project	14	<b>12. CONTACT INFORMATION</b>	<b>37</b>
WMŌ Mussel Initiative	15	<b>13. GLOSSARY</b>	<b>38</b>
Board of Directors	18		
Interests of Directors	22		
<b>3. PURPOSE OF THE OFFER</b>	<b>24</b>		
<b>4. KEY DATES AND OFFER PROCESS</b>	<b>25</b>		



# CHAIRMAN'S LETTER

Dear Investor,

WMŌ's mussel farming operation now covers more than 500 ha of ocean and over the next four financial years, ending 31 March 2021 (FY21), we plan to increase this area to nearly 1,100 ha.

Since it was established in 2014, WMŌ has created significant intellectual property ("IP") around open ocean mussel farming. This IP relates to both the technology that enables deep water longlines to withstand severe storms such as we experienced in April this year, as well as proprietary farming knowledge on such things as mussel yields, growth rates, product quality and farming systems.

Using the IP that it now possesses, WMŌ has developed an open ocean farming system that we believe is commercially attractive. As proposed, expansion over the next four years will be funded by a combination of retained earnings, bank debt and money raised in this Offer.

The offer is for a partially renounceable entitlements issue of two New Shares at an issue price of \$1.50 per Share, for every three Existing Shares held at the Record Date of 13 October 2017 (the "Offer").

## INVESTMENT HIGHLIGHTS

- The Offer is for 2,802,667 Shares at an issue price of \$1.50 per share.
- Offer opens 17 November 2017
- Initial closing 27 November 2017
- Offer closes 8 December 2017
- Shares will be issued on a partly paid basis with \$0.75 per share due at the time of application, and the remaining \$0.75 per share due by 30 March 2018.
- Money raised in the Offer will be used to help fund \$10.646 m of capital expenditure on 174 new longlines, a new service vessel, buoys, ropes and stocking equipment, and a vessel-servicing truck. It will also be used to meet Offer expenses.
- At the end of the four year forecast period to FY21, WMŌ expects its mussel farming business to have pre-tax earnings of \$2.0 million p.a. and have a loan to value ratio (LVR) of 22%.
- In keeping with its earlier undertaking, WMŌ expects to make its first dividend payment of \$0.10 per share in FY21.

## Further Expansion

WMŌ has the right to extend the number of longlines under its marine farm lease to a maximum of 80% of the water space. Capital raised in this Offer should be sufficient for WMŌ

to fully develop the water space under its marine farm lease by the end of the forecast period ending FY21, without raising any additional equity. It is noted however, that expansion beyond 1,100 ha is dependent on an increase in mussel processing capacity at an industry level, and that the domestic market for fresh greenshell mussels is limited.

The Company is currently developing plans for the construction of its own Ōpōtiki based processing plant. If WMŌ does go ahead with building its own mussel processing plant, the Company will need to raise a significant amount of new equity capital to fund it.

As is the case for this Offer, we will give existing WMŌ shareholders a priority allocation in any offer to raise money to build a processing factory. If such an offer is made, it is unlikely to take place before the end of calendar year 2018.

Read the PDS carefully, seek financial, investment, or other professional advice, and understand section 8 of this PDS (Risks to WMŌ's Business and Plans) before considering an investment in WMŌ.

Yours Sincerely,

**Ian Craig**  
Chairman  
**Whakatōhea Mussels (Ōpōtiki) Limited**

## 2. WMŌ AND WHAT IT DOES

### OVERVIEW OF WMŌ

WMŌ was formed in 2014 to develop and operate an open ocean greenshell mussel farm on 3,800 ha of water space. The WMŌ farm is located 8.5 km off the coast of Ōpōtiki in the Eastern Bay of Plenty. The marine farm operates in a water depth of approximately 40m.

WMŌ's mission is to develop the farming and vessel capability in both Ōpōtiki and potentially Coromandel to produce the critical mass of mussels required to be able to build a mussel processing factory in Ōpōtiki in the future that will operate 12 months of the year and employ in excess of 200 people.

WMŌ's farming system is different from traditional commercial New Zealand mussel farms in three important areas:

- i. it is the only commercial open ocean mussel farm in New Zealand;
- ii. It is far less intensively farmed than other mussel farms, and;
- iii. It collects almost all of its spat (juvenile mussels) directly on to nursery ropes within the farm boundary.

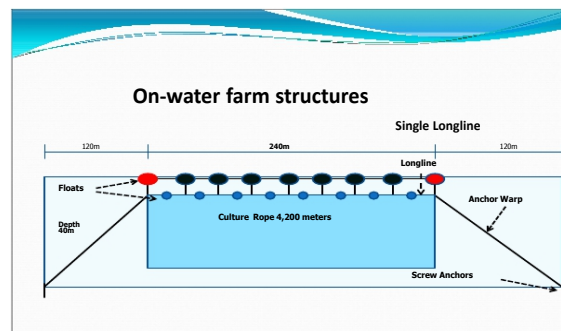
Most other mussel farms in New Zealand are located in sheltered locations. These farms purchase their spat from Ninety Mile Beach or (other small spat catching areas elsewhere in New Zealand, where Kaitia spat wash up in their millions attached to clumps of seaweed). Spat is purchased from spat collectors then transferred on to nursery longlines.

Spat grow on nursery longlines for about six months before they are stripped and re-attached to culture longlines where they grow for a further 12 to 18 months until they are ready for harvest.

In common with other New Zealand mussel farms, WMŌ culture longlines are suspended beneath single backbone longlines. However because of its deep open ocean environment, WMŌ longlines are considerably more robust than conventional longlines and capable of withstanding rough seas and big swells (the biggest swell so far has been 12m).

As shown in Figure 1 below, WMŌ longlines are 240m in length and suspended 5m below the ocean surface by a system of buoys and screw anchors. Each backbone longline has approximately 4,200m of culture rope suspended beneath it in loops.

Figure 1: WMŌ on-water longline structure



Because of its open ocean location, the WMŌ farming operation is a lot less intensively farmed than conventional mussel farms. WMŌ longlines are spaced at one longline/3.85ha compared to a more typical industry spacing of two to three longlines/ha.

As a consequence of its deep open ocean location, associated ocean currents and less intensive farming system, to date mussels produced by WMŌ have grown more quickly than those grown on more conventional mussel farms and, anecdotally, they are recognised and valued for their clean shells, plumpness and sweet taste.

The high quality of WMŌ mussels is attributed to clean water, low stocking rates, reasonable phytoplankton supply on which the mussels feed and the lack of opportunity for barnacles and other contaminants to grow or adhere to the mussel shells.

The off-shore location of WMŌ's mussel farm means that, compared to other mussel farms, there is significantly more travel time between land and the farm, and WMŌ is reliant on harbour access where other farms are not.

A key benefit of WMŌ's Ōpōtiki mussel farm is that it comprises one farm, one set of consents and a single location. Most other farmers have a number of smaller farms scattered in different locations.

## Development of the Water Space

In July 2014, WMŌ raised \$1.6 million of equity from Opokiti investors at \$1.00/ share to fund the initial development and operation of the Farm to install up to 100 longlines in the water space.

WMŌ's initial aim was to develop and establish the longlines and collect data on spat growth rates and the condition and oil content of its mussels.

In April 2016, WMŌ raised a further \$2.3 million of equity at \$1.25 per share to increase the rate of development and to support the purchase of the vessel "Northern Quest".

The Company wishes to further expand the development of the water space by adding a further 174 longlines into the water space, as well as purchase additional marine farm equipment and trucks and vehicles.

See Section 3 of the PDS ("Purpose of the Offer") for more information regarding the purpose of this Offer.

In addition to the Company's own farming operations, WMŌ also provides farming services and resources to Sanfords, Gulf Mussels and Pare Hauraki in the Coromandel.

In the late 1990s Sealord Limited commissioned Nelson based Cawthron Institute to identify areas of New Zealand that could be suitable for an offshore marine farm. Cawthron's research identified Ōpōtiki as a favoured area due to the quality of its water, productivity and lack of conflict-of-use.

The marine farm potential identified by the Cawthron research was recognised by The Whakatōhea Māori Trust Board (WMTB) which saw an alignment between such a development and the iwi's values and history.

WMTB has been a key driver and promoter of the Ōpōtiki mussel initiative since the outset.

Since it commenced business in 2014, WMŌ has installed 108 longlines of its own on the site which it leases from ESL, and a further 60 longlines for ESL. The initial 45 tonnes of mussels produced on WMŌ's own longlines in 2016 was sold fresh on the New Zealand market.

Annual mussel production from each longline in Ōpōtiki is budgeted to average 31.5 tonnes (7.5 kg/m). Only 61% of longlines are producing mussels at any time (most of the rest are growing spat).

WMŌ has also purchased a specialised marine farming vessel, the Northern Quest, to install and service its longlines.

Currently based out of Whakatane, the Northern Quest is a multi-purpose work vessel suitable for a variety of marine farming, salvage or general cargo carrying duties.

The vessel carries the specialised equipment required for maintenance and operation of the mussel farm.

The Northern Quest was built by Challenge Marine in Nelson, and was launched in 2009. It has a length of 29.9 metres, a beam of 8.22 metres, and a draft of 1.85 metres

Its estimated replacement cost is \$5 million including the deck harvesting equipment.



## Farm Profitability

The underlying profitability of WMÖ's Ōpōtiki mussel farm has been analysed using a 400 longline operation in a steady state i.e. no growth in longline numbers.

## Capital Investment/Longline

At current costs and prices, WMÖ's capital expenditure in mussel farming is expected to average \$61,000/longline as shown in Figure 2 below.

Because of the extra robustness required, the cost of longlines in the open ocean is more than double the costs of longlines in the more sheltered Coromandel waters.

Figure 2: Capital Expenditure/Longline

	\$/LONGLINE
Longlines	36,000
Vessels	22,000
Equipment	2,500
Trucks	500
Total Capex/Longline	61,000

Vessels such as the Northern Quest can service 200 longlines each. To fully develop its farm, WMÖ expects to purchase two more of these large vessels and one chase boat. Vessel capital expenditure also includes the cost of moorings.

## Average Revenue/Longline

Average revenue per longline is a function of prices received, the percentage of total longlines that are harvested each year, and the quantity of mussels produced per harvested longline.

