



| 30 October 2017 | | ISSUE #384 |
|----------------------------------|------|------------|
| Contractor registrations | PAGE | 2 |
| 2018 preferred taste and profile | PAGE | 3 |
| Women in Kiwifruit | PAGE | 8 |

October forecast – average returns increase for all pools

The Zespri Board of Directors approved the October forecast for the 2017/18 season. Forecast returns have increased for all pools versus the August forecast and Zespri is targeting a strong, clean finish to the New Zealand season.

The average Green return is \$6.23 per tray and \$55,789 per hectare. Green shipments are expected to be completed by mid-November.

Organic Green increased to an average of \$8.24 per tray and \$48,968 per hectare.

The average return for the Gold pool is \$9.73 per tray and \$110,519 per hectare. SunGold shipping is complete and sales are nearly finished for the season with less than a million trays remaining to sell.

Green14 increased moderately to \$5.39 per tray and \$37,446 per hectare.

The **total fruit and service payment**, across all pools and excluding the loyalty premium, is forecast at **\$1.394 billion**, compared with \$1.341 billion in the August forecast.

Commenting on the forecast, CEO Dan Mathieson said, “We have been able to maintain good sales run rates and we have also seen excellent fruit quality performance with relatively low levels of fruit loss. Sales and marketing teams are focused on driving sales of Green as we come toward the close of the season. We are also underway in transitioning to supply of Zespri Kiwifruit from ZGS to serve key markets 12 months of the year.”

Second interim dividend

The Board resolved to pay a fully imputed second interim dividend relating to the 2017/18 financial year of **\$0.08 per share**. The payment date is Friday 8 December. Any shares purchased on-market from 9am on Thursday 30 November will not be eligible for this dividend.

Forecast profit range

The corporate profit range of **net profit after tax** for the year ending 31 March 2018 is **\$96 million to \$101 million**. The dividend per share range is \$0.69 to \$0.73, which includes the interim dividend paid in August of \$0.50 per share and the second interim dividend of \$0.08 per share.

Average Orchard Gate Return

(Fruit and service payments plus the loyalty premium, less post-harvest costs)

| Pools (fruit categories) | 2016 Final | August 2017 forecast | October 2017 forecast | Variance between August 2017 forecast and October 2017 forecast |
|---|-------------------|----------------------|-----------------------|---|
| Zespri Green | \$53,555 per ha | \$52,038 per ha | \$55,789 per ha | +\$3,751 per ha |
| | \$4.36 per tray | \$5.84 per tray | \$6.23 per tray | \$0.39 per tray |
| Zespri Organic Green | \$54,427 per ha | \$46,058 per ha | \$48,968 per ha | +\$2,910 per ha |
| | \$6.86 per tray | \$7.92 per tray | \$8.24 per tray | \$0.32 per tray |
| Zespri Gold | \$98,838 per ha | \$104,956 per ha | \$110,519 per ha | +\$5,563 per ha |
| | \$8.64 per tray | \$9.28 per tray | \$9.73 per tray | \$0.45 per tray |
| Zespri Green14 | \$45,853 per ha | \$36,408 per ha | \$37,446 per ha | +\$1,038 per ha |
| | \$5.79 per tray | \$5.25 per tray | \$5.39 per tray | \$0.14 per tray |
| Fruit and service payments (The average amount paid by Zespri to supply entities for a grower's fruit - excluding the loyalty premium) | | | | |
| Total fruit and service payments (across all pools) | \$1,344.0 million | \$1,341.2 million | \$1,394.0 million | \$52.8 million |
| | \$9.21 per tray | \$10.87 per tray | \$11.20 per tray | \$0.34 per tray |
| Zespri Green | \$7.55 per tray | \$9.19 per tray | \$9.51 per tray | \$0.32 per tray |
| Zespri Organic Green | \$9.57 per tray | \$10.71 per tray | \$10.99 per tray | \$0.28 per tray |
| Zespri Gold | \$12.37 per tray | \$13.22 per tray | \$13.61 per tray | \$0.39 per tray |
| Zespri Green14 | \$9.25 per tray | \$8.38 per tray | \$8.46 per tray | \$0.08 per tray |

Note: Per tray amounts above are not rounded to two decimal places, therefore rounding differences may apply.

