

# PRODUCT DISCLOSURE STATEMENT

## For an offer of Ordinary Shares in EastPack Limited

Issued by EastPack Limited  
Dated 28 November 2022

This document is a replacement product disclosure statement, replacing the previous product disclosure statement dated 19 June 2020 issued by EastPack Limited.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz) offer number OFR12893. EastPack Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advisor to help you to make an investment decision.

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Growers at heart





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# PRODUCT DISCLOSURE STATEMENT

# 1. Key Information Summary (KIS)

## What is this?

This is an offer of ordinary shares (**Ordinary Shares**). Ordinary Shares give you a stake in the ownership of EastPack Limited (**EastPack** or the **Company**).

You could receive a return reflecting the performance of EastPack through dividends, rebates or other distributions if they are declared by the Board in relation to your Ordinary Shares.

If EastPack runs into financial difficulties and is wound up, you will be paid only after all creditors and holders of any shares that rank in priority to the Ordinary Shares have been paid. You may lose some or all of your investment.

## About the EastPack Group

The EastPack Group is a Grower owned co-operative company that operates a kiwifruit and avocado packing and cool storage business, manages and leases orchards and provides on-orchard management services. It is currently one of the largest kiwifruit post-harvest operators in New Zealand handling approximately 26% of New Zealand's kiwifruit production. The Company has six packing facilities located in the Western Bay of Plenty and Eastern Bay of Plenty. The Company has grown significantly in the last five years. Kiwifruit production in New Zealand is forecast to grow significantly, with large numbers of growers converting to more productive varieties and new plantings occurring. These projections indicate that the Company will continue to grow into the future.

## Purpose of this offer

The purpose of this offer is to primarily facilitate the issue of Ordinary Shares to persons who are, or who are intending to be, suppliers of kiwifruit to EastPack, and therefore become Shareholders of the Company (noting that other persons, as referred to in this PDS, may also be eligible to become Shareholders or continue to hold Ordinary Shares). Money raised under the offer will be used by EastPack as general funds (including for working capital requirements and ongoing investment in infrastructure, automation and systems) rather than for a specific activity.

## Key terms of the offer

|                                             |                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Description of the equity securities</b> | The shares being offered are Ordinary Shares in EastPack.<br>Under the Constitution, Ordinary Shares may be issued unpaid, partly paid or fully paid, although the Board does not currently intend to issue partly paid Ordinary Shares.                                                                                                                                   |
| <b>Offer Price</b>                          | There is no fixed price and no fixed or indicative price range for Ordinary Shares. Rather, Ordinary Shares have no nominal value, and are expected to be issued on an annual basis at a price determined by the Board having regard to an independent valuation at the time of issue. The issue price of Ordinary Shares may be different to the prevailing market price. |
| <b>Who this offer applies to</b>            | Ordinary Shares may only be issued to Growers, Qualifying Lessors, employees of EastPack, and Directors that are Growers.<br>Shareholders who cease to be Growers are permitted to continue holding Ordinary Shares for a period of up to three years in accordance with the terms of the Constitution. See also 'Shareholding requirements' as detailed below.            |
| <b>Original date offer opened</b>           | 22 June 2020                                                                                                                                                                                                                                                                                                                                                               |
| <b>Date offer closes</b>                    | This is a continuous offer of Ordinary Shares. The offer therefore has no closing date. EastPack reserves the right to refuse to accept any application or to suspend or to cease offering Ordinary Shares at its discretion.                                                                                                                                              |

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Liabilities, fees and charges</b>   | <p>As a co-operative company, the Constitution provides that the Company may levy charges on shareholders where they transact with the Company for its services. Such charges are typically levied on an annual basis to cover the cost of grading, packing, cool storage, transport and any associated services for kiwifruit or other produce of its shareholders and all other expenses of the Company. Such charges shall be determined by the Board having regard to the fair market cost of providing such services, and are charged based on the volume, type and grade of fruit processed by EastPack.</p> <p>Details of such charges together with other amounts that the Company may deduct from Growers are published in the annual EastPack Grower Guide, which is available from the Company on request.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Shareholding requirements</b>       | <p>Under the Constitution the Board has the power to determine from time to time:</p> <ul style="list-style-type: none"> <li>■ a share standard, being the number of Ordinary Shares a Shareholder is expected to hold based on that Shareholder's trading with the Company (the <b>Share Standard</b>);</li> <li>■ a minimum shareholding requirement, being the minimum number of Ordinary Shares a Shareholder is required to hold to secure EastPack's packing and processing services or on any other basis that the Board thinks fit (the <b>Minimum Shareholding</b>); and</li> <li>■ a maximum number of Ordinary Shares that may be held by a Shareholder (the <b>Share Limit</b>).</li> </ul> <p>As at the date of this PDS:</p> <p>a) the Share Standard has been set as one Ordinary Share for every tray of Class 1 kiwifruit to be supplied by the relevant Grower to EastPack. The Board's current policy is to determine the number of trays packed by a Shareholder by averaging the three highest annual volume(s) of production achieved by that Shareholder over the previous four years' production. Where a Grower transacts with the Company other than by the supply of kiwifruit, the Board can from time to time determine a different Share Standard appropriate to that type of transaction and its volume.</p> <p>b) the Minimum Shareholding is one Ordinary Share;</p> <p>c) the Share Limit is six Ordinary Shares per tray of production; and</p> <p>d) a shareholder can remain a Shareholder for three years after ceasing to be a Grower.</p> <p>The Board has the ability to alter the Share Standard, Minimum Shareholding and Share Limit requirements in the future, details will be communicated to Shareholders and will be set out in the annual EastPack Grower Guide.</p> <p>In the event the Share Standard or Minimum Shareholding requirements change, and/or the Board determines that a Shareholder holds an insufficient number of Ordinary Shares based on their level of trading with the Company, the Board has the ability under the Constitution to allot further Ordinary Shares to Shareholders at any time without application and to require payment for these Ordinary Shares in such manner, at such time and in such amounts as it determines.</p> <p>The Constitution entitles the Board to apply rebates payable to Growers towards payments for further Ordinary Shares, or towards any unpaid or partly paid Ordinary Shares on issue.</p> <p>Where a shareholding exceeds the applicable Share Limit the Board has the ability to enforce the disposal of Ordinary Shares.</p> <p>For more information on the terms applying to Ordinary Shares, see Section 4 of the PDS (<i>Terms of the offer</i>).</p> |
| <b>Ranking</b>                         | <p>The Constitution also permits the Board to issue other classes of equity securities in the Company that would rank equally with, or in priority to, Ordinary Shares without a special resolution of the holders of Ordinary Shares.</p> <p>Amongst other liabilities that rank in priority to the Ordinary Shares on a liquidation of EastPack, the claims of any secured or unsecured creditors to whom the Company has issued debt securities will rank in priority to the claims of Shareholders.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Rebates and other distributions</b> | <p>The Board retains a discretion to pay rebates to Shareholders who are Growers, however it is expected that the primary distribution of Company profits will be by way of dividends. Subject to the terms of other classes of equity in the Company, Shareholders possess full economic rights, being a right to an equal share of dividends and an equal share in EastPack's surplus assets.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## How pricing of Ordinary Shares is fixed

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Ordinary Shares have no nominal value and are issued at a price determined by the Board from time to time. The Board will engage a suitably qualified and independent party (the **Independent Valuer**) to undertake a valuation of the Company's shares prior to their issue. The Board will consider and set the issue price having regard to the Independent Valuer's report, the prevailing market price of Ordinary Shares on Sharemart (as noted below) and such other factors as it considers appropriate in the circumstances. The Independent Valuer will adopt a valuation approach the Board considers appropriate in the circumstances, but as the Company is likely to continue growing it is expected that a discounted cashflow model supplemented with comparisons to other similar companies will be utilised.

You should also read Section 4 of this PDS (*Terms of the offer*).

## How you can get your money out

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EastPack does not intend to quote these Ordinary Shares on a licensed market in New Zealand but they are currently able to be traded on Sharemart, a system developed by Computershare to enable unlisted issuers to match buyers and sellers of unlisted securities. This means you may be able to sell Ordinary Shares on Sharemart if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Ordinary Shares.

In general, persons investing in shares in a co-operative company do so in order to transact with the company and to be entitled to distributions based on their trading with the company, rather than to obtain gains in the value of the shares.

Ordinary Shares are not redeemable by you. You may sell or transfer your Ordinary Shares to other eligible shareholders, or EastPack may require you to dispose of Ordinary Shares, in certain circumstances under the Constitution, the Companies Act, and the Co-operative Companies Act.

