



Targeted share offer and buy-back – Frequently Asked Questions

- 1 **Who does the share offer target?** It targets shareholders who hold less than one share per tray of historical production (1:1), and growers who have no shares in Zespri. The aim is bring alignment up to 1 share per tray of historical production across all shareholders by issuing shares to growers who take up the offer.
- 2 **What is historical production?** Historical production is the average of the best two of the last five completed seasons, being in this case, 2013-2017.
- 3 **Who does the buy-back target?** The buy-back targets those who no longer supply Zespri but still hold shares (dry shareholders), and shareholders who are over-aligned (hold 1.5 shares per tray of historical production or more (1.5:1)).
- 4 **Why is over-aligned 1.5:1 and above?** The aim again is to achieve 1:1. In order to pay for shares bought-back on a tax free basis, there is a tax threshold to be achieved which requires (among other things) a reduction in voting interests. Zespri's advisors have modelled that by requiring a minimum requirement to sell at least 33.33% (1/3) of a shareholder's shares if they participate, that we are most likely to achieve that tax free threshold, without having to take other additional steps. Anyone below 1.5:1 could not sell 33.33% of their shares and be at 1:1 afterwards. So only people 1.5:1 and above fit that criteria, and so will receive a buy-back offer.
- 5 **How will I know if I can buy shares or sell shares?** If you are entitled to participate, you will receive a letter of entitlement from Zespri in early September for either a share offer or a buy-back.
- 6 **Is it compulsory to buy shares or sell shares if I receive a letter offering that to me?** No, it is up to you. However, if you do participate, you have to comply with the conditions of the offer that apply to you.
- 7 **I want to buy shares. How do I pay for them?** You have two options, you either provide your bank account details in the application form you will receive if entitled to an offer, and the funds will be direct debited from your account on 19 October 2018, or you can pay by cheque, but it must reach the Share Registrar by no later than 19 October 2018. You can send your application form in earlier, and the funds still won't be drawn from your account until 19 October.
- 8 **Where will Zespri get the shares to give to people who are entitled to buy shares?** Zespri holds some treasury shares, but most of the shares available in the offer are new shares that Zespri will issue to people who take up the offer.
- 9 **Can Zespri issue as many new shares as needed if everyone accepts for all of their entitlements?** Yes it can.
- 10 **What happens if there is a landowner and a lessee on a producing orchard that is undershared?** If between both the landowner and the lessee the KPIN is less than 1:1, then it is likely that both the landowner and lessee will be eligible for a share offer. In the case of leased KPINs, the shares are, where possible, being offered to both landowner and lessee, but always subject to the landowner priority rule and the KPIN share cap (no KPIN may have more than 4 shares per tray of historical production allocated to it).
- 11 **What is the landowner priority rule?** The landowner priority rule means that the landowner has the priority to hold shares allocated to a KPIN as between the



landowner and the lessee, and to vote shares. If the landowner buys more shares, the lessee becomes over-shared and will be obligated to sell down its shareholding to bring the KPIN back within the cap. Different priority rules apply for existing long-term leases (priority up to 2:1 each) and Glasgow leases (reverse priority).

- 12 If I sell my shares back to Zespri, I have to submit my application form by 19 October, but when do I get paid?** Zespri will settle all shares issued and sold on 5 November and so pay for shares bought back on that day.
- 13 What happens if Zespri doesn't raise enough money in the share issue to pay for all the shares that shareholders want to sell back to Zespri?** Zespri will then scale back the numbers of shares it will buy-back, in the following order of priority:
- First buying shares from dry shareholders holding 10,000 shares or less and selling back all of their shares; and
 - Second from remaining dry shareholders selling shares back to Zespri;
 - Third from shareholders that are overshared (the shares held over 4:1);
 - Fourth from over-aligned shareholders (1.5:1 and above);
- And if not enough to complete all within a category above, then pro rata amongst them. So if they have enough to buy all shares in (a), (b) and (c) but not all of (d), Zespri will buy all of the shares within the (a), (b) and (c) criteria then with remaining money buy some but not all shares from all of those in (d) that are selling shares.
- 14 What happens to the shares that Zespri buys back from over-aligned and dry shareholders?** All shares bought back in the buy-back process are cancelled.
- 15 If I buy shares offered to me, am I restricted from selling them?** No, once the offer settles and shares are issued to you on 5 November, you are free to hold the shares or sell them at any time, subject to the usual rules about only selling to producers and no producer being able to buy shares over the 4:1 cap.

Share Offer and Buy-Back Examples

A grower has historical production of 25,000 trays. What happens if:

- The grower has no shares? The grower's entitlement will be to buy up to 25,000 shares from Zespri at \$8 per share.
- The grower has 10,000 shares already? The grower's entitlement will be to buy up to 15,000 shares from Zespri at \$8 per share.
- The grower has 30,000 shares? The grower will not receive a share offer or a buy-back offer. The grower is already over 1:1, but is less than 1.5:1 (if they sold 33.33% (1/3) of their shares they would have 20,000 shares and so be less than 1:1).
- The grower has 40,000 shares? The grower will receive a buy-back offer. They can sell at least 33.33% of their shares (which is 13,332 shares) and still be above 1:1 (40,000 – 13,332 = 26,668). So their minimum entitlement if they take up the offer would be to sell back to Zespri 13,332 shares and their maximum entitlement would be to sell 15,000 shares back to Zespri. If they sell back their maximum of 15,000 shares (at \$8 per share) that brings them down to 25,000 shares (which is 1:1).