Grower roadshows

Zespri's grower roadshows are an opportunity to meet and hear from new CEO Dan Mathieson on this season and the outlook for our industry and an update on the October forecast for the 2017/18 season. These roadshows will also focus on the Special Meeting of shareholders in March and proposed changes to the Zespri Constitution which aim to strengthen alignment between shareholding and production.

| Date | Venue | Time |
|-----------------------|---|-------------------|
| Friday 17 November | Nelson Top 10 Holiday Park, 10 Fearon Street, Motueka | 11am – 1pm |
| Monday 20 November | Hawke's Bay The Duke of Gloucester, 389 Gloucester Street, Taradale | 10:15am – 12:15pm |
| | Gisborne Bushmere Arms Hotel, Main Road, Waerengahika | 5pm – 7pm |
| Tuesday 21 November | Opotiki Opotiki Golf Club, Fromow Road, Opotiki | 10am – 12pm |
| | Edgecumbe Awakeri Events Centre, Edgecumbe | 2pm – 4pm |
| Wednesday 22 November | Katikati Katikati Rugby Club, Moore Park, Fairview Road, Katikati | 10am – 12pm |
| | Te Puke The Orchard, 20 Macloughlin Drive, Te Puke | 2pm – 4pm |
| | Tauranga Tauranga Golf Club, Cameron Road, Greerton, Tauranga | 6pm – 8pm |
| Thursday 23 November | Kerikeri The Centre, 43 Cobham Road, Kerikeri | 9:45am – 11:45am |
| | Whangarei A'Fare, 197 Lower Dent Street, Whangarei | 1:30pm – 3:30pm |
| Friday 24 November | Auckland Counties Inn, 17 Paerata Road, Pukekohe | 10am – 12pm |
| | Waikato Prince Albert, Victoria Street, Cambridge | 2:30pm – 4:30pm |

SunGold Licence in 2018 and future allocation plans

Zespri announced a decision by the Board to accelerate the release of SunGold licence in New Zealand, with a total of 3,500 hectares planned to be released over the next five years.

The decision follows consideration of the long-term demand outlook for SunGold. As Chairman Peter McBride noted an update to growers and shareholders on 18 October, “It is clear from performance in the markets in recent seasons and from our assessment of future demand that we need to accelerate supply growth of SunGold. The gap to fill between the strong demand outlook and our current trajectory of supply growth presents a significant strategic opportunity.”

The Board has therefore decided to allocate **700 hectares of SunGold licence in 2018** via a Closed Tender Bid. Also, Zespri intends to extend the release of SunGold licence out to 2022, meaning

a total of **3,500 hectares to be released over the next five years**. Demand forecasts support the release of 700 hectares per year. However, this is subject to an annual review that would consider any potential new risks to our current demand outlook.

With respect to the 2018 release mechanism and process, the Board has considered industry feedback on alternative methods. There will be one single pool, rather than a Hayward cutover pool and an open pool, as was done this year. All other aspects of the 2017 process will be retained, including a maximum bid area of 20 hectares.

The Zespri Board also approved the additional release of **50 hectares a year of licence for Organic SunGold**, specifically for new plantings. This pool is accessible to all bidders. Increasing organic volume is a critical component of Zespri's strategy to ensure a balanced product portfolio, -

with an organic offering, Zespri can offer more value to more consumers through meeting a wider range of needs.

Zespri intends to release a total of **250 hectares for new Gold Organic development, over the next five years**, subject to annual review. The process and rules for this release will be provided as soon as possible.

Alice Moore, Zespri Global Marketing Manager for Organics, comments, “Organics has moved well beyond historical norms, to a position where demand now significantly exceeds supply, with a growth trend that is forecast to continue. As consumers demand more organic produce, we are also seeing a pull from retailers, who are increasing the size of their organic footprint to attract more consumers”.

The indicative timeline for the 2018 allocation is as follows:

| 2018 Dates | Action |
|------------------|--|
| 7 March | Licence Application Overview and Rules published |
| 28 March | Application process opens |
| 11 April | Closing date for bids |
| Week of 30 April | Successful bidders notified |

More details will be provided on the SunGold licence release over the coming months and at the Grower Roadshows, which will run from 17 to 24 November.