## Key drivers of returns

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EastPack considers that the following current and future aspects of the EastPack Group's business have the most impact on the financial performance of the business:

- **Volume of fruit packed and cooled:** EastPack's ability to maintain and grow volumes of kiwifruit and avocados packed and cooled, stored and loaded out for sale.
- **Packing price:** In a competitive kiwifruit packing industry, maintaining packing, cooling and storage prices to sustain profitability.
- **Labour:** EastPack typically employs over 3,500 seasonal workers annually. The availability and cost of labour impacts productivity and the cost of operations.
- **Cost of capital:** EastPack is required to invest in significant infrastructure to provide the necessary services and achieve an adequate return on the investment.
- **Balance sheet revaluations:** The valuation of key specialised assets such as plant and land and buildings.

Section 2 (*The EastPack Group and what it does*) outlines these key drivers of returns in more detail, along with the key strategies and plans for these aspects of the business.

## Key risks affecting this investment

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EastPack considers that the most significant risk factors that could affect the returns received from holding these Ordinary Shares are below.

- **Adverse price of Ordinary Shares:** Ordinary Shares will be subject to market pricing. This means that the traded market price may be lower than the value attributed to the Ordinary Shares when you purchase them.
- **Failure to return a profit:** Loss of volume of fruit to pack which could arise as a result of:
  1. prevailing global and national economic conditions;
  2. a downturn in market returns for the fruit;
  3. extreme events such as significant climatic events (frost, storm damage etc) or outbreaks of disease or community health issues;
  4. changes in the environmental or regulation requirements including the loss of agrichemicals that support kiwifruit production; and
  5. biosecurity risk.

Events and circumstances such as these could impact production, growing ability and/or demand for EastPack's services and therefore EastPack's ability to return a profit.

- **New Zealand kiwifruit industry and natural disasters:** There is a risk that EastPack is unable to perform packing and cool storage services for Growers and earn revenue, particularly at the seasonal peak, due to risks affecting the kiwifruit industry. This could include a sustained long term electricity outage, a one-off dramatic weather or other event (e.g. flood, fire, earthquake) affecting one or more sites, an outbreak of disease or the unavailability of commonly used agri-chemicals.
- **Cost and availability of labour:** EastPack typically employs over 3,500 seasonal staff to complete its packing operations. Changes to employment and immigration related policies or the inability of overseas workers to come to New Zealand (such as under the COVID-19 protocols) could reduce the supply of temporary labour from abroad, which could impact significantly on the ability of the Company to pack fruit as required.
- **Capital/Funding Constraints:** Being grower owned, EastPack has limitations on its ability to raise equity capital if it wished to invest in a large scale project or initiative. This would likely require EastPack to rely on its ability to raise debt finance if it intended to make such an investment.

This summary does not cover all of the risks of investing in Ordinary Shares. You should also read Section 7 of the PDS (*Risks to the EastPack Group's business and plans*) which includes the mitigation strategies adopted by EastPack in relation to the above key risks.

## Where you can find EastPack Group's financial information

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The financial position and performance of the EastPack Group are essential to an assessment of this offer. You should also read Section 6 (*EastPack Group's financial information*) of this PDS.





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## Letter from the EastPack Board Chairperson

On behalf of the EastPack Board, I am pleased to offer you this opportunity to subscribe for Ordinary Shares.

EastPack provides fruit packing and cool storage services to the kiwifruit and avocado industries in the main North Island production areas for these products with operations in the wider Bay of Plenty. EastPack also lease or manage in excess of 1,300 hectares of kiwifruit orchards and provide contract services to orchardists. It is by volume currently the largest kiwifruit packing and cool storage company in New Zealand packing approximately 26% of New Zealand's kiwifruit production.

The EastPack Board believes that the future of the Company is bright. Over the past five years the Company has grown significantly from packing 24 million trays of fruit in 2014 to 47 million trays of fruit in 2021. With further releases of Gold and other kiwifruit variety licences by Zespri, volumes are expected to continue to grow over the next five years. The Company has invested and will need to continue to invest in capital expenditure to enable the Company to pack the growing volumes of fruit. The Company has also invested in its people and processes and is in a solid position to grow effectively and efficiently in the future.

This PDS provides an overview of the EastPack Group and details of the Ordinary Shares in EastPack being offered. We recommend that you read it carefully. If you have any questions, please contact us or your professional advisors.

On behalf of the Board, I welcome your interest in becoming a Shareholder in EastPack or increasing your shareholding in the Company.



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**John Loughlin**  
Chairperson  
EastPack Limited



## 2. The EastPack Group and what it does

### Overview

#### EastPack Group and its operations

EastPack Limited is the parent company of the EastPack Group and undertakes the majority of activities within the EastPack Group. Other activities are undertaken through the subsidiary and associate companies identified below.

The main services provided by EastPack Group are the coordination and packing of kiwifruit and avocados and subsequent cool storage of the fruit prior to it being sent to Zespri and other fruit marketers for sales offshore or sold to New Zealand and Australian distributors.

Prospera Orchard Management Services Limited lease, manage or provide contracting services to, in excess of 1,300 hectares of kiwifruit orchards. This represents approximately 9.5% of productive kiwifruit orchards in New Zealand. In 2021 EastPack set up Pinpoint Laboratory Services Limited which provide kiwifruit maturity clearance tests and other services to Zespri and provide support to EastPack's growers and operations.

EastPack has carried on business in the above sectors since 1980. EastPack has invested in excess of \$180 million in the five years preceding the issue of this PDS in land, buildings, plant and machinery in order to adequately service the growing kiwifruit industry. EastPack Group's operations and main activities have not changed in the three years preceding the date of this PDS.

The EastPack Group comprises the following significant operating subsidiaries as at the date of this PDS.

| Subsidiary Companies                         | EastPack's Interest | Principal Activity                                                                 |
|----------------------------------------------|---------------------|------------------------------------------------------------------------------------|
| Southlink Supply Limited                     | 100%                | Administration services and industry representation in respect of produce supplied |
| Prospera Orchard Management Services Limited | 100%                | Provision of orchard management and orchard leasing services                       |
| Prospera Contracting Services Limited        | 100%                | Provision of contracting services to orchards                                      |
| Pinpoint Laboratories Limited                | 100%                | Provision of laboratory services primarily to the kiwifruit industry               |
| EastPack RSE Services Limited                | 100%                | Provision of contract labour                                                       |
| EastPack Avocado Company Limited             | 100%                | An avocado supplier                                                                |

EastPack also holds interests in the following entities.

| Company                                  | EastPack's Interest | Principal Activity                                 |
|------------------------------------------|---------------------|----------------------------------------------------|
| The Nutritious Kiwifruit Company Limited | 50%                 | Sales of kiwifruit in Australia                    |
| TKL Logistics Limited                    | 34%                 | Manages port logistics for the export of kiwifruit |

EastPack also has a number of wholly and partly owned non-operating subsidiaries. There are no material proposed changes to EastPack Group's membership anticipated at the date of this PDS.

## Acquisitions and dispositions

The EastPack Group has made no acquisitions in the three years preceding the date of this PDS. In 2013, EastPack Limited and Satara Limited (two post-harvest kiwifruit operators) merged to form EastPack Limited. EastPack Satara Limited (a 100% owned subsidiary of EastPack, which was formed as part of the merger) was legally amalgamated with EastPack in 2015.

In 2021, EastPack sold 560,000 shares in Zespri at a value of \$5.62m. The shares were determined to be not core business for the Company and were sold to assist in funding core business assets.

## Key aspects of the business

The New Zealand kiwifruit industry is regulated by the single market channel of Zespri. New Zealand's kiwifruit growers who wish to export fruit to countries other than Australia must do so through Zespri's single point of entry into such markets.

Zespri's primary roles are that of marketing and selling kiwifruit in overseas markets as well as driving innovation in new varieties and technology.

Recently both the kiwifruit industry and EastPack have experienced significant growth in volume. This growth is primarily from new plantings of Gold and Red kiwifruit, as Zespri have released additional licences to growers over the past five years. This follows the recovery of the industry from the effects of the Psa (*Pseudomonas syringae* pv. *Actinidiae*) outbreak and the industry has also seen increasing orchard productivity. As at the date of this PDS, the Company expects new plantings of kiwifruit in response to rising global demand, together with orchardists moving to higher yielding kiwifruit varieties, to further increase industry volumes over future years.