Domestic prices for fresh mussels are budgeted to average \$1,550/tonne green weight, and the export price received for half-shell mussels over the next four years (net of toll processing costs) is \$1,050/tonne. Fifty Longlines will be harvested for the domestic market each year, the remaining longlines harvested annually are for the export market.

In a status quo Ōpōtiki situation where the total number of longlines is stable, only 61% of the total longlines can be harvested in any particular season. Of the balance, 36% of total longlines are growing spat and 3% are sitting empty ready for the next round of seeding.

Production from the 61% of lines that are harvested averages 7.5 kg/m of culture rope or 31.5 tonnes/longline harvested.

## Operating Expenditure/longline

Annual operating expenditure includes expenditure on administering the business, running the vessels and servicing the longlines, plus a range of variable and fixed costs.

The biggest single expenditure item is labour to operate the vessels and service the longlines. The budgeted labour cost of \$2,500/longline covers the cost of a skipper, a second skipper, and four deck hands.







## Operating Profit/Longline

At current costs and prices, and an average mussel yield of 31.5 tonnes/longline green weight, WMÖ's farming system is expected to generate an average EBIT profit of \$5,372/longline, which represents an 8.4% annual return on total capital of \$64,000/longline (\$3,000 working capital plus capital expenditure of \$61,000).

Figure 3: Illustrative Farm Profitability/Longline at maturity

EBIT Profitability	
	\$/Longline
Domestic Revenue	4,843
Export Revenue	13,679
Total Revenue	18,522
Labour	2,500
Vessel Operating expenses	1,500
Variable expenses	3,250
Fixed Expenses	200
Administration	1,200
Depreciation	4,500
Total Operating Expenses	13,150
EBIT	5,372
Total Assets	64,000
ROI	8.4%

While profitability is sensitive to changes in yields and prices, it is still commercially attractive if yields and prices drop by 10%. The underlying profitability and sensitivity of WMÖ's farming system model are shown in Figure 3 and 4 respectively.

Average profitability/longline will decrease if and when the Farm is expanded beyond 400 longlines, because a greater percentage of the crop will be sold at lower export prices which are assumed to decrease slightly as volumes increase.

Figure 4. Illustrative Sensitivity of Farm Profitability/Longline to Changes in Prices and Yields

EBIT Sensitivity to Price & Yield (\$/Longline)				
		Sensitivity Level 10%		
		Wted Average Price (\$/Tonne)		
		\$ 874	\$ 971	\$ 1,068
Mussel Yield (Kg/m)	6.75	1,853	3,520	5,187
	7.50	3,520	5,372	7,224
	8.25	5,187	7,224	9,262
		Wted Average Price (\$/Tonne)		
		\$ 874	\$ 971	\$ 1,068
Mussel Yield (Kg/m)	6.75	2.9%	5.5%	8.1%
	7.50	5.5%	8.4%	11.3%
	8.25	8.1%	11.3%	14.5%

**Note:** The above tables are intended to be illustrative of WMÖ financial performance per longline at maturity, based on assumptions that are consistent with the prospective financial statements in the Disclose Register. The example does not related to any particular financial year.



## THE NEW ZEALAND MUSSEL INDUSTRY<sup>1</sup>

The New Zealand mussel industry is based on exporting Greenshell mussels. The industry is highly organised and collaborative, and New Zealand has a competitive advantage in being able to produce Greenshell mussels.

Greenshell mussels are New Zealand's second largest sea food export, and market demand for New Zealand exports of Greenshell mussels have grown significantly, and at a rate that exceeds growth in exports of other species.

New Zealand produces 100% of the Greenshell mussels available in international markets. Wild Greenshell mussels thrive in the coastal waters of New Zealand and most farmed Greenshell mussels are grown from wild spat. Many aspects of the life cycle and living conditions of farmed and wild mussels are identical. They both feed on phytoplankton and mate by means of broadcast spawning. For this reason, farmed and wild mussels are not distinct populations and New Zealand mussel farms are located in the areas where wild mussels are plentiful.

Key mussel farming areas are the Marlborough Sounds and the Coromandel/Hauraki Gulf.

There are over 600 mussel farms in New Zealand, and they cover thousands of hectares of marine space.

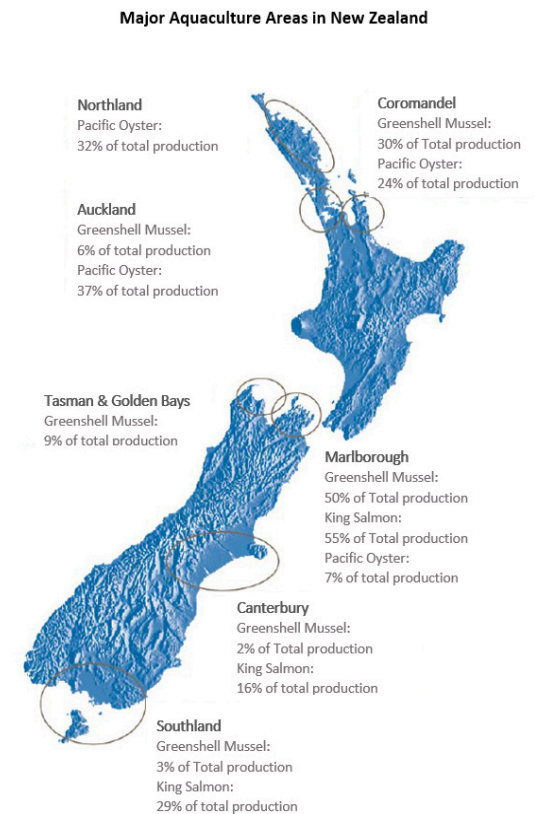
1. The information in this section has been sourced from: The Investors Guide to the New Zealand Food and Beverage Industry – Coriolis 2015; Aquaculture New Zealand website; and, Stats NZ.

## Industry Organisation

The New Zealand mussel industry is represented by Aquaculture New Zealand, a marine farming industry good body that looks after the interests of mussel, salmon and oyster farmers.

Aquaculture New Zealand was formed in 2007 and brought together the New Zealand Mussel Industry

Figure 5: Mussel Farming Regions of New Zealand



Industry Council, the New Zealand Salmon Farmers Association and the New Zealand Oyster Industry Association. Its aim is to see the New Zealand aquaculture sector recognised within New Zealand and around the world as producing healthy, high quality, environmentally sustainable aquaculture products.

Aquaculture New Zealand is funded through an industry levy, the organisation's chief role is the implementation of the industry strategy which will see the sector grow to earn \$1 billion annually by 2025 and rival the New Zealand wool and wine industries.

The Strategy was prepared in conjunction with participants from all sectors of the seafood industry, iwi, government ministries, research providers and NGOs. It focuses on actions that are within the control of the industry acting cooperatively as a sector, working in partnership with iwi, regions, communities, science, education, training providers and government.

The strategy is to strengthen the partnership with government and other stakeholders, secure and promote investment in aquaculture, improve public understanding and support for the industry, promote Māori success in aquaculture, develop markets, promote innovation and environmental sustainability, and invest in training and education.

## Greenshell Mussel Exports

New Zealand mussel production has grown significantly since the early 1980s and most of the increase in production has been exported, primarily in the half-shell to the restaurant trade.

Mussel are by far the largest aquaculture export. The main export markets are the USA, Korea, Europe, South East Asia and Australia. China is an emerging market.

Export demand for New Zealand Greenshell mussels has grown faster than any other type of farmed fish. Over the past decade mussel exports, in all product forms, have averaged around 33,000mt per annum with about 80-85% of that volume consisting of the half-shell format (see Figure 6). Total export receipts (NZ\$ FOB) have grown from about \$200m in 2008 to \$310m in 2016 (see Figure 7). Much of the improved gains have occurred in the last three years and have, to some degree, resulted from the continued easing of the NZ\$ to US\$ cross rate.

Half-shell NZ\$ per kg FOB prices have improved about 20% since 2013 and are anticipated to remain buoyant. The average NZ\$ per kg FOB price for all product formats has also been similarly trending up over recent years, with the advent of growing returns from emerging and innovative product forms such as mussel oil (2016 exports; 15mt, NZ\$43.6m). See figure 8.

WMÖ has well experienced market expertise on the Board (director, Vaughan Wilkinson) that can assist the company to market all of its anticipated product formats in world markets. In exporting the company expects to face nothing other than the ordinary commercial vagaries of international trade that are the same as experienced by any other established NZ mussel exporter.

The likes of which include currency fluctuations and varying pricing cycles consequent on the inevitable shifts in market sentiment that occur from time to time. These commodity pricing cycles are frequently dictated by macro-economic events that will always be beyond the control of individual NZ exporters (e.g. the global financial crisis).

Figure 6:

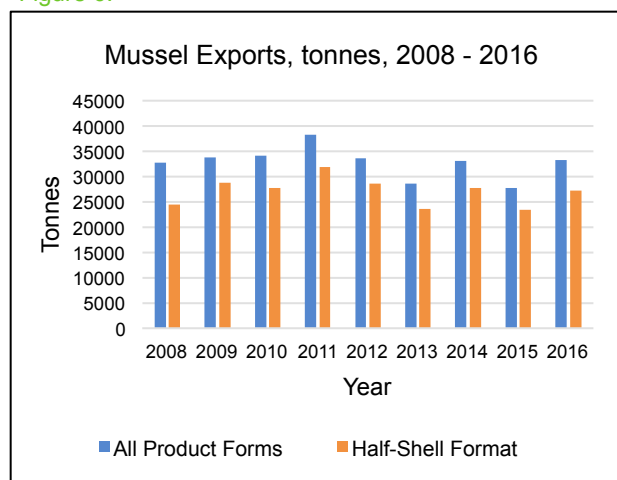


Figure 7:

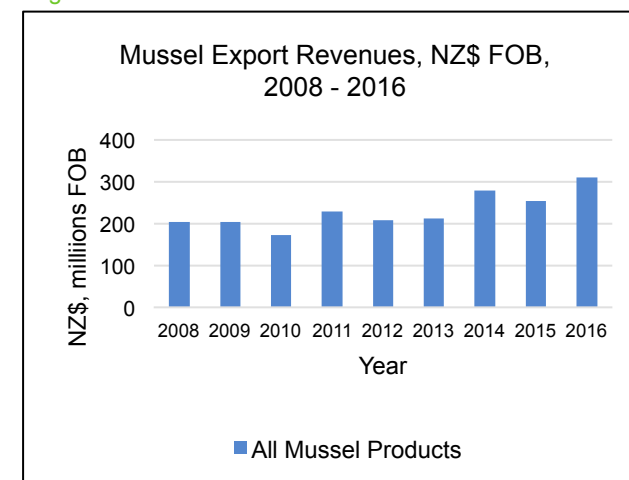
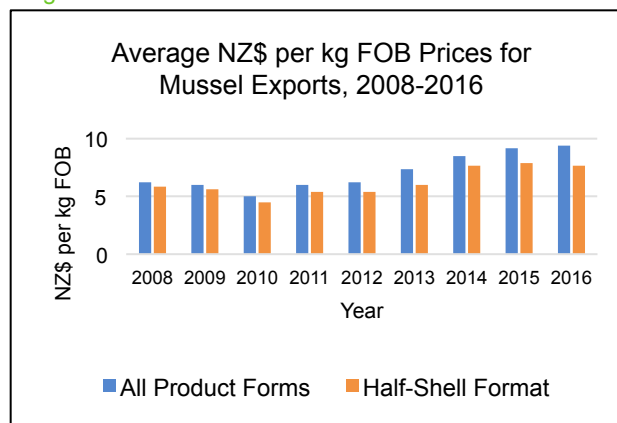


Figure 8:





## KEY STRATEGIES AND PLANS

The current and future aspects of WMŌ's business that have, or may have, the most impact on the financial performance of the business, and WMŌ's key strategies and plans are shown in Section 1 Key Information Summary under the heading Key Drivers of Returns.