From the Markets

Vietnam

Zespri's team in Vietnam recently hosted a roadshow in Ho Chi Minh City. Reaching more than 10,000 people, the team was able to create brand awareness, promote the health benefits of Zespri Kiwifruit and talk about the Zespri System which is especially important to Vietnamese consumers. During the roadshows consumers sampled kiwifruit, smoothies, played fun games, experienced a mini-orchard, and enjoyed a photo corner and a colouring area for budding artists. Sales booths were also onsite for immediate sales.



Zespri roadshow in Ho Chi Minh City, Vietnam.

Russia

Anyone planning a holiday in Vladivostok, Russia any time soon? If you do happen to visit this exotic location, look out for the six Zespri-branded delivery trucks that Zespri's two distribution partners drive around the region. Despite continuing tough economic times in Russia, Zespri and our proactive collaborative marketing partner, Mr Apple have managed to sell 183,000 trays at higher prices than in 2016. Mr Apple's Ben McLeod reports that Zespri SunGold is really starting to get a foothold in the region. Mothers are buying and sharing our great tasting and healthy SunGold with their families as a special treat at a time when continuing economic hardships are directly impacting consumer spending power.



Zespri-branded trucks help to deliver our kiwifruit around Vladivostok, Russia.

Japan

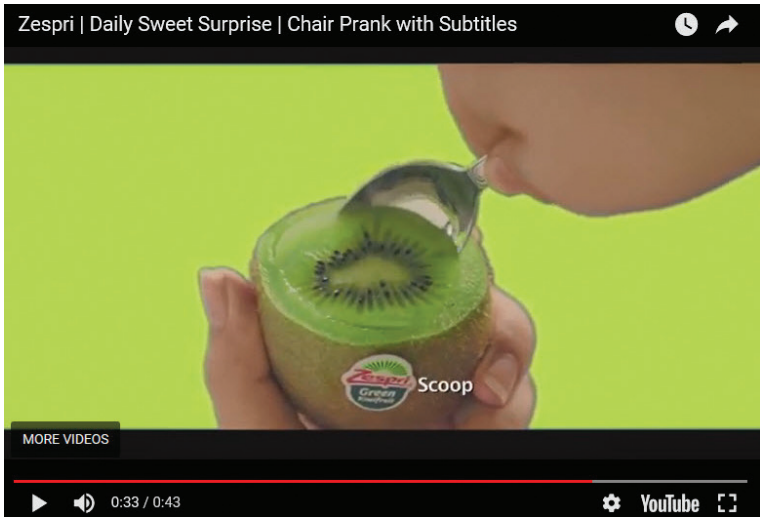
Zespri Japan has developed a super-cool educational comic book called the 'Secret of Kiwifruit' for elementary school students to help celebrate the 20th anniversary of Zespri. The comic is part of the 'secret comic series' that introduces companies, products and services and industries as an educational story for students. The 'Secret of Kiwifruit' will be donated to 22,300 primary schools as well as 3,200 public libraries all over Japan early next month. The book illustrates the history of kiwifruit, how kiwifruit is grown in New Zealand, our research and the breeding programme and the nutritional and health benefit of kiwifruit. The information for the comic was gathered by on-the-ground research and information from Zespri staff.



Cover design and content of Zespri's comic book 'Secret of Kiwifruit' donated to primary schools and public libraries all over Japan.

India

A new digital campaign in India this seasons builds on the highly successful "Cut, Scoop and be Surprised" campaign which launched last year. The campaign ran with a series of videos that dramatise these surprises with happy, fun-loving families who often play pranks on each other. The families in the videos laugh out loud to the pranks shot with a hidden camera. Viewers soon see that whatever the day brings, a daily dose of delicious Zespri Kiwifruit is all it takes to get back on track again. You can watch some of the pranks on YouTube. Search Zespri India Daily Sweet Surprise.



It's worth having a look on YouTube at the funny pranks as part of Zespri India's Daily Sweet Surprise campaign.

Plenty to learn from Zespri Global Supply season

With 100 per cent of its European SunGold harvested and packing well underway, Zespri Global Supply (ZGS) is nearing the end of a much-improved season.

It was a smoother season than last year," says ZGS general manager Sheila McCann-Morrison. "Last year was a bit of a tough year."

This season, Italy will supply about 5 million trays of Zespri Kiwifruit and France 430,000 trays, to meet growing international demand.

"Last season was a bit of a wake-up call for our suppliers," she says. "They've all made significant capital investments, particularly in cooling equipment and cold storage capacity. One supplier has built an entirely new pack house with brand new state of the art equipment.