EastPack considers the following current and future aspects of the EastPack Group's business have the most impact on the financial performance of the business. The key strategies and plans for these aspects of the business are also included.

| Current and future aspects of EastPack's business that drive financial performance                                                                                                                                                                                                                       | Key strategies and plans                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Volume of sales</i><br>EastPack's ability to maintain and grow sales volumes of current and new services with its existing and new customers is a key driver of revenue and profitability for the EastPack Group.                                                                                     | EastPack invests in its relationships with existing customers including through the work of its Grower services managers. With expected growth in kiwifruit volumes, EastPack is investing in providing additional capacity to pack and store kiwifruit. EastPack also identifies and seeks to engage with potential new customers in the New Zealand market.                            |
| <i>Price and margin</i><br>EastPack's profitability is driven by the price it is able to charge for the services it provides. EastPack operates in a competitive post-harvest industry. Should competition for supply result in reduced packing charges, the profitability of EastPack will be impacted. | EastPack seeks to maintain a competitive packing price within the kiwifruit industry. In order to do so EastPack strives to operate its packing operations as efficiently as possible to allow margins to be maintained or improved. The Company has invested significant capital in both technology and capacity and works hard to provide strong service to meet its customers' needs. |



|                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Labour supply</i></p> <p>EastPack typically employs over 3,500 seasonal staff to support the packing operations. Shortage of staff can lead to increased labour costs or could impact the ability to pack kiwifruit in the required timeframe.</p>                                                                          | <p>EastPack invests in building a strong employment brand to attract staff and seeks to maintain good employee engagement. The impacts of closed borders as a result of the COVID-19 outbreak have seen the Company and industry implement a number of strategies to enable all fruit to be packed. This has included Zespri changing to more efficient packing requirements and providing incentives for the fruit to be harvested more evenly over the year. EastPack pays competitive wage rates and has a strong focus on its employees' career development. EastPack invests in its relationships with governments both in New Zealand and overseas to assist its ability to bring seasonal staff into New Zealand from overseas. The Company also invests in automation to reduce dependence on labour where possible.</p> |
| <p><i>Packing and storage capacity</i></p> <p>EastPack is required to pack kiwifruit for its Growers in a short timeframe, and lack of capacity could result in Growers packing with alternative operators or Growers receiving poor service from EastPack. This could result in loss of customers and reduced profitability.</p> | <p>EastPack has invested heavily over the past 5 years in capital infrastructure to support peak demand requirements and have best practice technology in place to support good fruit management.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><i>Balance sheet revaluations</i></p> <p>From time to time EastPack may need to revalue its key assets, including inventory and land and buildings. When this occurs, the EastPack Group's profitability may be affected.</p>                                                                                                  | <p>The Company's primary inventory is packaging materials which are standard to Zespri requirements and can be utilised over multiple years. Close management of inventory by EastPack minimises the need to revalue inventory. EastPack regularly assesses the recorded value of its land and buildings.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><i>Cost of capital</i></p> <p>EastPack is required to invest in significant infrastructure to provide the necessary services and achieve an adequate return on the investment.</p>                                                                                                                                             | <p>The Board continually considers its ongoing sources of funding to meet the capital expenditure required to operate the business. This may include additional debt or equity funding including external bank debt, bonds and/or preference shares.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

EastPack is currently governed by six shareholder elected directors and two additional independent directors appointed by the Board (see 'Other material governance disclosures' at the end of this Section 2). As at the date of this PDS, EastPack's Board comprises the following individuals.



**JOHN LOUGHLIN** *Chairperson*  
*Independent Director, appointed 2014*

BCA, MBA, FCA, INFINZ (fellow), FNZIM,  
ANZIIIF (fellow), AFinSD

**Committees:**

- Member, Audit Committee
- Member, Health and Safety Committee
- Member, Directors Remuneration Committee

John has extensive past board experience including directorships with Zespri Group Limited, AgResearch Limited, Port of Napier Limited and Toll NZ Limited. John is currently chairman of Powerco Limited, Coda GP Limited, Bluelab Group Holdings Limited and Rockit Global Limited. John is the founder and owner of Askerne Winery. John holds an MBA and BCA from Victoria University of Wellington.

John was the chairman of finance company Allied Nationwide Finance Limited, now known as NFA Limited (in liquidation) (referred to below as **Allied**), from 1 May 2007 to 23 August 2010. Allied was placed in receivership on 20 August 2010 as part of the finance company collapses in New Zealand at that time and subsequently went into liquidation on 31 October 2012. He ceased to be the chairman and a director of Allied on 23 August 2010. On 2 September 2013, the Financial Markets Authority (**FMA**) issued a formal warning letter to John Loughlin and the other directors of Allied stating that, in the FMA's view, the directors of Allied likely breached the Securities Act 1978 by failing to adequately disclose the ability of Allied's parent, Allied Farmers Limited, to provide financial support and Allied's own ability to meet its financial obligations. The FMA advised that, having taken into account the possible availability of defences, FMA's enforcement policy and public interest considerations, the FMA did not intend to take formal enforcement action at that time. However, the FMA considers that Allied should have made better disclosure, to ensure that investors were aware of the risks associated with their investment in Allied.



**DYLAN BARRETT**  
*Elected 2019*

Director Prosopa Orchard Management Services Limited (100% Subsidiary)  
Director Prosopa Contracting Services Limited (100% Subsidiary)  
BBS (VPM), MInstD

**Committees:**

- Member, Remuneration and Appointments Committee
- Member, Health and Safety Committee

Dylan is a Registered Valuer specialising in commercial, industrial and horticultural property. He holds a Bachelor of Business Studies majoring in Property Valuation & Management, completed the Kellogg's Rural Leadership Programme and has completed a wide range of governance training courses through the Institute of Directors.

Dylan's involvement in the kiwifruit industry began with private orchard ownership, and then later extended to further investment in a larger syndicate orchard all of which are situated in the Te Puke region. Dylan is a board representative on EastPack Entity Trust. Further involvement includes kiwifruit valuation and advisory work and a Chairman role with KEL Rangioru Limited.





### MARK GILES

*Independent Director, appointed 2014*

B Ag Econ

#### Committees:

- Member, Remuneration and Appointments Committee
- Member, Health and Safety Committee

Mark joined EastPack as an independent director in 2014. Mark has a broad range of skills and successful track-record throughout a diverse business life. His leadership and governance experience has spanned across large multinationals to home-grown New Zealand companies and the not-for-profit sector. Mark has extensive international General Management, sales and marketing experience and has served on a number of boards including those of Vodafone New Zealand and Alcatel New Zealand. Mark is currently Independent Director and Chairman at ITM Co-operative Limited, chairman of Techspace Consulting Limited, and a director of a number of other companies. Mark holds a Bachelor of Agricultural Economics from Massey University.



### BRADEN HUNGERFORD

*Elected 2022*

Director Prospa Orchard Management Services Limited (100% Subsidiary)  
Director Prospa Contracting Services Limited (100% Subsidiary)  
BAv

#### Committees:

- Member, Audit Committee
- Member, Health and Safety Committee

Braden has been growing kiwifruit in Te Puke since 2005. He has experience in operations management, product and orchard development. He has previously held an executive role in EastPack overseeing Grower Services and Prospa Orchard Management divisions. Braden also completed the Farmlands Board Observer role.



### DAVID JENSEN

*Elected 2018*

Director Pinpoint Laboratory Services Limited (100% Subsidiary)  
B.Agr. Dip Agri.Sc

#### Committees:

- Chair, Remuneration and Appointments Committee
- Member, Health and Safety Committee

David is an experienced Director of several Co-operative and private companies. He is a past director of Satara and has been the past Chairman of the EastPack Entity Trust. He and his family own and operate orchards in the Tauranga region. David is a member of the University of Lincoln Council and a previous director of Livestock Improvement Corporation Limited and Farmlands Co-operative Limited. David is currently the independent chair of a number of kiwifruit orchard syndicates.



### MURRAY MCBRIDE

*Elected 2009*

IOD Directors Certificate, IOD Audit and Risk Certificate

**Committees:**

- Chair, Health and Safety Committee

Murray has been involved in the kiwifruit industry since 1979. He managed the McBride family post-harvest facility and purchased his first orchard in 1990. Since then, Murray has been heavily involved in developing Gold orchard plantings and is renowned in the industry as a leader in this field. Murray has been a member of the Zespri Gold Development Group, NZKGI, and Industry Advisory Council.