WMŌ plans to become a vertically-integrated mussel farming, processing and marketing food business.

### Farming

The Company plans to steadily increase the size of its mussel farm over the next 16 years to a total of 850 longlines, at an average growth rate of 46 longlines p.a.

By FY21 WMŌ expects to have established a total of 282 longlines. Expansion beyond this number will require an increase in processing capacity within the New Zealand industry and development of export markets.

WMŌ's business model is based on:

- collecting and growing its own spat and selling surplus spat to third party farmers;
- servicing longlines owned by ESL and leased to third parties who lease the balance of ESL's consented area;
- growing and selling fresh mussels to New Zealand supermarkets via an existing distribution arrangement with Foodstuffs, and;
- growing, processing and exporting snap-frozen half-shell mussels to the international market place.

In general, the largest mussels will be sold fresh to the domestic market, medium sized mussels will be processed and exported in the half-shell for the restaurant trade, and smaller and out of specification mussels will be processed and sold as powder after 2021 for use in nutraceuticals.

WMŌ plans to supply mussels for as much of each year as possible, by exploiting seasonal differences between the Coromandel and the Eastern Bay of Plenty.

Bay of Plenty mussels are harvested between June and December and Coromandel mussels are traditionally harvested between November and July.

To secure Coromandel mussels, WMŌ proposes to establish a small scale Coromandel operation of its own (60 longlines over five years from FY19) , and more particularly, to supply spat to third party Coromandel mussel farmers conditional on them supplying mature mussels for processing by WMŌ.

The Company expects to be able to supply spat on a conditional basis because spat has been in short supply in recent years, and there is an established precedent for supplying spat on this basis.

### Processing

As part of its mussel processing plan, WMŌ has entered in to two agreements with the Ōpōtiki District Council (ODC), namely:

- i. The Deed in Relation to Harbour Transformation Project, and;
- ii. The Partner Agreement For the Validation Stage of the Ōpōtiki Harbour Development

These agreements relate to a Better Business Case proposal prepared by ODC in August 2015, seeking \$29 million of crown co-funding for the single stage development of Ōpōtiki Harbour as an all-weather port.

The ODC Better Business Case is predicated on the economic, social and other benefits that will accrue to Ōpōtiki as a result of the development by WMŌ of a large scale aquaculture industry comprising its mussel farm and a mussel processing factory.

These benefits are estimated by ODC to include \$213 million of new investment, the creation of 320-450 full time jobs and a \$41-\$55 million contribution to GDP.

Establishment of a successful mussel processing business in Ōpōtiki by WMŌ is considered to be integral to the development of an all weather harbour as proposed by ODC, and vice versa.

In economic terms, the business case for WMŌ establishing its own processing factory in Ōpōtiki, hinges on its ability to process its half-shell mussels for less than it currently pays for toll processing, and its ability to produce mussel powder.

In the absence of its own factory, WMŌ will continue to have its mussels toll processed in Tauranga, and the company is satisfied that it has arrangements in place that will handle the increase in production that it is forecasting over the next four years.

## Ōpōtiki HARBOUR TRANSFORMATION PROJECT

The Company is a party to the Deed in Relation to Harbour Transformation Project dated 20 March 2017 ("Harbour Transformation Deed"). Particulars of the Harbour Transformation Deed are set out on the register at:

[www.companiesoffice.govt.nz/companies/disclose](http://www.companiesoffice.govt.nz/companies/disclose).

The Harbour Transformation Deed relates to a proposal by the Ōpōtiki District Council to redevelop Ōpōtiki Harbour, including the construction of a harbour entrance, and a wharf. At present, the Company does not know whether or not the Harbour Transformation Project will proceed. Under the Harbour Transformation Deed, the Company has agreed (subject to satisfaction of the conditions) to develop the Farm and a processing factory, if the Harbour Transformation Project proceeds. Under the Harbour Transformation Deed, Ōpōtiki District Council is required to consult with the Company prior to fixing the Harbour User Charges. That consultation procedure has not yet begun. Once the Harbour User Charges have been fixed, the Company will be in a position to finalise the business case for the Factory, for consideration by Ōpōtiki District Council.

The Company will deal with matters required under the Harbour Transformation Deed as they arise. The current offer does not require any final decisions in relation to full development of the Farm, or development of the Factory in Ōpōtiki.



## WMŌ MUSSEL INITIATIVE

WMŌ was formed to commercialise the marine farming consents held by Eastern Seafarm Limited (ESL) and is predominantly owned by local Ōpōtiki investors keen to foster economic growth of the Ōpōtiki district.

Many of these investors are also shareholders in Whakatōhea Aquaculture Ōpōtiki Limited (WAO) which co-owns ESL along with the Whakatōhea Māori Trust Board (WMTB). WMTB owns 7.55% of WAO and 4% of WMŌ.

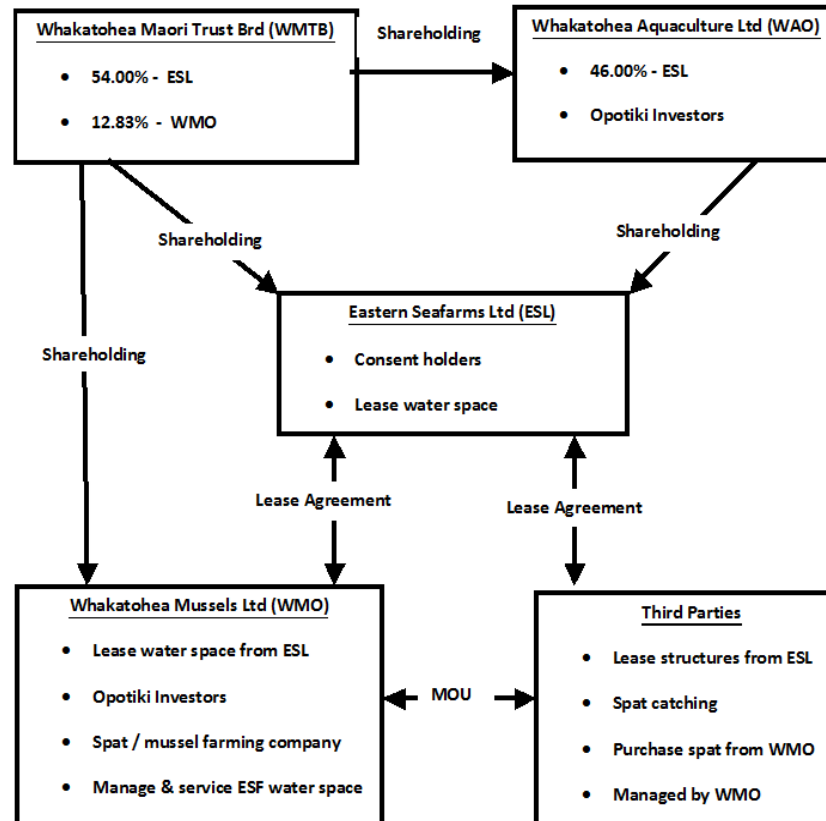
This structure is a legacy of the way the Ōpōtiki mussel initiative has developed over the last two decades, and the existing structure may be simplified ahead of a large scale capital raising by WMŌ in FY19 to fund the development of the proposed processing factory.

The objective of any re-structuring will be to align the ownership interests of shareholders in ESL and WMŌ.

This alignment could be achieved either by WMŌ issuing shares to purchase the 46% stake in ESL currently owned by WAO or by an amalgamation.

No detailed consideration has yet been given to how the alignment should be achieved.

Figure 9: Structure of the WMŌ Mussel Initiative





## Whakatōhea Māori Trust Board

WMTB is a body corporate established under the Māori Trust Boards Act 1955. All descendants of the Whakatōhea tribe are its beneficiaries and its explicit purpose is to administer its assets for the benefit of all its beneficiaries.

WMTB has invested in aquaculture for more than a decade in recognition of the significant contribution that the industry can make to the economic independence and development of its iwi. It believes that aquaculture has the potential to raise income levels, employment opportunities and standards of living while encouraging people who have left the district, to return.

WMTB's vision for aquaculture is to maximize the value of its water space for the people of Whakatōhea. Its objectives are to create sustainable employment for the Whakatōhea people and create wealth for WMTB.

## ESL – The consent holder and WMŌ Lessor

ESL was the first entity formed in the Ōpōtiki mussel initiative. It was established in November 2000 under the name of Foveaux Mussels Limited, and changed its name to ESL in April 2001.

ESL is now a joint venture between WMTB and WAO and was originally formed for the express purpose of securing a resource consent for a marine farm off the coast of Ōpōtiki. Sealord Limited was an initial investor in ESL, but its stake was subsequently sold to WAO. Shares in ESL are currently owned by WMTB (54%) and WAO (46%).

ESL lodged its application for resource consent in March 2001. The immediate goal was to obtain the necessary permissions to farm mussels on a 4,750 hectare site offshore from Ōpōtiki.