"They've also invested in human resources, training and bringing new people in. They've realised it's not as easy a variety to manage as Hayward."

Sheila says ZGS has made plenty of changes, too. "We're still learning. We haven't been producing SunGold very long and we're finding it behaves

very differently in each region. It's not as easy as copy-pasting what we're doing in one place to another; even within a country, there are big differences between Northern and Southern Italy, for instance."

She says ZGS has improved its estimate process and brought in a New Zealand expert to teach suppliers how to better segment their orchards to achieve significant improvements in inventory management storage. They have invested in improved systems and are also recruiting new talent in an effort to best resource for the growth ahead.

In Asia, the season is also looking promising. One Japanese-based New Zealand grower has built two handsome, larger-scale New Zealand-style orchards, complete with wind protection.

"The first harvest was this week and when I was there last week the fruit were looking beautiful, really clean.

"I'm quite confident Japan will do really well." Meanwhile, Korea is on track to produce about 500,000 trays this year. Korea's SunGold production, which is still in its infancy, will eventually cover 320ha.



A smoother, better-looking season for Zespri Global Supply.



Top 5 www.canopy.zespri.com PAGES

1. Bactericide
2. Crop Protection
3. Quality Manual
4. OPC Field Days
5. Up-2-Date

Contractor registration

Before harvest next year all contractors that fall into the following categories will need to be registered with Zespri. This includes anyone operating as a sub-contractor.

- Spray
- Fertiliser
- Harvest
- Vine maintenance (any work with the vine e.g. pruning)

Why is registration essential? There is increased scrutiny on contracted labour by both our government authorities and our customers, especially in regards to food safety and employment law compliance. We need to build on our current audit programme to be able to deliver the assurances requested of us. Having an up-to-date database of contractors is key to the development of this programme.

Contractors that have not already registered with Zespri can register now by following these steps:

- Fill out a contractor registration form – this can be found on the Canopy website or by emailing compliance. mail@zespri.com for a copy.
- Email the completed form back to compliance.mail@zespri.com.

Allow for up to three working days for registrations to be processed. Once registered, a GAP registration number will be emailed to you along with information to assist in the audit process.

Note: Zespri currently requires all spray, fertiliser and harvest contractors to register with Zespri and to provide growers with a valid GAP/GRASP Compliance Assessment Verification (C.A.V) before undertaking work on any orchard. These assessments must be carried out annually. To gain GAP compliance, contractors will be required to arrange for an independent auditor to carry out the assessment.

Next year the audit programme will extend to vine maintenance contractors and all sub-contractors. We will notify you when this audit programme commences.

2018 preferred taste and profile

Zespri Acting President of Global Sales and Marketing Linda Mills acknowledges the excellent fruit quality performance for the 2017 season but reiterates the importance of delivering a consistently high taste crop.

“The markets cannot emphasise enough the importance of taste in all varieties and the competitive advantage that it provides. Consumers love great-tasting Zespri Kiwifruit but the lack of improvement in the average crop taste is still a concern. A great eating experience not only recruits new consumers to Zespri, but also

encourages our consumers to buy again which lead to higher run rates and better returns. This, coupled with the record large profile of the 2017 crop was a challenge to the markets but they have adapted well with new formats supported by marketing investment to continue the brand and category build.”