### MICHAEL MONTGOMERY

*Elected 2000*

Director TKL Logistics Limited (Associate Company)  
Director Southlink Supply Limited (100% Subsidiary Company)  
Director Te Matai Kiwi no 1 Limited (100% Subsidiary Company)

**Committees:**

- Member, Health and Safety Committee

Michael has been involved in the kiwifruit industry as a grower and a post-harvest operator since 1981. Michael is chairman of TKL Logistics Limited, which manages wharf and transport services for kiwifruit in the Bay of Plenty. Michael is a board representative on EastPack Entity Trust and completed the Kellogg's Rural Leadership Training Programme in 2002. He owns and operates orchards in the Bay of Plenty, Hawke's Bay and Gisborne Areas.



### NGAIRE SCOTT

*Elected 2020*

CA

**Committees:**

- Chair, Audit Committee
- Member, Health and Safety Committee

Ngaire is a Chartered Accountant and has experience at senior executive and governance roles. She comes from a rural background in the Waikato and has been involved in the kiwifruit industry for over 10 years. She serves as a Chief Financial Officer for Trinity Lands Ltd, a large scale business that operates a portfolio of kiwifruit, dairy and other commercial investments. She has participated in the Zespri Industry Governance Programme. Ngaire is involved in a number of charity organisations.

## SENIOR MANAGERS

As at the date of this PDS, EastPack's leadership team (each a senior manager) is comprised of the following individuals.

### **HAMISH SIMSON**

*Chief Executive*

### **RICHARD FRASER-MACKENZIE**

*General Manager – Supply & Logistics*

### **MERV DALLAS**

*Chief Financial officer*

### **TOBY POTTER**

*General Manager – Grower Services*

### **PATRICK KUIPER**

*Chief Technology Officer*

### **KURA POULAVA**

*General Manager – Human Resources*

### **PHIL KARL**

*General Manager – Operations*

### **AARON WRIGHT**

*General Manager – Prospa*



## Substantial shareholders and relevant interests held by Directors and senior managers, etc.

A table of substantial shareholders of the Company and of relevant interests in shares held by Directors and senior managers of EastPack can be found on the Offer Register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz), offer number OFR12893 in the document entitled "Information incorporated by reference in Product Disclosure Statement for an offer of Ordinary Shares in EastPack Limited".

The table of relevant interests in shares held by Directors and senior managers of the Company does not include details of any shares acquired by such persons in their capacity as a transacting shareholder, except to the extent (if at all) that the details of any such holding are considered to be material information.

## Other equity securities of issuer

As at the date of this PDS, there are no classes of EastPack equity securities on issue other than Ordinary Shares.

The Constitution permits the Board to issue other classes of equity securities in the Company (including preference shares) that would rank equally with, or in priority to, Ordinary Shares without a special resolution of the holders of Ordinary Shares. The terms of issue of other such classes of equity securities may provide for the holders to be paid distributions in priority to Shareholders. However, the Companies Act requires the Board to be satisfied that the terms and consideration of any such issue are fair and reasonable to EastPack and all existing shareholders.

## Rights on liquidation

If EastPack is put into liquidation or wound up, the assets (if any) available for distribution among the shareholders, after payment of secured and unsecured creditors (including holders of EastPack debt securities then on issue), will be distributed by the Company to holders of shares in proportion to the amount paid up on their shares, and in accordance with the terms of issue of the securities (including any rights of priority attaching to a particular class of shares). If there are insufficient assets to repay such amounts in full, the available assets would be divided between holders of each class of shares in proportion to the amounts paid up on their shares.

Amongst other liabilities that rank in priority to the Ordinary Shares on a liquidation of EastPack, the claims of any secured or unsecured creditors to whom the Company has issued debt securities will rank in priority to the claims of Shareholders.

## Director remunerations and benefits

The table below sets out the total of the remuneration and the value of other benefits received by each Director of EastPack, in respect of EastPack or any other member of the EastPack Group during the most recent period (being the financial year ended 31 December 2021).

All services provided by each Director of EastPack during such period were provided in their capacity as a Director.

| Director                 | Total remuneration and value of other benefits received |
|--------------------------|---------------------------------------------------------|
| John Loughlin (Chairman) | \$122,708                                               |
| Dylan Barrett            | \$56,458                                                |
| Mark Giles               | \$54,375                                                |
| David Jensen             | \$56,458                                                |
| Murray McBride           | \$56,458                                                |
| Michael Montgomery       | \$51,458                                                |
| Ngaire Scott             | \$51,458                                                |
| Donna Smit               | \$61,458                                                |
| Braden Hungerford        | Nil*                                                    |

\* Braden Hungerford was elected in May 2022.

## Employee remuneration over \$100,000 per annum

There were 46 employees or former employees of EastPack, not being Directors, who, during the most recent period (i.e. the financial year ended 31 December 2021), received remuneration and other benefits in their capacity as employees, that in value was or exceeded \$100,000 per annum.

The table below sets out the number of such employees or former employees in brackets of \$10,000:

| Remuneration          | Number of employees |
|-----------------------|---------------------|
| \$100,000 – \$109,999 | 12                  |
| \$110,000 – \$119,999 | 7                   |
| \$120,000 – \$129,999 | 4                   |
| \$130,000 – \$139,999 | 4                   |
| \$140,000 – \$149,999 | 4                   |
| \$150,000 – \$159,999 | 4                   |
| \$180,000 – \$189,999 | 2                   |
| \$210,000 – \$219,999 | 2                   |
| \$220,000 – \$229,999 | 1                   |
| \$260,000 – \$269,999 | 1                   |
| \$270,000 – \$279,999 | 1                   |
| \$290,000 – \$299,999 | 2                   |
| \$300,000 – \$309,999 | 1                   |
| \$800,000 – \$809,999 | 1                   |

### Material interests in EastPack (or any of its subsidiaries)

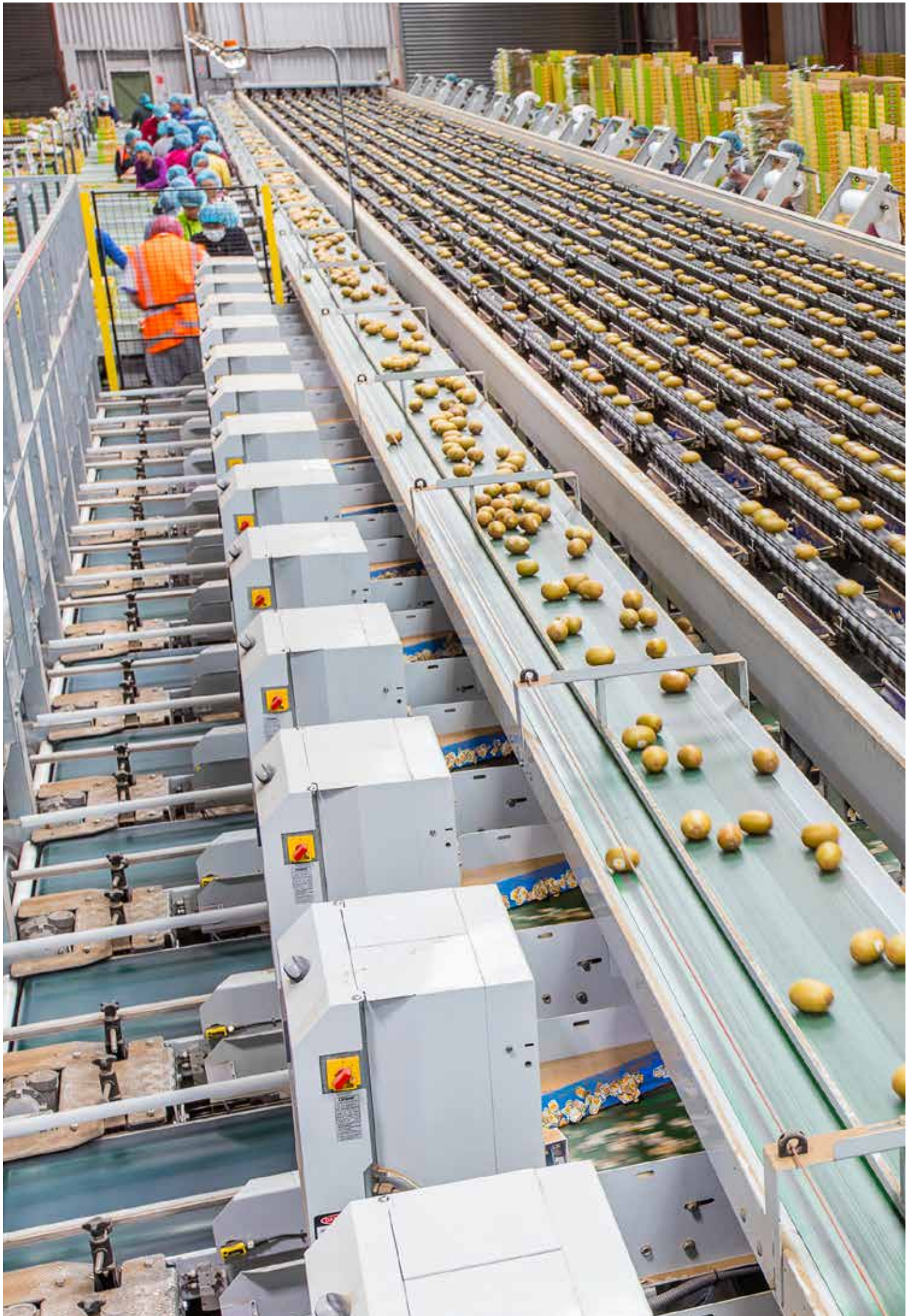
Other than as disclosed under the heading 'Substantial shareholders and relevant interests held by Directors and senior managers' (above), no Director or senior manager of EastPack has any direct or indirect material interest in EastPack or any of its subsidiaries.