Following an Environment Court hearing, ESL was granted consent by the Minister of Conservation for occupation of the 3,800 hectares area on 8 October 2008.

The consent was appealed by Sanford Limited and final approval was given on October 2010. The water space has since been consented to farm Greenshell mussels, scallops, pacific oysters and flat oysters.

Other species which do not require supplied feed may be farmed on a pilot basis on up to four longlines subject to prior written approval from the Bay of Plenty Regional Council (BOPRC). Currently geoduck has been approved as a pilot species.

ESL's resource consent relates to 3,800 ha of water space (9km x 4 km) and a depth of 40-45 m. This consent expires on 15 October 2028 and ESL has preference in applying for a further resource consent from the Bay of Plenty Regional Council.

ESL's consent was independently valued in 2014 at \$7.74 million (on a fully developed basis and conditional on the Ōpōtiki harbour being developed as proposed).

ESL's business model is to lease its consented area to third parties like WMŌ. It also owns some longlines which it leases to third parties for spat collection.



## WMŌ – The Water Space

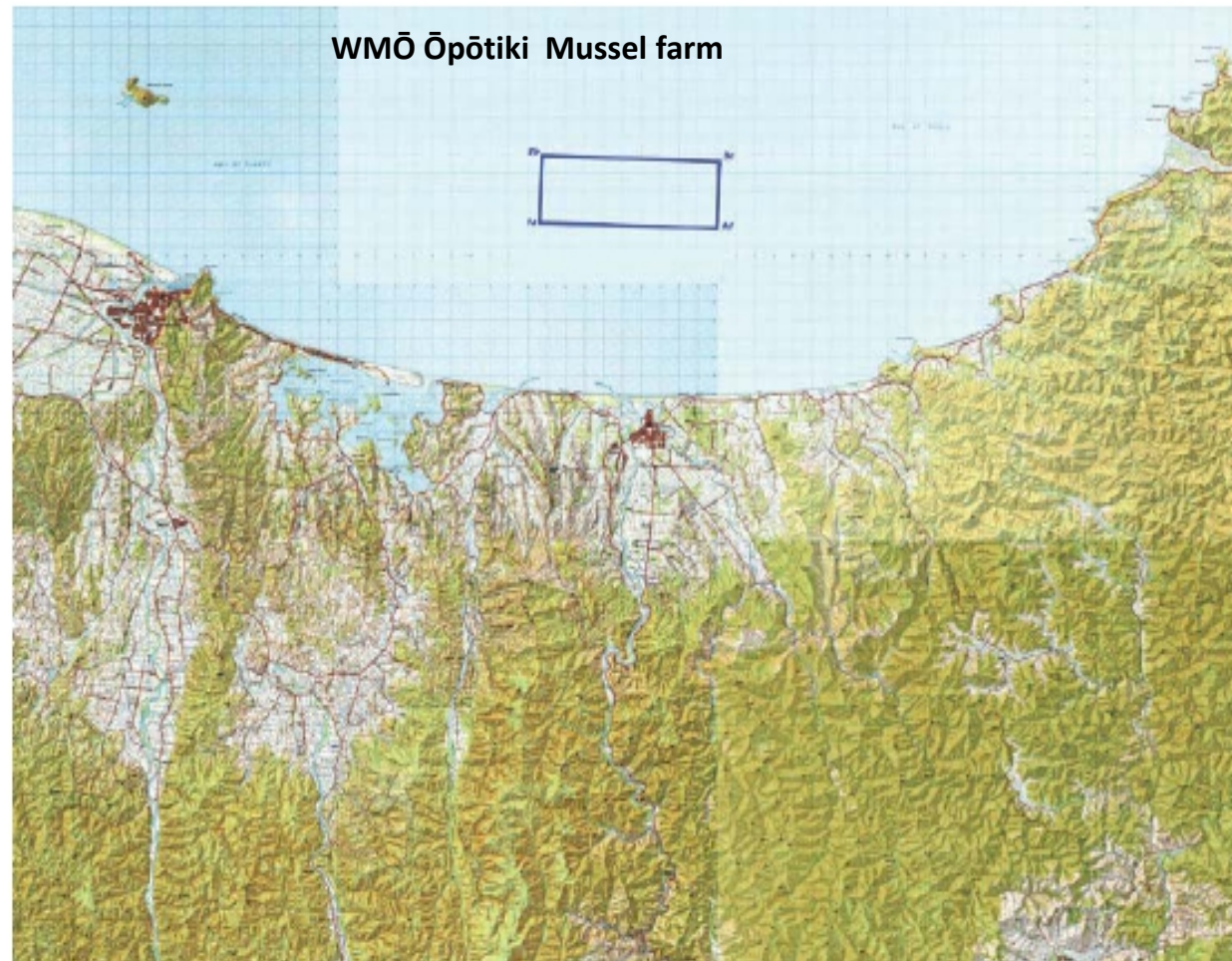
WMŌ The operation of WMŌ is based on the resource consent it leases from ESL. ESL's resource consent relates to 3,800 hectares of water space which is approximately 9 kilometers x 4 kilometers and to a depth of 40 -45 meters. The resource consent expires on 15 October 2028 and ESL has preference in applying for a further resource consent from the Bay of Plenty Regional Council.

The lease is a licence for WMŌ to use the water space under ESL's resource consent for a term of 14 years and two months. The expiry date of the lease is 8 October 2028. The lease gives WMŌ the right to establish up to 80% of the water space with longlines under the resource consent. WMŌ also has a right to lease the remaining 20% of the area consented to ESL in the future.

Particulars of the lease are set out on the register at [www.companiesoffice.govt.nz/companies/disclose](http://www.companiesoffice.govt.nz/companies/disclose)

WMŌ is responsible for ensuring compliance with the conditions of the resource consent and all applicable laws under the lease.

Figure 10: Location of the Ōpōtiki Open Ocean mussel farm





## BOARD OF DIRECTORS

The Board of WMŌ is responsible for ensuring that the Company is properly managed to protect and enhance shareholder interests. Some of the key responsibilities of the Board include:

- monitoring and reviewing WMŌ's objectives, strategy and policies;
- monitoring the Company's operational and financial performance; and
- establishing effective policies and procedures concerning disclosure of important information to shareholders and, if appropriate, to the wider market.

The Board has adopted what it believes are appropriate corporate governance policies and procedures, which it reviews regularly to ensure that the Company meets its responsibilities and obligations to shareholders and other stakeholders.

The Board formally meets at least five times during each financial year to review the Company's performance and holds additional meetings as required.

The Board currently comprises six directors, as follows:

### IAN JAMES CRAIG (CHAIR)

Ian has been managing WMTB's aquaculture interests for the past 8 years. He is a director of Whakatōhea Fisheries Asset Holding Company Limited and was chairman of ESL until he resigned that position to take up the role of chairman of WMŌ.

Ian was a founder of Ōpōtiki Packing and Cool Storage Limited (OPAC) and was its managing director for 18 years. He is still a director of OPAC. Ian is also chairman of 13 kiwifruit joint ventures between investors and Māori landowners in the Te Kaha area, and manages his own personal kiwifruit interests.

### PETER IVAN VITASOVICH (EXECUTIVE DIRECTOR)

Peter is a former Chairman of both Aquaculture New Zealand and the NZ Mussel Industry Council and a former director of the NZ Seafood Industry Council and Seafood New Zealand.

Peter has been involved in the New Zealand seafood industry for over 30 years. After starting out as a school leaver he has seen the implementation of the QMS, and been involved in the catching, processing and exporting of New Zealand seafood.

After selling his fishing business in 1995 Peter has focused on the development and growth of the mussel industry in the Coromandel region.

### VAUGHAN WILKINSON (DIRECTOR)

Vaughan has over 30 years of experience as a senior executive in the seafood industry. For many years he served as the executive director of Simunovich Fisheries Limited (SFL) before joining Sanford Limited in 2004, when it acquired most of SFL's assets.

At Sanford, Vaughan was one of two General Managers reporting to the Chief Executive. He had direct responsibility for all Sanford's marketing, food safety and research and development activities.

In the past Vaughan has served in many industry representative roles including two periods as the president of the New Zealand Fishing Industry Association, whose role has now been subsumed by Seafood New Zealand. He also has extensive experience in working with government agencies on matters relating to the seafood industry, having early in his career been a senior fisheries manager in what is now the Ministry of Primary Industries.

Vaughan retired from Sanford at the end of 2014 and is now a professional director and seafood industry advisor to a number of clients in both the domestic and international arenas.

**ROBERT TUAHURU EDWARDS  
(DIRECTOR)**

Robert is chair of WMTB and ESL. He currently sits as a trustee on two other trusts and is a director to Whakatōhea Fisheries Asset Holding Company Limited.

Robert has years of experience as a successful dairy farmer and property developer.

**ARIHIA TUORO  
(DIRECTOR)**

Arihia is a director of Whakatōhea Fisheries Asset Holding Company, Waikeke Farms Limited and Kaikōura Gold Orchard. She is also an Ōpōtiki District Councillor and chair of its audit and risk committee, and a Trustee of Poutama Trust.

**FREDERICK NEVILLE COOKSON  
(DIRECTOR – BCOM CA)**

Fred is a practicing Chartered Accountant and Partner in Cookson Forbes & Associates Limited, Ōpōtiki. Fred's particular business interests are in agribusiness, kiwifruit, sheep and beef farming and more recently aquaculture.

Fred brings considerable governance and corporate experience to the WMŌ Board. His governance experience includes chairing the finance, audit and risk committees on all of the three corporate boards he has represented since 2007 up until 2015.

**WMŌ/ESL DIRECTORS IN COMMON**

Ian Craig, Robert Edwards and Peter Vitasovich are directors of both WMŌ and ESL. They do not receive any remuneration from ESL for the provision of governance or other services services they provide to ESL.

**MANAGEMENT**

During the development phase, WMŌ operations were managed by the Board with executive director, Peter Vitasovich acting as the conduit between the Board, the development of the marine farm and all operational matters.

In June 2017 Peter relocated to Whakatane to take up the full time position as WMŌ's chief executive. He remains a director of the Company.

The convenience of having most of the directors based locally maintains the ability to monitor closely and make effective, timely decisions in the best interests of the Company.



### Substantial shareholders and relevant interests held by directors in WMŌ

The table below sets out the details of persons who have relevant interests in 5% or more of the Shares in WMŌ prior to the Offer (at the date of the PDS).