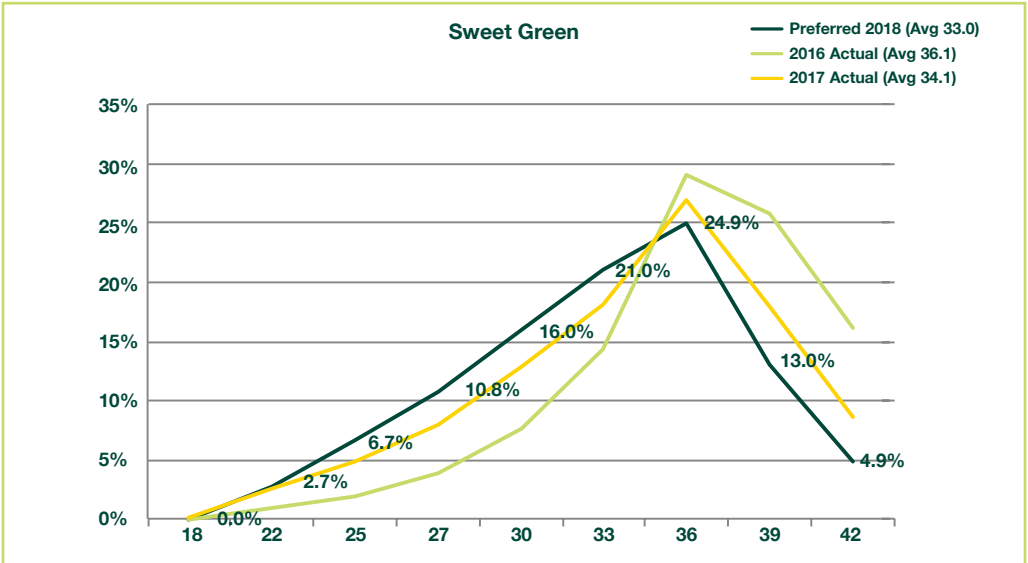
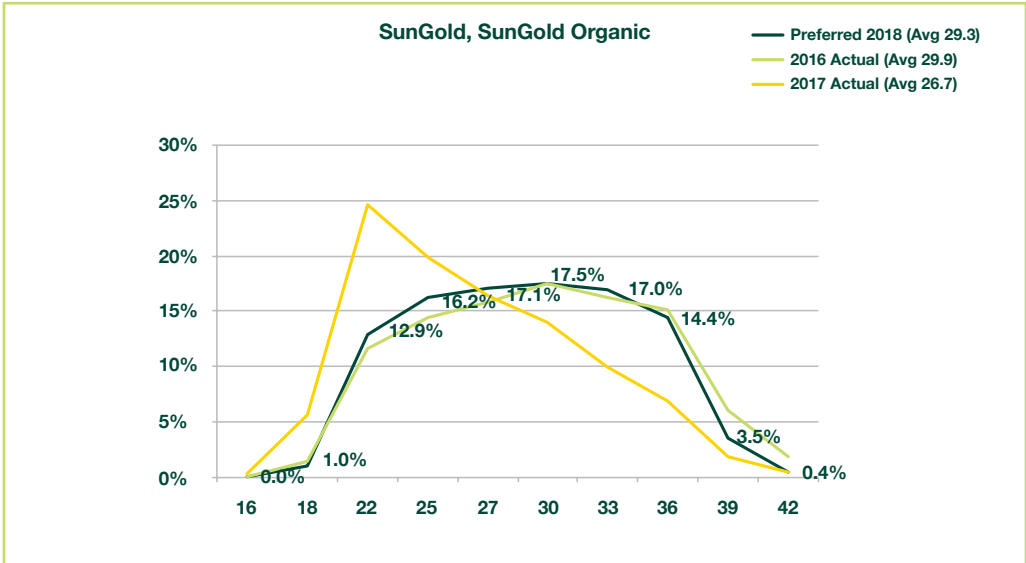
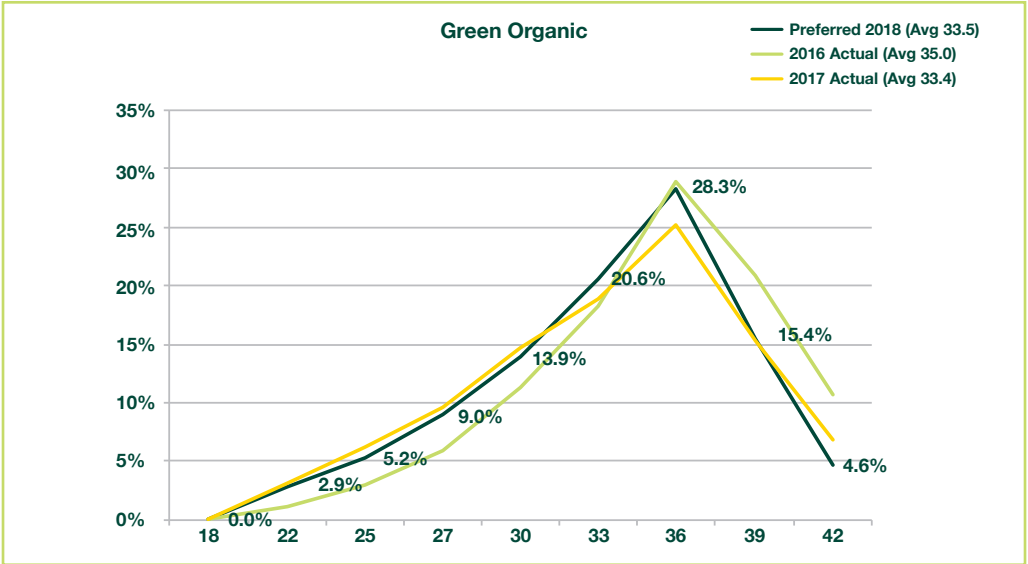
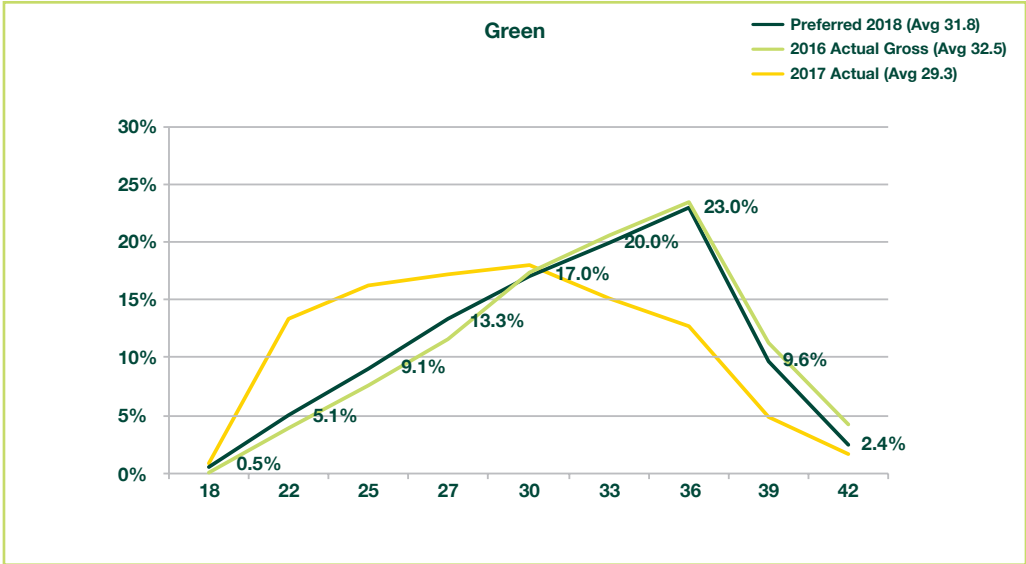
As a result of the 2017 season and considering the market allocations planned for 2018, the following are the updated comments and charts for the preferred profiles for 2018.