Some Directors and senior managers are directors, shareholders and/or trustees of entities which transact with the Company on the Company's normal commercial terms. None of such transactions are material to either those individuals or the Company. The Company's senior managers have entered into individual employment agreements with EastPack which are material to those senior managers. Details of transactions with related parties (that may include disclosures in relation to directors and/or senior managers) are included, as required, in the EastPack annual report for the relevant period (see the financial statements contained on the Offer Register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz), offer number OFR12893).

### Other material governance disclosures

The Constitution states that, unless otherwise agreed at a Company meeting, the Board will consist of between six and nine directors. Not less than five directors shall be elected by the shareholders (**Shareholder Directors**). Unless otherwise determined by the shareholders each such Shareholder Director must be a shareholder of the Company (or the shareholder of a company that itself holds shares in EastPack). All of the Shareholder Directors must hold Ordinary Shares. In addition to the Shareholder Directors, the Board has the right to appoint up to three further directors who may or may not be shareholders of the Company. The Board intends to appoint an additional independent director and is actively considering candidates for the vacancy, however as at the date of this PDS no individual is proposed to be appointed. Any casual vacancy occurring among the Directors may be filled up by the Board, but any person so appointed shall hold office only for the remainder of the term for which the vacating Director would have held office if no vacancy had occurred.







### 3. Purpose of the offer

The purpose of this offer is to facilitate the issue of Ordinary Shares to persons who are, or who are intending to be, suppliers of kiwifruit to EastPack and therefore are required to become Shareholders of EastPack. Ordinary Shares are primarily allotted to new Growers on an annual basis, typically following the conclusion of the kiwifruit harvest. There is no specific intended use of the funds raised under the offer. Instead, funds will be used as general funds (including for working capital requirements and ongoing investment in infrastructure and technology to build capacity) rather than for specific activities. The use of funds raised under the offer will not change depending on the total amount that is raised. The purpose of Ordinary Shares is to allow ownership to refresh over time as well as provide capital. As orchards change hands, the rules relating to subscription for and sale of Ordinary Shares are intended to allow shareholders to come and go.

### 4. Terms of the offer

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Description of the equity securities</b> | <p>This is an offer of Ordinary Shares in the capital of EastPack.</p> <p>Ordinary Shares may be issued unpaid, partly paid or fully paid, although the Board does not intend to issue partly paid Ordinary Shares.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Offer Price</b>                          | <p>There is no fixed price and no fixed or indicative price range for Ordinary Shares. Rather, Ordinary Shares have no nominal value and are expected to be issued on an annual basis at a price based on an independent valuation at the time of issue. The issue price of Ordinary Shares may be different to the prevailing market price.</p> <p>The Board will consider and set the issue price in its discretion having regard to an Independent Valuer's report, the prevailing market price of Shares and such other factors as it considers appropriate in the circumstances. The Independent Valuer will adopt a valuation approach the Board considers appropriate in the circumstances, but as the Company is likely to continue growing it is expected that a discounted cashflow model supplemented with comparisons to other similar companies will be utilised.</p>                                                                                                                                                        |
| <b>Who this offer applies to</b>            | See KIS (page 4)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Original date offer opened</b>           | 22 June 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Date offer closes</b>                    | <p>This is a continuous offer of Ordinary Shares. The offer therefore has no closing date. EastPack reserves the right to refuse to accept any application or to suspend or to cease offering Ordinary Shares at its discretion.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Allotment</b>                            | <p>Applications for Ordinary Shares may be accepted by the Company at any time. While the Board retains a discretion to issue and allot new Ordinary Shares at any time its intention is to only issue and allot new Ordinary Shares annually in October, following completion of the kiwifruit harvest. Details of the process will be available from the Company on request and included in the annual EastPack Grower Guide.</p> <p>If a Shareholder holds an insufficient number of Ordinary Shares relative to the Share Standard, the Board has the ability under the Constitution to allot further Ordinary Shares to such Shareholder (including Ordinary Shares which are unpaid or partly paid) at any time and to require payment for those Ordinary Shares in such manner, at such time and in such amounts as it determines.</p> <p>The Constitution entitles the Board to apply rebates payable to Growers towards payments for further Ordinary Shares, or towards any unpaid or partly paid Ordinary Shares on issue.</p> |

|                                                        |                                                                           |
|--------------------------------------------------------|---------------------------------------------------------------------------|
| <b>Liabilities, fees and charges</b>                   | See KIS (page 5)                                                          |
| <b>Share Standard and Minimum/Maximum Shareholding</b> | See KIS (page 5) and Section 5 ( <i>Key features of Ordinary Shares</i> ) |
| <b>Rebates and other distributions</b>                 | See KIS (page 5) and Section 5 ( <i>Key features of Ordinary Shares</i> ) |
| <b>Disposal or transfer of shares</b>                  | See KIS (page 5) and Section 5 ( <i>Key features of Ordinary Shares</i> ) |

The terms of issue and rights and powers attaching to Ordinary Shares are set out in the Constitution. The Constitution can be obtained from the Offer Register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz), offer number OFR12893.

## 5. Key features of Ordinary Shares

### Nature of Ordinary Shares

Ordinary Shares are issued at an issue price determined by the Board based on an independent valuation at the time of issue and have no par or nominal value. Ordinary Shares may only be issued to Growers, Qualifying Lessors, employees of EastPack and Directors that are Growers. Further details regarding the Offer Price and Allotment of Ordinary Shares are set out in Section 4 (*Terms of the offer*) above.

The number of Ordinary Shares which a Shareholder is required to hold is determined by reference to the Share Standard (see the KIS (page 5) and below) provided that under the Co-operative Companies Act not less than 60% of the voting rights are required to be held by 'transacting shareholders'.

Unless otherwise approved by the Board all persons wishing to supply fruit to or otherwise transact with EastPack must first become shareholders of the Company.

The quantity of fruit to be supplied, the services of the Company to be utilised by each shareholder (and the terms on which those services are to be utilised) and the terms of sale and purchase of goods between the Company and each shareholder are as determined by the Board from time to time.

### Share Standard, Minimum Shareholding and Share Limit

The Share Standard is used to determine the number of Ordinary Shares that a Shareholder is expected to hold based on the Shareholder's trading with the Company. As at the date of this PDS the Share Standard is one Ordinary Share for every tray of Class 1 kiwifruit supplied by the relevant Grower to the Company in a processing year (as determined by the Board). The Board may set a different Share Standard from time to time. The Board's current policy is to determine the number of trays packed by a Shareholder by averaging the three highest annual volume(s) of production achieved by that Shareholder over the previous four years' production. Where a Shareholder transacts with the Company other than by the supply of kiwifruit, the Board can from time to time determine a policy appropriate to that type of transaction and its volume.

In addition to the Share Standard, the Board may also determine from time to time a Minimum Shareholding requirement and a Share Limit.

If the Board determines that a Shareholder holds insufficient Ordinary Shares to transact with the Company (as determined in accordance with the relevant Share Standard or Minimum Shareholding), that Shareholder may be required to increase their shareholding either through the acquisition on market, or allotment, of additional Ordinary Shares.

Where additional Ordinary Shares are to be issued and allotted by EastPack, the purchase price for such additional Ordinary Shares (being the value determined by the Board based on an independent valuation at the time of issue) is payable as and when determined by the Board. The Board's current policy is to give Shareholders who are Growers the choice of paying for such additional Ordinary Shares immediately in cash or over time in instalments by way of a percentage deduction from fruit payments otherwise falling due to the relevant Shareholder. Where a Grower elects to acquire additional Ordinary Shares over time in instalments, such shares are expected to be issued as a combination of fully paid and unpaid shares.