NAME	RELEVANT INTEREST HELD	PRIOR TO THE OFFER	
		Number of Shares	Percentage of Shares held
Four Fish Ōpōtiki Limited	Registered holder	564,528	13.98%
Mussel Men Ōpōtiki Limited	Registered holder	386,792	9.54%
Beverly Judith Butchart, Peter Grantham Anstis and Richard Samuel Anstis as trustees for the RS Anstis Family Trust	Registered holder	246,792	6.09%
Kenneth Warren Young, Margaret Carole Young and Sharp & Cookson Trustee Services Limited as trustees for the Breezemere Young Family Trust	Registered holder	244,528	6.03%
Whakatohea Maori Trust Board	Registered holder	224,528	5.54%
Kuku More Limited	Registered holder	213,396	5.26%
Fishy Business (Ōpōtiki) Limited	Registered holder	204,528	5.05%

The table below sets out the details of persons who are likely to have relevant interests in 5% or more of the Shares in WMŌ after the Offer (following allotment of the New Shares), if the Offer is fully subscribed.

NAME	RELEVANT INTEREST	FOLLOWING THE OFFER (INDICATIVE OWNERSHIP ON THE BASIS THAT THE OFFER IS FULLY SUBSCRIBED)	
		Number of Shares	Percentage of Shares held
Four Fish Ōpōtiki Limited	Registered holder	940,880	13.8%
Mussel Men Ōpōtiki Limited	Registered holder	644,653	9.45%
Beverly Judith Butchart, Peter Grantham Anstis and Richard Samuel Anstis as trustees for the RS Anstis Family Trust	Registered holder	411,320	6.03%
Kenneth Warren Young, Margaret Carole Young and Sharp & Cookson Trustee Services Limited as trustees for the Breezemere Young Family Trust	Registered holder	407,547	5.97%
Whakatohea Maori Trust Board	Registered holder	374,213	5.49%
Kuku More Limited	Registered holder	355,660	5.21%
Fishy Business (Ōpōtiki) Limited	Registered holder	340,880	5.00%

The table below sets out the Shares in WMŌ that the directors of WMŌ have an interest in prior to the Offer (at the date of the PDS) and will likely have an interest immediately after the Offer (following allotment of the New Shares), if the Offer is fully subscribed.

NAME	RELEVANT INTEREST	PRIOR TO THE OFFER		FOLLOWING THE OFFER (INDICATIVE OWNERSHIP ON THE BASIS THAT THE OFFER IS FULLY SUBSCRIBED)	
		Number of Shares	Percentage of Shares held	Number of Shares	Percentage of Shares held
Frederick Neville Cookson	Registered holder and joint beneficial owner as a partner of Cookson & Forbes Property Partnership	102,264	2.52%	170,440	2.49%
Ian James Craig	Shareholder and director of Mussel Men Ōpōtiki Limited	386,792	9.54%	644,653	9.45%
Robert Tuahuru Edwards	Shareholder and director of Hukuwai Mussels Limited; and power to control the exercise of the right to vote attached to the shares held by Whakatohea Maori Trust Board.	336,729	8.31%	561,320	8.19%
Arihia Tuoro	Shareholder and director of Hukuwai Mussels Limited; and the joint holder of the power to control the exercise of the rights attached to the shares held by the Ngati Ngahere Ngati Ira Lands Trust and Nukutere Lands Trust and Otanemutu Lands Trust	256,792	6.34%	427,987	6.25%
Vaughan Hilton Wilkinson	Register holder	20,000	0.5%	33,333	0.49%

## INTERESTS OF DIRECTORS

The table below sets out the total remuneration and the value of other benefits of each director of WMŌ received in FY2017:

DIRECTOR	REMUNERATION AND BENEFITS	FY2017 TOTAL
Peter Vitasovich	Executive Director	\$104,458.36 including GST
Ian Craig	Provides strategic governance and business advisory services to the Company	\$76,186.80 including GST
Fred Cookson	Provides company and shareholder administration, accounting, taxation and business advisory services to the Company through Cookson Forbes & Associates.	\$47,804.20 including GST
Arihia Tuoro	Performs Board secretarial functions to the Company from time to time	\$8,643.68 including GST

Robert Edwards and Vaughan Wilkinson did not receive any remuneration or benefits during FY2017.

The directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings, or otherwise in connection with WMŌ's business.

Currently, the Directors do not receive any director fees as remuneration in WMŌ. At the next annual meeting of shareholders, the Board may ask the shareholders to vote on director remuneration for the directors in FY2018. The amount of that director remuneration at the date of this PDS has not been decided, but such amount will be disclosed in the notice of meeting for the Company's next annual meeting on 15 November 2017.

Peter Vitasovich is the sole director of the following entities which were put into receivership on 19 November 2013:

Roadworks 1 Limited (formerly IKANA Limited);

Roadworks 2 Limited (formerly Greenshell New Zealand Limited);

Roadworks 3 Limited (formerly Greenshell Investments Limited);

Roadworks 4 Limited (formerly Greenshell Holdings Limited).

Peter Vitasovich was a director of North Island Mussel Processor Limited which was put into receivership on 05 September 2012 and was later liquidated on 30 August 2016.

### Directors' Indemnity and Insurance

WMŌ has granted indemnities, as permitted by the Companies Act 1993 and Financial Markets Conduct Act 2013, in favour of each of its directors and executive director. WMŌ also maintains insurance for its directors and executive director.

### Employees' Remuneration and Other Benefits

For FY2017, the number of employees (including former employees) whose remuneration exceeded \$100,000 was nil.

At the next annual meeting of Shareholders, the Board may ask then Shareholders to vote on authorising the Board to implement an employee Share Scheme for Peter Vitasovich as Chief Executive of the Company on terms approved by the Board. The employee Share Scheme is intended to give Peter the opportunity to share in financial improvements in the Company, as well as to ensure he stays with the Company for a long term.





### 3. PURPOSE OF THE OFFER

WMŌ is raising up to \$4 million in this Offer to existing shareholders to help fund the expansion of the Company's open ocean mussel farm off the coast of Ōpōtiki. Assuming full subscription, \$3.4 million of the money raised in the Offer will be used to fund the purchase of a new service vessel, \$0.15 million will be used to meet Offer expenses and the balance will be used to help fund the addition of new longlines.

The planned expansion will take four years and involve the addition of a further 174 longlines, as well as the purchase of buoys, ropes and stocking equipment, a new service vessel, and trucks and vehicles.

The Company is negotiating to construct a new 24 m marine farming vessel designed by Richard McBride, a marine farming vessel designer based in Nelson. The new service vessel will be constructed from aluminium and is likely to be built at McMullen and Wing in Auckland.

Its primary role will be to complement the Northern Quest carrying out marine farm maintenance, and seeding of crop lines and mussel spat catching lines on the marine farm.

The expansion is part of WMŌ's plan to ultimately develop all of its Farm area (subject to the development of processing capacity within the industry), and based on the underlying profitability of the farming system that the Company has established.

The Company is expected to be profitable from this financial year onwards, and 48% of the Funding for the \$10.65 million Farm expansion, is expected to

come from retained earnings. Of the balance of the expansion funding, 36% will come from money raised in the Offer if it is fully subscribed, and 16% will come from bank debt. The LVR at the end of the forecast period is forecast to be 22.6%.

In the event that the Offer is not fully subscribed, The level of bank debt funding will be increased. Figure 11 shows the levels of debt and LVR's at different levels of subscription.

Otherwise, the use of the money raised under the Offer will not change depending on the total amount that is raised. The Offer is not Underwritten and there is no minimum amount that must be raised before the New Shares are issued.

Figure 11: Levels of Debt required if the Offer is not fully subscribed

	FY18	FY19	FY20	FY21
<u>\$4m Raised</u>				
Total Debt	1,043,003	2,454,925	2,929,804	4,307,448
LVR	11%	20%	21%	26%
<u>\$3m Raised</u>				
Total Debt	2,039,002	3,505,704	4,038,377	5,410,591
LVR	21%	29%	29%	33%
<u>\$2m Raised</u>				
Total Debt	3,035,002	4,556,484	5,146,950	6,513,736
LVR	31.6%	37.5%	37.0%	39.3%
<u>\$1m Raised</u>				
Total Debt	4,031,002	5,607,264	6,255,523	7,616,881
LVR	42.0%	46.2%	45.0%	46.0%

Figure 12: Planned Farm Expansion and Production

	FY18	FY19	FY20	FY21
No Longlines	130	176	222	282
No Vessels	2	2	2	2
No Ha	501	678	855	1,086
Green Weight Domestic Mkt (Tonnes)	627	1,470	1,470	1,470
Green Weight Export Mkt (Tonnes)	-	-	1,134	2,121
Total Green Weight Production (Tonnes)	627	1,470	2,604	3,591



## 4. KEY DATES AND OFFER PROCESS

13 October 2017	Record Date
17 November 2017	Offer Opens
27 November 2017	Initial closing date – Applications and \$0.75 per New Share applied for due for payment*
28 November 2017	Shares allocated to existing WMÖ shareholders and surplus Shares offered to non WMÖ shareholders if applicable.
8 December 2017	Final closing date for offer of surplus Shares
15 December 2017	Last date for allotment of partly paid Shares
30 March 2018	Payment due for remaining \$0.75/New Share allotted

The Offer is an entitlement offer of two New Shares for every three Existing Shares held by existing Shareholders at the Record Date, plus a pool of 100,000 New Shares to cover oversubscriptions and the cost of this capital raise.

\*27 November is the date by which existing shareholders must have lodged their applications for their entitlement and for any excess shares they want. Payment of \$0.75 for each share applied for (including excess shares) is due upon application.

Shareholders may transfer all or part of their entitlement to Associated Persons of the Shareholder. Shareholders and Associated Persons may subscribe for none, some or all of their entitlement to New Shares, and can apply for New Shares in excess of their entitlement.

To the extent entitlements are not taken up, any unsubscribed entitlements will be pooled together with the additional 100,000 New Shares and allocated to those Shareholders or Associated Persons who have applied for New Shares in excess of their entitlement.

To the extent that not all New Shares under the Offer are not taken up by existing Shareholders or Associated Persons of a Shareholder (including applications for over and above a Shareholder's or Associated Person's entitlement), the Board may at its discretion offer any unallocated New Shares under the Offer to such persons as the Board considers equitable and in the best interests of the Company.