- SunGold saw the 2017 crop much larger

than the preferred profile. Closer to a count 29 average size is preferred. There is still little market demand for count 42 and Asian markets in particular have a strong preference for larger-size SunGold.

- Green preferred profile has increased in average size in response to the trend of the last three seasons but it is dependent on total crop volume and there is still much demand for count 36 as these are ideal for prepack formats in retail. It should be noted that for Green, like SunGold, demand for count 42 is more limited.

- Organic Green average size was about right in 2017 but the markets suffered from a lack of total volume.
 - Sweet Green demand is still for a larger average size and the improvement in size in 2017 was well received.
- The charts show the actual profiles for each fruit group for 2016 and 2017 and indicate the preferred profile for 2018. The percentage values shown on the charts are for the preferred 2018 profiles.



Industry Portal training session

2018 Annual Grower and KPIN registrations are now due and can be completed on the Industry Portal.

The Industry Portal is an online tool for growers and can be accessed on the Canopy website. The Industry Portal contains all the information that Zespri holds on the orchards you own or lease.

How to save the Industry Portal to your Canopy Favourites for quick access:

1. Click edit on your home page Favourites box.
2. Select Industry Portal and click done.

If growers would like training on how to use the Industry Portal, or support to complete registration(s), please contact Zespri Grower Support Services.

To help you to use and navigate the Industry Portal, we have developed an interactive training document and training video which is available on the Canopy. Please send us any feedback so we can make changes and improvements to the portal over time.

In the meantime, if you are experiencing problems or just need some help, please do not hesitate to contact the Zespri Grower Support Services for assistance on 0800 155 355 or email contact.canopy@zespri.com.