Allotment of additional Ordinary Shares is made under the terms of the Constitution which in certain circumstances permit the Board to allot shares without the need for any application by or on behalf of the relevant shareholder.

Similarly, if at any time a Shareholder holds more Ordinary Shares than it is permitted to hold in accordance with the Share Limit then EastPack may require that Shareholder to dispose of the excess, and where the Shareholder fails to do so, arrange for the sale of Ordinary Shares on the Shareholder's behalf.

See the KIS (page 5) and 'Disposal of Ordinary Shares' below for further detail.

## Rebates and Dividends

EastPack's Constitution provides for two forms of distribution to shareholders – rebates and dividends. Rebates (if any) are payable in respect of Ordinary Shares held by Growers in accordance with the Co-operative Companies Act. Dividends (if any) are payable in respect of shareholders generally in accordance with the Companies Act and having regard to the terms of issue of each class of security.

Neither rebates nor dividends are guaranteed. Dividends and rebates are payable at the discretion of the Board and will be declared only after meeting appropriate solvency requirements. The Constitution also requires the Board to set aside from the Company's revenue (prior to declaration of any rebates or dividends) appropriate costs, expenses and other items (both incurred and anticipated), as well as appropriate amounts for meeting contingencies etc., as the Board considers necessary or desirable.

Whilst the Company retains a discretion to pay rebates, it is expected that the primary distribution of Company profits will be by way of dividends. Subject to the terms of any other securities in the Company that rank in priority, Shareholders possess full economic rights, being a right to an equal share of dividends and an equal share in EastPack's surplus assets. The amount of any dividend payable to each Shareholder will be relative to the number of Ordinary Shares held.

Rebates, if declared, are divided amongst the Shareholders who are Growers in proportion to the number of trays of kiwifruit (or appropriate quantities of other fruit attracting packaging charges) supplied – i.e. rather than by the number of Ordinary Shares held.

As at the date of this PDS, EastPack does not have a specific dividend policy. The payment of dividends historically has been based on the availability of net free cashflows whilst also having regard to future capital expenditure requirements of the Company.

Details of payment of rebates and dividends by EastPack since 1 January 2019 can be found on the disclose register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz), offer number OFR12893, in the document entitled "Information incorporated by reference in Product Disclosure Statement for offer of Ordinary Shares in EastPack Limited".

## Liquidation

Please see 'Other equity securities of issuer' in Section 2 (*The EastPack Group and what it does*) for a description of the ranking of the Ordinary Shares on liquidation.



## Voting rights

Subject to the terms of issue of any other class of shares and a voting cap (as detailed below), each Ordinary Share confers on the holder full voting rights.

As detailed in the Constitution, the maximum number of votes for each Shareholder is the lesser of:

- (i) the number of Ordinary Shares held by that Shareholder; and
- (ii) the aggregate number of votes that Shareholder is entitled to, being one vote for each tray of Class 1 kiwifruit submitted (based on the average of the highest number of Class 1 trays submitted to the Company in any three of the four most recent seasons or as determined by the Board),

provided that the maximum aggregate number of votes permitted to be exercised by a Shareholder and that Shareholder's associates (as defined in section 12(1) of the Financial Markets Conduct Act 2013) is no more than 7.5% of the total voting rights in the Company. Noting that the Board may determine, in its discretion, whether two or more Shareholders are associates, and the Board's determination will be final.

Additionally under the Co-operative Companies Act not less than 60% of the voting rights are required to be held by 'transacting shareholders'.

## Pre-emptive rights

Where included, pre-emptive rights confer on existing shareholders the right to purchase shares offered for sale in, or new shares proposed to be issued by, the relevant company in preference to non-shareholders. The grant of such rights to EastPack's shareholders would not be compatible with the Share Standard system operated by the Company. Accordingly, pre-emptive rights do not apply to either the issue or transfer of Ordinary Shares.

## Transfer of Ordinary Shares

On completion of an appropriate instrument of transfer (available on request from EastPack) and subject to the Board's approval, Ordinary Shares can be freely sold and transferred between existing Shareholders, new Growers who are going to supply to EastPack, Qualifying Lessors, employees of EastPack and Directors (that are Growers).

As set out on page 6, EastPack does not intend to quote these Ordinary Shares on a licensed market in New Zealand but they are currently able to be traded on Sharemart, a system developed by Computershare to enable unlisted issuers to match buyers and sellers of unlisted securities.

## Disposal of Ordinary Shares

Where the Board is satisfied on reasonable grounds that any holder of Ordinary Shares is not or has ceased to be entitled to hold some or all of those securities in accordance with the terms of the Constitution, the Board may call upon such Shareholder by written notice to dispose of some or all of that Shareholder's Ordinary Shares.

Overshared Shareholders may be, at the discretion of the Board:

- a) required to sell their excess Ordinary Shares;
- b) subject to a selective buy back by the Company; or
- c) required to convert the number of Ordinary Shares by which the shareholder is overshared into other types or classes of security on the terms set out in the Constitution.

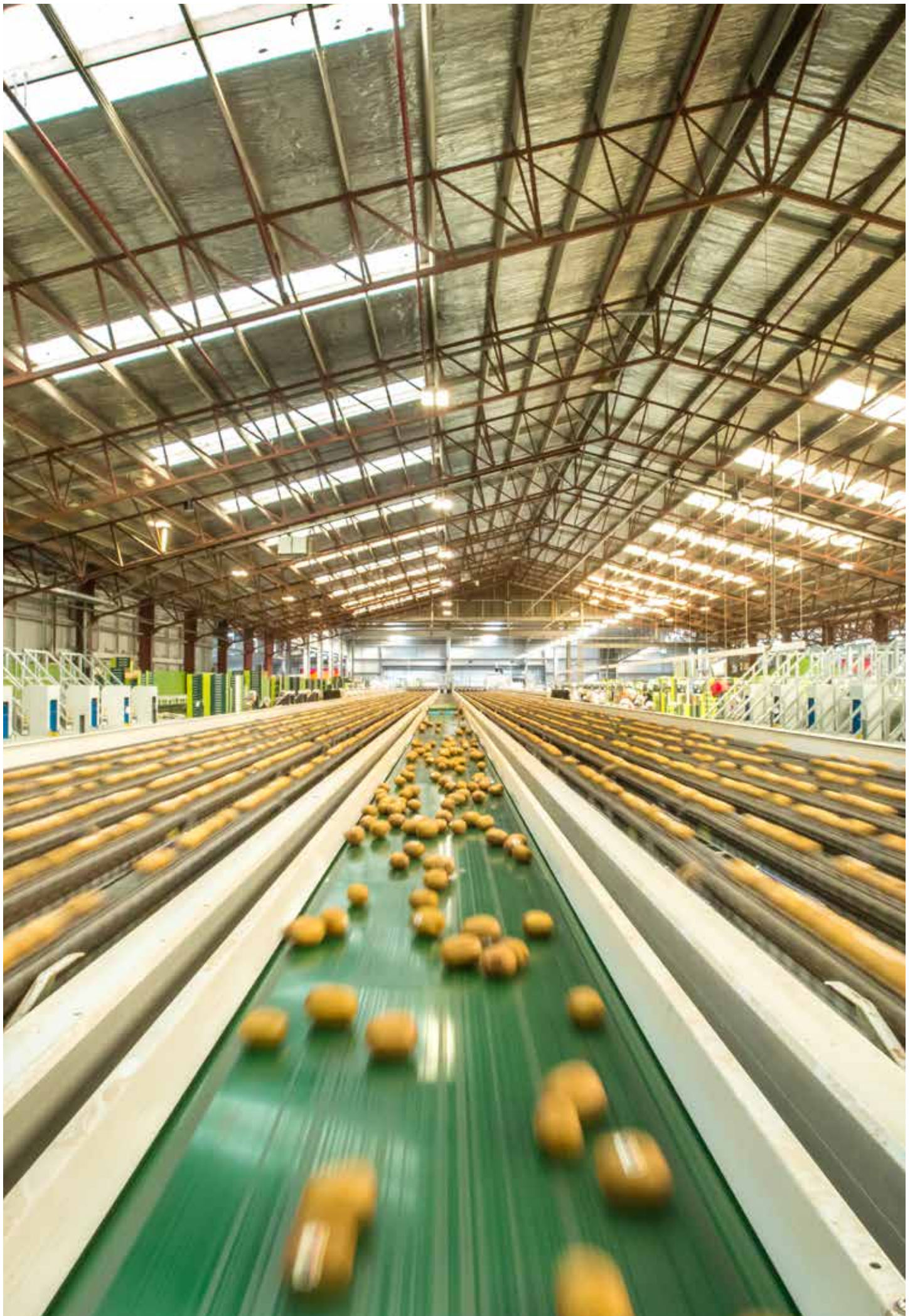
A shareholder can remain a Shareholder for three years after it ceases to be a Grower and can during this three year period sell its Ordinary Shares or, if applicable, seek the Board's approval (at its discretion) to convert the Ordinary Shares into another type or class of security on the terms set out in the Constitution.