WMÖ reserves the right to accept, reject or scale any application made for New Shares. The Company also reserves the right to rescind any application if the initial payment is not made on the due date, or if \$0.75 per Share of unpaid capital is not paid on or before the due date of 30 March 2018.

In the event of late payment of any sum, the Company reserves the right to change interest on such amounts from the due date at BNZ's current overdraft interest rate.



## 5. TERMS OF THE OFFER

The table below sets out the terms of the Offer. All Shares are issued on the terms set out in the Constitution, a copy of which is available on the Disclose Register at [www.companiesoffice.govt.nz/companies/disclose](http://www.companiesoffice.govt.nz/companies/disclose)

<b>What is the Offer:</b>	<p>The Offer is an entitlement offer of two New Shares for every three Existing Shares held by existing Shareholders at the Record Date, plus a pool of 100,000 New Shares to cover oversubscriptions and the cost of this capital raise. Oversubscriptions will be allocated on a pro rata basis.</p> <p>The Offer is personal to existing Shareholders only, except any Shareholder may transfer all or part of their entitlement to any Associated Person of that Shareholder.</p> <p>As a Shareholder or Associated Person of a Shareholder, you may apply for New Shares over and above your entitlement. To the extent entitlements are not taken up, any unsubscribed entitlements will be pooled together with the additional 100,000 New Shares and allocated to those Shareholders or Associated Persons who have applied for New Shares in excess of their entitlement. If all New Shares under this Offer are not taken up by existing Shareholders or Associated Persons of a Shareholder (including applications for over and above a Shareholder's or Associated Person's entitlement), any residual New Shares under the Offer will be made available to such persons as the Board considers equitable and in the best interests of the Company.</p>
<b>Key Dates:</b>	See Section 4 (Key Dates and Offer Process) for information about the key dates of the Offer.
<b>Price of the New Shares:</b>	\$1.50 per New Share
<b>What is your Entitlement:</b>	Two New Shares for every Existing Share held at the Record Date of 13 October 2017
<b>Payment of the New Shares:</b>	\$0.75 per New Share applied for (including excess shares) payable on Application. The remaining \$0.75 per New Share is payable on 30 March 2018.
<b>Size of the Offer:</b>	2,802,667 New Shares
<b>Applications:</b>	An application is an offer by you to subscribe for New Shares on terms and conditions set out in this PDS and on the offer register at <a href="http://www.companiesoffice.govt.nz/companies/disclose">www.companiesoffice.govt.nz/companies/disclose</a> and the Application Form. By submitting an Application Form, you irrecoverably agree to purchase the New Shares on those terms.
<b>WMÖ's discretions relating to the Offer:</b>	WMÖ may withdraw the Offer, or any part of it, at any time before the allotment of New Shares to successful applicants. WMÖ reserves the right to close the Offer or any part of it early, extend the Offer, accept late applications or reject any application in whole or part at its discretion.
<b>Refunds and Scaling:</b>	<p>If the Offer, or any part of it, does not proceed, or if an application for excess shares is not accepted in full, all relevant application monies will be refunded (without interest) within five working days after the date of cancellation is made by WMÖ.</p> <p>Money received in respect of applications which are declined or rounded down in whole or part will be refunded (without interest), as the case may be, within five working days after the Allotment Date.</p> <p>Any refunds will be made in the manner in which the relevant applicant elected under their Application Form.</p>
<b>No Guarantee:</b>	No person guarantees the Shares offered under the Offer. No person warrants or guarantees the performance of the Shares or any return on any investment made pursuant to this PDS.

There is no minimum amount that must be raised for the Offer to proceed.

## 6. KEY FEATURES OF WMÖ'S SHARES

All shares issued under the Offer will rank equally with each other and all other Existing Shares in WMÖ on issue.

The key features of the New Shares do not differ from those that apply to ordinary shares in a company generally.

### Dividend policy

Dividends and other distributions on Shares are made at the Board's discretion and depend on the financial performance of WMÖ. The payment of dividends is not guaranteed. The Board's dividend policy may change over time. The Board's decisions as to the level or reserves and retentions may affect any dividends or distributions on the Shares.

The Board may deduct from a dividend or distribution payable to a Shareholder any amount which is due and payable by a Shareholder to the Company on account of calls or otherwise in relation to any Shares held by a Shareholder.

In determining dividends payable to Shareholders, The Company must comply with the solvency test in the Companies Act 1993. As set out in Section 2 (WMÖ and what it does), WMÖ's focus is on increasing mussel production by increasing the Farm size from 501 ha to 1086 ha.

The Company's current dividend policy for the forecast period to FY21, is not to pay any dividends apart from a one-off dividend of \$0.10 per Share that it expects to pay in FY21. This one-off dividend was signalled to shareholders at the time of the last capital raising and the quantum is not related to a set percentage of FY21 earnings.

While the Company is expecting to generate operating cash surpluses totalling \$3.282 million during the four year forecast period to FY21, it is WMÖ's intention that most of this money will be retained to help fund the Farm expansion.

The exception is a one-off dividend of \$0.10 per Share that is expected to be paid in FY2021.

The table below sets out the dates and amounts of dividends per Share that have been declared by WMÖ:

See Section 7 of this PDS (WMÖ's Financial Information) for information on WMÖ's dividend.

	FY14	FY15	FY16
Dividend Declared	\$-	\$-	\$-





## 7. SELECTED FINANCIAL INFORMATION

These tables provide key financial information about WMŌ. Full financial statements are available on the offer register at [www.companiesoffice.govt.nz/companies/disclose](http://www.companiesoffice.govt.nz/companies/disclose). If you do not understand this financial information, you can seek advice from a financial adviser or an accountant.

Selected Financial Information in Figure 13 contains historical and prospective financial information covering the four year forecast period to FY21.

### Historical Financial Information

Historical selected financial information in Figure 13 has been taken from the consolidated financial statements of WMŌ for the financial years ending 30 June 2015, 30 June 2016 and 30 June 2017. The accounting of Historical financial performance

and financial position complies with Generally Accepted Accounting Practice (GAAP) in New Zealand and historical information in Figure 13 has been presented on this basis.

The consolidated annual financial statements of WMŌ have each been audited by a qualified auditor.

The Company currently trades with negative working capital whereby short term liabilities exceed short term assets. The Company continues with the full support of the bank and trade creditors and the directors consider that the Company will remain a going concern in the event that the Offer did not proceed. If the Offer did not proceed, the purchase of the new boat would be deferred and the rate of line development would reduce.

The business is expected to be working capital positive by November 2018 as a consequence of rising revenue. In FY19, WMŌ expects to harvest 1,800 to 2,000 tonnes of green mussels from 60

longlines, up from 285 tonnes in FY18. Current market prices are greater than what has been forecast in the prospective financial information.

### Prospective Financial Information

Prospective selected financial information in Figure 13 6 for the financial years ending 30 June 2018, 30 June 2019, 30 June 2020, and 30 June 2021, is based on the Company's detailed financial model of consolidated financial statements which have been prepared to GAAP standard.

Prospective financial information has been prepared in accordance with the requirements of Financial Reporting Standard No 42: Prospective Financial Statements. The prospective selected financial information in Figure 13 has been presented on this basis.

Figure 13: Selected Financial Information

NZ\$	Historical Financial Information			Prospective Financial Information			
	FY15	FY16	FY17	FY18 (f)	FY19 (f)	FY20 (f)	FY21 (f)
Revenue	18,511	251,046	1,106,088	1,817,654	3,695,740	6,779,076	10,116,440
EBITDA	-48,047	-603,097	576,627	98,404	1,100,485	1,599,959	2,643,229
Net Profit After Tax	-276,524	-609,569	-68,520	-708,748	84,185	301,081	1,027,613
Dividends	-	-	-	-	-	-	682,067
Total Assets	669,194	575,938	5,400,294	9,597,205	12,144,838	13,892,815	16,567,653
Cash and Cash Equivalents	-226,791	-191,193	- 417,742	20,000	20,000	20,000	20,000
Total Liabilities	350,886	387,863	2,000,075	1,184,310	2,668,233	3,355,485	4,921,683
Total Debt	226,818	191,220	1,417,680	1,043,002	2,454,924	2,929,804	4,307,447
Net Cash flows from Operating Activities	-183,290	- 423,190	-497,162	13,599	1,043,120	1,170,461	2,122,038

## Prospective Financial Information for the Forecast Period FY18 – FY21

The Company commenced operations in May 2014 and has developed into a spat and mussel producer in a short space of time.

Cash inflows commenced with the sale of spat in 2015 and of mussels from two longlines in 2016. Spat harvests will continue depending on market demand and pricing.

The proposed Farm expansion is budgeted to cost \$10.65 million. Most of this development expenditure will be on the longlines themselves, and the cost of a second marine farming vessel. A breakdown of development costs estimates is shown in Figure 14.

Funding for the propose expansion is budgeted to come from \$4.0 million raised in the Offer (%), \$ of retained operating net cash flow (%) and a \$ increase in term bank debt (%) as shown in Figure 15.

## Key Assumptions

- The Company has so far harvested 235 tonnes of green mussel in FY18 from 13 longline.
- In FY19 it expects to harvest 1,800 - 2,000 tonnes of green mussels from 60 existing longlines.
- An 174 additional longlines will be installed at a cost of \$35,595 each (\$6.914 million in total).
- New purpose built mussel farm servicing vessel purchased for \$3.603 million in FY18/FY19 , and deposit paid on a third vessel in FY21.
- Each longline has 4,200 m of mussel bearing rope and produces 29.5 tonnes of mussels, green weight.

- A stocking rate of one longline/3.85 ha is maintained, and the Farm area increases from 501 ha at the end of FY17 to 1,086 ha at the end of FY21.
- 50 longlines are dedicated to supplying the local market, production from the remaining longlines is exported.
- Average Domestic sale price is \$1,550/green weight tonne and average export sale price is \$1,050/green weight tonne.
- Financial performance (\$/longline): revenue \$20,515; operating expenses \$8,650; depreciation \$4,500 (7.4%), and; working capital \$3,000.
- Development expenditure (\$/new longline): longlines \$35,595; vessels \$22,431; buoy, rope and stocking equipment \$2,759, and; trucks and vehicles \$402.
- The Directors are confident that even though the Farm is growing significantly, there is no reason why the production/longline should change through the forecast period.
- The Directors are also confident that as production increases, through the forecast period. There will be no change in the prices received or WMO's ability to sell mussels.