2018 grower registrations due

The 2018 KPIN and grower registrations are due. Growers are encouraged to complete their registrations online through the Zespri Industry Portal. If you prefer to receive your registration forms in the mail, please contact Grower Support Services.

How to access the portal

Growers can access the Zespri Industry Portal by using their Canopy username and password - no additional login is required. To access the portal navigate to Canopy > Zespri & The Kiwifruit Industry > Tools & Calculators > Zespri Industry Portal, or you can add this to your Canopy Favourites.

1. Once you are in the portal, click on the Orchard icon, then click on the yellow KPIN Registration button to complete your KPIN registration/s.
2. Growers must also complete their grower registrations—all the information Zespri holds about you as landowner or lessee—click on the Organisation icon, then click on the yellow Grower Registration button.

Registration forms must be submitted before 25 December. – even if there are no changes to your details, you are still required to submit your form to Zespri. Growers can request updates to any information through the Industry Portal. These will be processed within 24 hours.

KPIN registration block information

Block information is not captured on this registration form, so please check that the correct block information for their orchard is updated in their spray diary.

If you are unable to complete the forms online or you wish to update block information, please contact your post-harvest facility or Zespri Grower Support Services on 0800 155 355 or email contactcanopy@zespri.com.

Full Year Forecast Return and Orchard Gate Return (OGR) - industry average only

| Full Year Return | 2017/18 - October Forecast | | | | | | | 2016/17 Actual | | | | | | |
|--|----------------------------|----------------------|----------------------------------|-------------|------------------------------|----------------|-----------|----------------|----------------------|----------------------------------|----------------------------|------------------------------|----------------|-----------|
| | Zespri Green | Zespri Organic Green | Zespri TOTAL Gold & Organic Gold | Zespri Gold | Zespri Gold3 & Organic Gold3 | Zespri Green14 | All Pools | Zespri Green | Zespri Organic Green | Zespri TOTAL Gold & Organic Gold | Zespri Gold & Organic Gold | Zespri Gold3 & Organic Gold3 | Zespri Green14 | All Pools |
| Total Forecast: | | | | | | | | | | | | | | |
| Total trays supplied (m) | 65.2 | 2.8 | 52.5 | 0.3 | 52.2 | 1.2 | 124.4 | 90.8 | 3.9 | 48.5 | 1.7 | 46.8 | 1.5 | 145.9 |
| Kilograms supplied (m) | 228.0 | 9.8 | 182.5 | 0.9 | 181.6 | 4.2 | 429.6 | 319.0 | 13.7 | 169.0 | 5.4 | 163.7 | 5.3 | 510.8 |
| Average size per tray | 29.3 | 33.5 | 26.7 | 29.0 | 26.7 | 34.1 | | 32.5 | 35.0 | 29.9 | 31.8 | 29.9 | 36.1 | |
| Fruit payments (\$m) | 331.0 | 20.2 | 342.2 | 1.8 | 340.4 | 6.7 | 718.3 | 381.0 | 23.5 | 291.0 | 10.0 | 280.9 | 10.2 | 711.9 |
| Fruit incentives (\$m) | 187.6 | 7.9 | 303.3 | 1.4 | 301.9 | 3.3 | 502.1 | 167.0 | 10.0 | 241.6 | 7.7 | 233.9 | 3.2 | 421.8 |