Where the Board is entitled, under the Constitution, to arrange for the sale of Ordinary Shares the Board shall arrange for the sale at the best price reasonably obtainable at the relevant time.

The Constitution sets out the disposal process in further detail.

## Annual charges

Please see the KIS (page 5) for a summary of fees and charges as provided for under the Constitution.





## 6. EastPack Group's financial information

A table providing key financial information about the EastPack Group (contained in a document entitled "Information incorporated by reference in Product Disclosure Statement for an offer of Ordinary Shares in EastPack Limited") and full financial statements, are available on the disclose register at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz), offer number OFR12893.

If you do not understand this financial information, you can seek advice from a financial adviser or an accountant.

## 7. Risks to the EastPack Group's business and plans

This section sets out a description of the circumstances that EastPack is aware of that exist or are likely to arise that significantly increase the risk to the EastPack Group's financial position, financial performance, or stated plans.

Included in this section are:

- EastPack's assessment of the nature, likelihood and potential magnitude of the impact of these circumstances; and
- The strategies that exist, or that have been adopted by the EastPack Group, to reduce or manage the risk of this impact arising.

This section is based on an assessment undertaken by the EastPack Group at the date of this PDS.

| Description of risk                        | Assessment of nature, likelihood and potential magnitude of risk                                                                                                                                                                                                                                                                                 | Mitigation strategies                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Adverse price of Ordinary Shares</b> | Ordinary Shares will be subject to market pricing. It is possible that the future traded market price is lower than the value attributed to the Ordinary Shares at the time they are acquired.<br><br>Assessment of likelihood of circumstances arising: <b>Medium</b><br>Assessment of impact: <b>Medium</b>                                    | It is likely that every year EastPack will need to issue additional Ordinary Shares and a valuation will be required reflecting the fair value of those Shares at the time of issue. If the Company is profitable and remains financially strong with good future potential, then the fair value of the Ordinary Shares should increase and the issue price of these Shares will reflect the Company's financial position. |
| <b>2. Failure to return a profit</b>       | EastPack is currently structured to pack in excess of 50 million trays of kiwifruit. If volumes drop significantly and/or competitive pricing for packing is strong, EastPack may not be able to deliver a profit.<br><br>Assessment of likelihood of circumstances arising: <b>Low to Medium</b><br>Assessment of impact: <b>Medium to High</b> | Should volumes fall, the Company has the ability to reduce discretionary expenditure, suspend capital expenditure and not pay dividends to alleviate cashflow shortfalls in a low volume year and maintain solvency.                                                                                                                                                                                                       |



|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3. Biosecurity risk</b>               | <p>Some of the pests and diseases present overseas could have a severe impact on EastPack's orchards and post-harvest facilities by reducing volumes of fruit if they got through New Zealand's biosecurity checkpoints. Market access restrictions as a result of a biosecurity event could significantly affect economic returns for the kiwifruit industry.</p> <p>Assessment of likelihood of circumstances arising: <b>Medium</b></p> <p>Assessment of impact: <b>Medium to High</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>The impact of biosecurity risk is dependent upon the nature of the biosecurity event. Events that can be contained quickly may only have an impact for one year whilst other events may have longer term ramifications. EastPack has completed scenario analysis to ensure that the Company can manage through a one year event, and for longer term impacts the Company can be managed to maintain solvency through reducing discretionary spending, reducing capital expenditure or restructuring the business. EastPack works actively with Kiwifruit Vine Health and Zespri in understanding biosecurity risks and actions.</p> |
| <b>4. New Zealand kiwifruit industry</b> | <p>The volume of kiwifruit packed and cooled and pricing for services provided are affected by prevailing global and national economic conditions and may also be affected by climate change generally as well as unforeseeable or extreme events affecting the New Zealand horticultural industry.</p> <p>Economic factors include a downturn in market returns for the fruit, while extreme events could include significant climatic events (such as widespread hail) or outbreaks of disease (such as Psa – <i>Pseudomonas syringae</i> pv. <i>actinidiae</i>) or community health issues (such as the COVID-19 pandemic). There is also a risk that certain key agri-chemicals (e.g. Hi-Cane) that are currently used by Growers become unavailable.</p> <p>Kiwifruit market returns are impacted by large swings in commodity prices and large and uncertain movements in currencies. Geo-political tensions, trade wars and physical wars create uncertainty within the supply chain, freight schedules and pricing mechanisms.</p> <p>These events and circumstances could impact production, growing ability and/or demand for EastPack's services.</p> <p>Assessment of likelihood of circumstances arising: <b>Medium</b></p> <p>Assessment of impact: <b>Medium to High</b></p> | <p>Psa and COVID-19 have both provided timely reminders of the potential impact of external events on EastPack and the wider industry. Therefore, when undertaking capital allocations and projecting future cashflows EastPack is mindful to review appropriate "downside scenarios" before confirming its position. Downside scenarios include both the impacts on revenue (from drop in volume) and costs (e.g. access to sufficient labour).</p>                                                                                                                                                                                   |

## 5. Cost and availability of labour

EastPack typically employs over 3,500 seasonal staff to complete its packing operations. To meet this requirement, the Company pre COVID-19 drew on locals without full time employment and annually employed in excess of 500 staff through the New Zealand Government Recognised Seasonal Employer Policy (**RSE Policy**) and in excess of 750 staff on Temporary Work Visas. The RSE Policy and Tourist Work Visa regulates supply of temporary labour from overseas. Changes to the RSE Policy, other employment related policies, and the inability of overseas workers to come to New Zealand in the future (such as under the COVID-19 protocols in 2020), could reduce the supply of temporary labour from abroad. The unavailability of overseas labour and the inability to source required labour locally, could impact significantly on the ability to pack fruit as required, potentially reducing efficiency and the volume of fruit packed.

The impacts of closed borders as a result of the COVID-19 outbreak have seen the Company and industry implement a number of strategies in 2022 to enable all fruit to be packed with reduced staff numbers. This has included Zespri changing to more efficient packing requirements and providing incentives for the fruit to be harvested more evenly over the year.

Assessment of likelihood of circumstances arising: **Medium**

Assessment of impact: **Medium**

EastPack invests in building a strong employment brand and building good employee engagement to build a base of seasonal staff who regularly return to EastPack each year for seasonal work.

EastPack also invests in strong relationships with both the New Zealand Government to ensure support for employing overseas staff and with offshore governments to source staff. Strong support is provided to the overseas staff when in New Zealand.

EastPack looks to be competitive in its wage rates to support the recruitment of required staff.

EastPack is investing in new technologies to automate the packing operations further and reduce the dependence on seasonal staff.

EastPack is also looking to invest in technologies that could extend the window that kiwifruit is packed which could reduce overall staff numbers required.