Figure 14: Estimated Farm Development Costs FY18-FY21 (\$ p.a.)

	FY18	FY19	FY20	FY21	Total	\$/Line
Vessels	2,653,000	950,000	-	300,000	3,903,000	22,431
Growout & Spat Lines	706,678	1,585,078	1,645,341	2,102,615	6,039,712	34,711
Buoys/Ropes/Stocking Equipment	65,000	-	-	415,000	480,000	2,759
Trucks/Vehicles	70,000	-	-	-	70,000	402
Annual Development Costs	3,494,678	2,535,078	1,645,341	2,817,615	10,492,712	60,303
Accum Development Costs	3,494,678	6,029,756	7,675,097	10,492,712		

Figure 15: Estimated Sources of Farm Development Funds FY18-FY21 (\$ p.a.)

	FY18	FY19	FY20	FY21	Total
New Equity (net of Issue Expenses)	4,054,000				4,054,000
Operating NCF exc. Depreciation	-708,748	84,185	6,604	667,561	49,601
Depreciation	722,347	958,936	1,163,857	1,454,477	4,299,617
Debt	-552,920	1,400,702	463,043	1,368,755	2,053,949
Total Funding	3,514,678	2,455,042	1,645,341	3,499,681	10,492,712

## 8. RISKS TO WMŌ'S BUSINESS AND PLANS

An investment in the New Shares, like any investment, involves a degree of risk.

Before investing in the New Shares, you should consider the risks for that investment including their likelihood and the magnitude of the effect that may have on your investment. The statements of risk in this section do not take account of your personal circumstances, financial position or investment requirements. Before making any investment decision, you should consider the suitability of an investment in the New Shares in light of your individual risk tolerance for investments, investment objectives and personal circumstances.

Specific risks associated with an investment in WMŌ, including our assessment of their significance of these risks, their likelihood and potential magnitude, and any steps we have taken or can take to mitigate them are as follows:

RISK	ASSESSMENT OF NATURE, LIKELIHOOD AND POTENTIAL MAGNITUDE OF RISK	STEPS TAKEN TO MITIGATE RISK
<b>1. Cyclone or severe storm damage to the Farm longlines</b>	<p>There is a risk that mussel supply will be reduced by storm damage to WMŌ longlines. The deepwater longline and mooring systems have been purpose designed to cope with severe weather events. While severe storms events may pose material risks to production and capital invested, in the past two years the farm has survived the impact of three ex tropical cyclones, Pam (March 2015), Debbie and Cook (April 2017) as well as other significant storms.</p> <p>It is only Cyclone Cook, an exceptional storm, that gave rise to modest physical damage to about 5% of the lines on the farm (9 out of 174), all of which was repairable. It did however result in the loss of 25-30% of an immature crop which was shaken from the lines.</p> <p>Cyclone Cook was exceptional because it generated a maximum wave height of 12m on the nearby Bay of Plenty wave buoy which is the largest wave height recorded at the buoy since records began in 2003. Typical maximum wave heights recorded at the buoy during major storms over the past decade have been in the range of 7.5-8m. The farm has experienced maximum waves of this magnitude on four other occasions since early 2014 without significant damage or crop loss. It is estimated that storm events of Cyclone Cook's intensity are likely to be one in 20-25 year events.</p> <p>In respect of climate patterns it is strong sustained "La Nina" events that are likely to have the most impact on the farming operation.</p> <p>This is because "La Nina's" are associated with consistently more North-easterly to Easterly prevailing weather and accompanying sub-tropical low pressure systems. They also bring above normal rainfall to the Northern and Eastern areas of the North Island, particularly to the Bay of Plenty, driven by moist North-easterly air flows.</p> <p>During years of sustained "La Nina's" it is predictable that the operation will experience consistently more North-easterly storm surges, typically in the range of 7-9m maximum wave height. It is difficult to predict the frequency of strong "La Nina" events but they might be expected at least once in a 15 year cycle.</p>	<p>The risk to both productivity and physical structures is mitigated by the robustness of the longlines that WMŌ has developed. To date the deepwater longline system has physically performed well in several sizable and one exceptional storm. Viewed overall crop losses have not been material.</p> <p>The longline structures are insured, but not for crop loss. The prospect of insuring for crop loss will be investigated but may prove prohibitive in cost or simply uninsurable.</p> <p>It is possible to observe the onset and then monitor the development of sustained "La Nina" events, particularly as they grow in intensity. This can be done in real time. By monitoring the Southern Oscillation Index the WMŌ operation will be able to develop and refine crop management and harvest strategies so as to mitigate against crop losses that could potentially occur during strong "La Nina" events.</p>

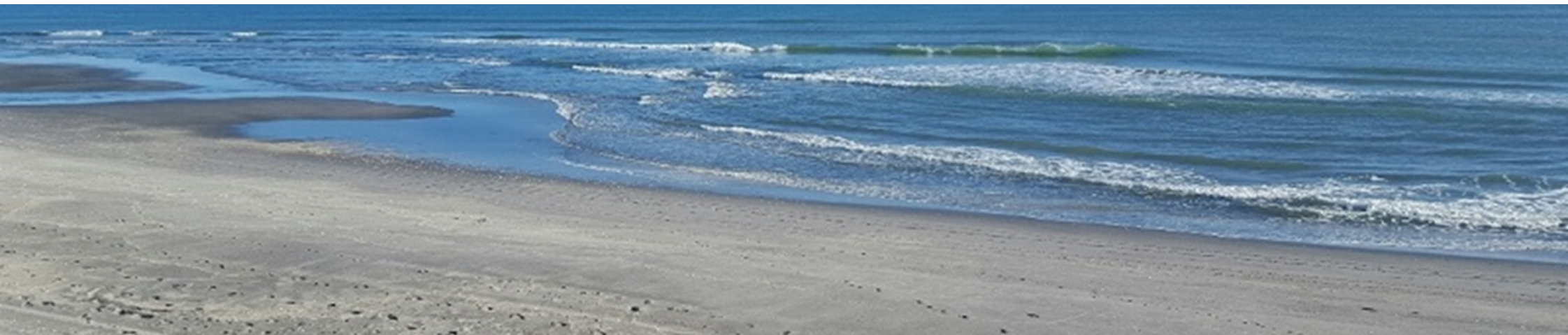
RISK	ASSESSMENT OF NATURE, LIKELIHOOD AND POTENTIAL MAGNITUDE OF RISK	STEPS TAKEN TO MITIGATE RISK
<p><b>2. Inability to harvest due to rainfall or biotoxins</b></p>	<p>The farm is subject to regulatory closure to harvesting when either rainfall or biotoxins in mussel flesh reach prescribed limits.</p> <p>The rainfall closure control is a sanitary measure where a particular level of Whakatane river flow is used as a proxy of likely bacteriological or viral contamination (bio-contaminants) of water that may flow offshore and reach the farm site.</p> <p>The mussels then potentially filter the bio-contaminants as part of their food supply. The general source of these bio-contaminants is land based activities. The current rainfall controls will on average close the farm to harvest (closures) on 6-10 occasions each year for a minimum of three days. On virtually all such occasions these closures extend beyond three days because it takes the catchment some time to empty and the river flow to then fall below the control limit.</p> <p>An analysis of river flow records for the past decade indicates that in extended rainfall events the farm will remain closed to harvest for up to 10-20 days at a time. In most years the cumulative days of rainfall harvest closure is likely to fall in the range of 25-45 days per annum. However in a “La Nina” climatic cycle this cumulative closure may extend to about 65-95 days per annum.</p> <p>There is potentially some disruption to pre-planned harvesting programmes that may arise from either the cumulative duration or frequency of closures but WMŌ is unlikely to be anymore materially affected by these events than much of the rest of the industry operating in either the Coromandel region or Marlborough Sounds. Managing sanitary events is a routine part of aquaculture business activity.</p> <p>There are likely to be some marginal effects on farm productivity and optimal business performance but these are generally minimal. This is because so long as the farm is accessible other essential work can still be undertaken while the site is subject to sanitary harvest closures.</p> <p>Paralytic Shellfish Poisoning (PSP) events may also close the WMŌ farm to harvesting for extended periods, up to 2-3 months and on occasion possibly more. Based on information gathered at the WMŌ site to date these PSP events generally begin in mid to late October and the subsequent effects can persist throughout summer.</p> <p>There is a likelihood that PSP phytoplankton blooms will affect late year harvesting from the WMŌ farm on a regular annual basis. Mussels bio-accumulate PSP bio-toxin for as long as they are filter feeding on the bloom of the specific PSP inducing phytoplankton. Once a bloom dissipates or collapses then it still takes some time for the PSP biotoxin to diminish to safe levels in the mussel flesh which is why PSP related harvest closures can persist for extended periods. However, some of the potential PSP harvest closure period over summer at the WMŌ farm is likely to coincide with the spawning interval when the mussels are not in harvestable condition in any event.</p> <p>There are other toxic phytoplankton species whose blooms can similarly affect mussels but they are generally less problematic and rarely give rise to extended biotoxin closures. Further, in the event that one of these species were to cause such a closure then it is likely to be coincident with an existing PSP closure.</p>	<p>WMŌ is testing regularly to establish a history that will help future management.</p> <p>As a result of regular testing WMŌ is in a position to observe the PSP biotoxin concentration increasing in the mussel flesh well before it reaches the regulatory closure level. Harvesting practices can then be adjusted to accelerate the harvest thereby mitigating or potentially avoiding the full impact of a PSP related closure. No crop is lost to these biotoxin events and they merely impact harvest timing. Having some supply from the Coromandel will help ensure continuity of market supply in the event of a closure of the Ōpōtiki Farm.</p>



RISK	ASSESSMENT OF NATURE, LIKELIHOOD AND POTENTIAL MAGNITUDE OF RISK	STEPS TAKEN TO MITIGATE RISK
<p><b>3. Exposed large-scale open ocean farming system</b></p>	<p>WMŌ's Ōpōtiki mussel farm is being developed by WMŌ with progressively more long lines being installed each year. The farm is situated in the most exposed location of any existing commercial mussel farming operation in New Zealand. Accordingly there is a risk that the farming system will not always perform as expected. Any material drop in farm production will have a significantly impact on the financial performance of the business</p> <p>Because of this environment, further as yet unforeseen challenges may arise as the scale of the farm increases, and these could be significant. There are no such challenges readily evident to the directors at this time but they do not discount the possibility that some may yet arise as the farm development gathers pace in coming years.</p>	<p>Research activity commenced at the site in 2004 and commercial scale mussel lines have been installed at the site since October 2010. In that time enough has been learnt about operating the site to give WMŌ confidence to proceed with further development.</p>
<p><b>4. Going Concern</b></p>	<p>The company commenced operations in May 2014. Because the company is in its early stages of development, it has incurred negative working capital to date due to the installation of new infrastructure in and for the water space, including the installation of 100 longlines and the purchase of marine farm equipment to operate the mussel farm. Also, WMO's initial catchment of spat on its nurse longlines took about 24 months before the mussels were fully grown and ready to harvest.</p> <p>WMO has 60 longlines ready for harvest next year. On that basis, the Company expects to trade positively in FY18, and grow the number of longlines in the water space and reduce the production cycle of the mussel farm to about 13 months.</p> <p>However, without the harvest of 60 longlines in FY19, the Company could potentially have a going concern issue as the crop is not insured if it were to suffer losses in production. If this risk eventuated, the Company may not be able to pay its debts as they fall due, which could result in a creditor appointing a receiver or liquidator to run or wind up the Company.</p>	<p>The Company has the full support of the bank and the provision of an overdraft facility to provide short-term working capital for the business.</p> <p>The mussel farm has proven to date that it can catch and hold spat on its longlines and grow the mussels to full size ready for harvest and sold in the export and domestic market.</p> <p>The prospect of insuring the crop is being investigated by the Company.</p>

RISK	ASSESSMENT OF NATURE, LIKELIHOOD AND POTENTIAL MAGNITUDE OF RISK	STEPS TAKEN TO MITIGATE RISK
<p><b>5. Insufficient processing capacity</b></p>	<p>The ability of WMŌ to expand its farming operation beyond the proposed 282 longlines is dependent on an increase in industry process capacity.</p> <p>While WMŌ is planning to build its own processing factory, there is a risk that this won't happen or that the performance of the factory may reduce the profitability of the Farm.</p> <p>If WMŌ were not to build a factory then it still has viable options for either toll processing arrangements or the sale of its product to other processors. The reason that these are options is because existing processing facilities are generally subject to seasonal closure at the time that WMŌ's mussels are in mature harvestable condition, which is during winter months. Mussels on inshore farms spawn, losing condition, in winter months whereas the offshore mussels on WMŌ's farm spawn over summer. This seasonal offset in condition cycles between sources of mussel supply will enable WMŌ to negotiate arrangements to extend processing seasons of existing facilities, should it either choose or need to do so.</p> <p>It may be possible for the existing facilities to contemplate year round processing which is likely to be a mutually beneficial outcome to all parties. The costs of production in a WMŌ owned factory or a toll processing facility ought to be comparable.</p> <p>Hence there is no expectation that the use of a toll processing facility will significantly increase costs of production, were this option to prove necessary. This is particularly so if WMŌ's product supply offered opportunity to extend an existing facility's processing season to perhaps year round or thereabouts.</p>	<p>This risk is mitigated by the fact that the Farm is expected to be commercially profitable even if it does not expand beyond 282 longlines.</p> <p>Further, WMŌ expects to be able to optimise its harvesting to provide product to existing processing facilities during what is currently their off-season, should it either need to or see benefit in doing so.</p>
<p><b>6. Insufficient Spat settlement and retention</b></p>	<p>WMŌ catches its own spat and plans to sell surplus spat to other mussel farmers. Annual variability in spat settlement and retention may pose some risk. However, there is currently no information or indications that suggest that insufficient spat may settle in any one year to support WMŌ's planned farm expansion.</p> <p>There is little future likelihood that WMŌ will not capture sufficient spat on the farm to meet its needs.</p> <p>To date there has been some annual variability in both the timing of spat settlement and density through the area of the farm currently being utilised for capture. Despite this variability more than sufficient spat has been caught and retained to meet both WMŌ's farming needs as well as providing for surplus sale to other farmers..</p>	<p>WMŌ is gaining more experience each season on how to further improve both the timing and density of spat capture on the farm. In time it will be able to optimise its spat capture techniques. Having a readily available service vessel also gives WMŌ more options for how spat is used. In poor seasons more of the spat could be retained by WMŌ for its own use. WMŌ could also consider purchasing Kaitaia spat to make up seasonal shortfalls.</p> <p>There is little future likelihood that WMŌ will not capture sufficient spat on the farm to meet its needs. Nevertheless in the event that were to occur it can purchase Kaitaia spat on the market, as does much of the rest of the industry.</p>

RISK	ASSESSMENT OF NATURE, LIKELIHOOD AND POTENTIAL MAGNITUDE OF RISK	STEPS TAKEN TO MITIGATE RISK
7. <b>Reliance on a single service vessel</b>	<p>WMŌ currently has only one service vessel and would be vulnerable if there was loss, damage or major equipment failure on this vessel. If WMŌ were not able to use its current vessel to service the farm, for whatever reason, then this may significantly disrupt the operation and planned expansion in farming activity.</p> <p>WMŌ's current vessel is relatively new and well maintained. It is therefore unlikely to be susceptible to major failures. Nonetheless such events are not unknown and can occur unexpectedly. If WMŌ were not able to use its current vessel to service the farm, for whatever reason, then this may significantly disrupt the planned expansion in farming activity.</p>	<p>The vessel is comprehensively insured. Further, WMŌ has a cooperation MOU with Sanford Limited and through this relationship would rely on mutual assistance understandings if were faced with a limitation in vessel capacity.</p> <p>Subject to the success of the Offer, WMŌ is also intending to build a second vessel, thereby providing some security to operations in the unlikely event that one vessel was unavailable for an extended period.</p>
8. <b>The Ōpōtiki Harbour Transformation Project does not proceed</b>	<p>Currently WMŌ operates its farming vessel out of Whakatane Harbour and has entirely satisfactory commercial berthing and operational arrangements in the harbour. There are some occasions when adverse bar conditions prevent vessel access to the farm because of either storms or high flows in the Whakatane River. On most of these occasions there is no loss of productivity that can be directly attributed to the bar conditions alone because the adverse weather (wind and swell) generally results in the farming site being contemporaneously unworkable. These weather events currently affect bar operations for a total of about 25-30 days per annum.</p> <p>If the Ōpōtiki Harbour Transformation Project were not to proceed for whatever reason then continuing to operate farming vessels out of Whakatane Harbour is unlikely to impact the rate of farm development that is currently budgeted.</p>	<p>The availability of less weather prone harbour access at Ōpōtiki may lead to some indeterminate improvement in workable days on the farm. It is not likely to materially improve productivity as it will only relate to those few occasions when the Whakatane bar is not passable but the farming site itself is calm enough to be workable. Generally if the Whakatane bar is not passable then the farming site is similarly unworkable.</p>





## 9. TAX

Tax can have significant consequences for investments and if an investor has queries relating to the tax consequences of the investment, the investor should obtain professional advice on those consequences.

## 10. WHERE YOU CAN FIND MORE INFORMATION

Further information relating to WMŌ and the New Shares is available on the offer register (for example, the Constitution and WMŌ's financial statements). The website for the offer register is [www.companiesoffice.govt.nz/companies/disclose](http://www.companiesoffice.govt.nz/companies/disclose). A copy of the information on the offer register is available on request to the Registrar of Financial Service Providers. Further information relating to WMŌ is available on the New Zealand companies register (administered by the Companies Office) at [www.companies.govt.nz](http://www.companies.govt.nz). In addition, further information relating to WMŌ is available free of charge on written request to WMŌ (please see the contact information details in Section 12 (Contact Information)).





## 11. HOW TO APPLY

You should read this PDS and other available information carefully before applying for Shares.

“Applications to subscribe for New Shares should be made by completing the Application form available at 96 Waioeka Road, Opotiki. You may contact the Company on (07) 315 7034 and they will send you a copy. Completed forms can be returned to Sharp Tudhope Lawyers by post at Private Bag 12020, Tauranga 3143 or email at [lawyers@st.co.nz](mailto:lawyers@st.co.nz). Please see the contact information details in Section 12 (Contact information).”

APPLICATIONS WILL NOT BE ACCEPTED AND NO NEW SHARES WILL BE ALLOTTED IN RESPECT OF THIS APPLICATION UNLESS FULL REQUIRED PAYMENT FOR THE PARTLY PAID NEW SHARES HAS BEEN MADE.



## 12. CONTACT INFORMATION

### Contact details of the Company

:Issuer Whakatōhea Mussels (Ōpōtiki) Limited  
PO Box 541  
Ōpōtiki 3162  
(07) 315 7034

:Investment Banking  
Advisor to the Offer MyFarm Limited  
PO Box 91  
Feilding  
Phone: 0800 693 276



## 13. GLOSSARY

<b>WMŌ or the Company</b>	Whakatōhea Mussels (Ōpōtiki) Limited
<b>Associated Person</b>	Where the Shareholder is a company, the shareholders of that company; where the Shareholder is a partnership, or some other entity where the shares are held jointly, each of the partners or joint holders, and ; where Whakatōhea Maori Trust Board is the shareholder, any of its subsidiary companies or related entities.
<b>Board</b>	The board of directors of WMŌ
<b>Companies Act</b>	Companies Act 1993 (as may be amended or replaced from time to time)
<b>Constitution</b>	Whakatōhea Mussels (Ōpōtiki) Limited's constitution
<b>Director</b>	A director of Whakatōhea Mussels (Ōpōtiki) Limited
<b>Disclose Register</b>	The register containing information on this offer in this PDS available at <a href="http://www.companiesoffice.govt.nz/disclose">www.companiesoffice.govt.nz/disclose</a>
<b>Existing Shares</b>	Ordinary shares currently on issue
<b>Farm</b>	The mussel farm operated under WMŌ's lease 8.5 kilometres off the coast of Ōpōtiki
<b>FY[Year]</b>	The financial year ended 30 June of that year
<b>New Shares</b>	Ordinary shares of the same class as, and that rank equally with Existing Shares on the Allotment Date
<b>PDS</b>	Product Disclosure Document
<b>Shares</b>	Ordinary shares in Whakatōhea Mussels (Ōpōtiki) Limited
<b>Shareholders</b>	The person or persons whose name is entered in the share register as a holder or joint holder of ordinary shares in the Company.
<b>Record Date</b>	13 October 2017