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>6. Capital/funding constraints</b> | <p>Being Grower owned, EastPack has limitations on its ability to raise equity capital if it wished to invest in a large scale project or initiative. This would likely require EastPack to rely on raising debt finance if it intended to make such an investment, and therefore the Company would be more dependent on the availability of debt finance at the relevant time.</p> <p>Assessment of likelihood of circumstances arising: <b>Low</b></p> <p>Assessment of impact: <b>Medium</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>In the event that EastPack sought to invest in a major project, the Company would adopt strategies at that time which enabled it to finance the investment in a sustainable manner.</p> <p>The Company is subject to a number of covenants in its banking documents which require the Company to maintain prudent debt levels.</p>                                                                                                     |
| <b>7. Pandemic Risk</b>               | <p>COVID-19 in the 2020 to 2022 seasons presented EastPack with significant challenges to operate effectively. EastPack was able to continue to operate as an essential business during the COVID-19 lock-downs but significant additional costs were incurred, productivity was impacted and therefore profitability was impacted. Approximately 50% of EastPack's seasonal workforce in 2020 were from overseas locations.</p> <p>The ability to source labour in the future if borders are closed again or immigration policy changes may impact EastPack's ability to pack Grower's fruit. The global economic impact from the pandemic along with other external events such as the Ukraine-Russia war could also significantly impact demand and the financial returns for kiwifruit.</p> <p>Assessment of likelihood of circumstances arising: <b>High</b></p> <p>Assessment of impact: <b>Medium to High</b></p> | <p>When undertaking capital allocations and projecting future cashflows EastPack is mindful to review appropriate "downside scenarios" before confirming its position. Downside scenarios include both the impacts on revenue (from drop in volume) and costs (e.g. access to sufficient labour).</p> <p>The Company is also investing in capital projects to reduce the overall staff numbers required to pack the volumes of fruit.</p> |



|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>8. Technology Risk</b>                         | <p>New technology in the post-harvest processing of kiwifruit is likely to be introduced in the future. If competitors were able to establish automation solutions superior to EastPack, this may provide them with a competitive advantage and an ability to provide a similar service at a reduced packing price.</p> <p>Assessment of likelihood of circumstances arising: <b>Medium</b></p> <p>Assessment of impact: <b>Medium</b></p>                                                                                                                                                                   | <p>EastPack is investing in research and development on automation and other areas of post-harvest operations. The Company also actively engages with suppliers of fruit packing and other technologies to identify areas of potential to ensure the Company is abreast of developments as far as possible.</p>                                                                                                                                                                                                                                                                                       |
| <b>9. Natural Disaster/Fire</b>                   | <p>EastPack operates six key sites across the Bay of Plenty region with the three largest sites located in Te Puke. A natural disaster such as an earthquake or volcanic eruption could significantly impact the Company's ability to operate. A large scale fire in one of EastPack's larger sites could also significantly impact upon operations.</p> <p>Assessment of likelihood of circumstances arising: <b>Low</b></p> <p>Assessment of impact: <b>Medium to High</b></p>                                                                                                                             | <p>EastPack has a comprehensive insurance programme for both the assets and loss of profits from disaster events. In the event of loss of one site or part of a site fruit can be moved to other sites for processing.</p> <p>The Company has regular site risk reviews completed and disaster recovery plans in place. The Company has installed site wide sprinkler systems at its Quarry Road site and intends to fully sprinkler all other sites.</p>                                                                                                                                             |
| <b>10. Deregulation of the Kiwifruit Industry</b> | <p>The export of kiwifruit is governed by the kiwifruit export regulations, which creates a single marketer of kiwifruit for exports (Zespri). Should deregulation of the kiwifruit industry occur this would create significant restructuring within the postharvest sector and could have a significant impact on the returns growers currently receive for kiwifruit. EastPack would need to develop new marketing arrangements for kiwifruit and financial returns could be reduced.</p> <p>Assessment of likelihood of circumstances arising: <b>Low</b></p> <p>Assessment of impact: <b>Medium</b></p> | <p>Whilst Zespri currently hold the single desk, the risk of deregulation is mitigated by Zespri's ownership of the Plant Variety Rights for the Gold3 variety and other varieties of kiwifruit. Zespri predict Gold3 production to increase from nearly 98m trays in 2021/22 to around 161m trays in 2026/27*. In 2019 Zespri was supplied 148.7m trays of kiwifruit in total. Therefore, Zespri will remain a significant business in the New Zealand kiwifruit industry in the event of deregulation but would be under much increased competition.</p> <p>*Source: Zespri 2022 5 Year Outlook</p> |









## 8. Tax

Tax can have significant consequences for investments. If you have queries relating to the tax consequences of investing in Ordinary Shares, you should obtain professional advice on those consequences.

## 9. Where you can find more information

Further information relating to EastPack and the Ordinary Shares is available free of charge on the Offer Register, offer number OFR12893 (for example, the Constitution and EastPack's financial statements). The website for the Offer Register is [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

Further information relating to EastPack is available free of charge on the New Zealand companies register (administered by the Companies Office) at [companies-register.companiesoffice.govt.nz](https://companies-register.companiesoffice.govt.nz), by searching on the company name, number or NZBN for EastPack.

Shareholders of EastPack also receive annual reports and audited financial statements for the Company. Such information and other further information relating to EastPack is available free of charge on EastPack's website at [www.eastpack.co.nz](http://www.eastpack.co.nz).

## 10. How to apply

Applications to subscribe for Ordinary Shares should be made by completing the shareholder application form available on request from your grower services representative or the Company Administrator on 07 573 0926 or [admin@eastpack.co.nz](mailto:admin@eastpack.co.nz).

If you are not able to access the shareholder application form online, you may contact the EastPack Company Administrator on 07 573 0926 or [admin@eastpack.co.nz](mailto:admin@eastpack.co.nz) and they will send you a copy.

Completed forms can be returned to the EastPack Company Administrator by post or email. Please see the contact information below in Section 11 (*Contact information*).

## 11. Contact information

| EastPack Limited (issuer) & EastPack Share Register |                                                                                |
|-----------------------------------------------------|--------------------------------------------------------------------------------|
| Physical Address                                    | c/- Company Administrator<br>EastPack Limited<br>1 Washer Road<br>Te Puke 3119 |
| Postal Address                                      | PO Box 243<br>Te Puke 3153                                                     |
| Telephone                                           | 07 573 0900                                                                    |
| Email                                               | <a href="mailto:admin@eastpack.co.nz">admin@eastpack.co.nz</a>                 |
| Web                                                 | <a href="http://www.eastpack.co.nz">www.eastpack.co.nz</a>                     |

## 12. Glossary

In this PDS, the following terms have the meanings set out below, except where the context requires otherwise.

| Defined Term                       | Meaning                                                                                                                                                                                                                                                                                       |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>\$</b>                          | New Zealand dollars.                                                                                                                                                                                                                                                                          |
| <b>Board</b>                       | The Board of Directors of EastPack.                                                                                                                                                                                                                                                           |
| <b>Companies Act</b>               | The Companies Act 1993 (as may be amended or replaced from time to time).                                                                                                                                                                                                                     |
| <b>Computershare</b>               | Computershare Investor Services Limited (NZ registered company 396101).                                                                                                                                                                                                                       |
| <b>Constitution</b>                | Constitution of EastPack (as may be amended or replaced from time to time). As at the date of this PDS the current constitution was adopted on 11 May 2021. A copy of the current constitution is available on the Offer Register.                                                            |
| <b>Co-operative Companies Act</b>  | Co-operative Companies Act 1996 (as may be amended or replaced from time to time).                                                                                                                                                                                                            |
| <b>Director</b>                    | A director for the time being of the Company.                                                                                                                                                                                                                                                 |
| <b>EastPack or the Company</b>     | EastPack Limited (NZ registered company 199417).                                                                                                                                                                                                                                              |
| <b>EastPack Group or the Group</b> | The EastPack group of companies, comprising EastPack and its subsidiaries as at the date of this PDS.                                                                                                                                                                                         |
| <b>Grower</b>                      | A "Producer" as defined in the Constitution, being a person who supplies fruit to EastPack or, having ceased to supply fruit to the Company, is in the reasonable opinion of the Board likely to resume doing so.                                                                             |
| <b>Minimum Shareholding</b>        | Has the meaning defined on page 5.                                                                                                                                                                                                                                                            |
| <b>Offer Register</b>              | The online offer register maintained by the Companies Office and the Registrar of Financial Service Providers known as 'Disclose' and accessible online at <a href="https://disclose-register.companiesoffice.govt.nz">disclose-register.companiesoffice.govt.nz</a> , offer number OFR12893. |
| <b>Ordinary Shares</b>             | An ordinary share in the capital of Company, issued under the Companies Act and on the terms set out in the Constitution.                                                                                                                                                                     |
| <b>Overshared Shareholder</b>      | A Shareholder who holds in excess of the maximum shareholding applicable to them from time to time.                                                                                                                                                                                           |
| <b>PDS</b>                         | This Product Disclosure Statement.                                                                                                                                                                                                                                                            |
| <b>Qualifying Lessors</b>          | Persons, as determined by the Board, who lease to EastPack (or to a company affiliated with EastPack) an orchard property on which fruit is provided for supply to EastPack.                                                                                                                  |
| <b>Share Limit</b>                 | Has the meaning defined on page 5.                                                                                                                                                                                                                                                            |
| <b>Share Standard</b>              | Has the meaning defined on page 5.                                                                                                                                                                                                                                                            |
| <b>Shareholder</b>                 | A holder of Ordinary Shares.                                                                                                                                                                                                                                                                  |
| <b>Zespri</b>                      | Zespri Group Limited (NZ registered company 1027483).                                                                                                                                                                                                                                         |