| Service costs (\$m) | 101.3 | 2.6 | 69.3 | (0.0) | 69.3 | 0.3 | 173.6 | 137.9 | 4.2 | 67.5 | 1.3 | 66.2 | 0.7 | 210.3 |
| Fruit and service payments excl. loyalty premium (\$m) | 619.9 | 30.7 | 714.8 | 3.3 | 711.5 | 10.3 | 1,394.0 | 685.8 | 37.7 | 600.1 | 19.0 | 581.0 | 14.1 | 1,344.0 |
| Total Forecast per tray (\$): | | | | | | | | | | | | | | |
| Submit payment | 2.25 | 2.25 | 2.80 | 2.80 | 2.80 | 2.80 | | 2.25 | 2.25 | 2.80 | 2.80 | 2.80 | 2.80 | |
| Progress payments (including Gold Organic premium) | 2.83 | 5.00 | 3.72 | 3.49 | 3.72 | 2.73 | | 1.95 | 3.72 | 3.20 | 2.95 | 3.21 | 3.88 | |
| Total fruit payments per net submit trays | 5.08 | 7.25 | 6.52 | 6.29 | 6.52 | 5.53 | | 4.20 | 5.97 | 6.00 | 5.75 | 6.01 | 6.68 | |
| KiwiStart ¹ | 0.42 | 0.43 | 0.42 | 0.15 | 0.42 | 0.71 | | 0.35 | 0.67 | 0.51 | 0.98 | 0.49 | 0.31 | |
| Taste Zespri | 2.37 | 2.37 | 5.28 | 4.74 | 5.29 | 2.05 | | 1.40 | 1.87 | 4.40 | 3.40 | 4.44 | 1.85 | |
| Supplier Accountability | 0.09 | 0.02 | 0.07 | 0.01 | 0.07 | -0.05 | | 0.08 | 0.00 | 0.07 | 0.04 | 0.07 | -0.05 | |
| Fruit incentives | 2.88 | 2.82 | 5.78 | 4.89 | 5.78 | 2.71 | | 1.84 | 2.54 | 4.98 | 4.42 | 5.00 | 2.11 | |
| Pack Type | 0.57 | 0.24 | 0.73 | -0.01 | 0.73 | 0.22 | | 0.41 | 0.18 | 0.63 | 0.55 | 0.63 | 0.46 | |
| Time Payment | 0.99 | 0.68 | 0.59 | 0.00 | 0.60 | 0.00 | | 1.10 | 0.88 | 0.76 | 0.20 | 0.78 | 0.00 | |
| Service costs | 1.55 | 0.92 | 1.32 | -0.01 | 1.33 | 0.22 | | 1.52 | 1.07 | 1.39 | 0.75 | 1.42 | 0.46 | |
| Class 1 forecast fruit and service payments per net submit trays | 9.51 | 10.99 | 13.61 | 11.18 | 13.63 | 8.46 | | 7.55 | 9.57 | 12.37 | 10.92 | 12.42 | 9.25 | |
| Loyalty Premium | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | |
| Class 1 fruit and service payments with loyalty per net submit trays | 9.76 | 11.24 | 13.86 | 11.43 | 13.88 | 8.71 | | 7.80 | 9.82 | 12.62 | 11.17 | 12.67 | 9.50 | |
| Less: onshore fruit loss | -0.14 | -0.15 | -0.11 | -0.01 | -0.11 | -0.05 | | -0.22 | -0.11 | -0.11 | -0.04 | -0.11 | -0.13 | |
| Fruit loss percentage ² | 1.40% | 1.30% | 0.81% | 0.10% | 0.82% | 0.60% | | 2.76% | 1.16% | 0.87% | 0.34% | 0.89% | 1.36% | |
| Class 1 fruit and service payments per gross submit trays | 9.63 | 11.09 | 13.75 | 11.42 | 13.76 | 8.66 | | 7.59 | 9.70 | 12.51 | 11.13 | 12.56 | 9.38 | |
| Plus Class 2 Return | 0.10 | 0.11 | 0.09 | 0.11 | 0.09 | 0.07 | | 0.08 | 0.18 | 0.06 | 0.11 | 0.05 | 0.04 | |
| Plus Non-Standard Supply (NSS) ³ | 0.01 | 0.03 | 0.01 | 0.00 | 0.01 | 0.02 | | 0.00 | 0.02 | 0.00 | 0.08 | 0.00 | 0.02 | |
| Plus Other Income (Non dividend) ⁴ | 0.01 | 0.01 | 0.01 | 0.00 | 0.01 | 0.01 | | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Average revenue per gross submit trays | 9.74 | 11.24 | 13.85 | 11.53 | 13.87 | 8.75 | | 7.69 | 9.91 | 12.57 | 11.32 | 12.62 | 9.43 | |
| LESS: Post-harvest costs deducted | | | | | | | | | | | | | | |
| Base packing and packaging | -1.48 | -1.53 | -2.18 | -2.43 | -2.18 | -2.17 | | -1.45 | -1.52 | -2.07 | -2.33 | -2.06 | -2.17 | |
| Pack differential | -0.56 | -0.24 | -0.72 | 0.01 | -0.72 | -0.22 | | -0.40 | -0.18 | -0.62 | -0.54 | -0.63 | -0.45 | |
| Base cool storage | -0.80 | -0.82 | -0.81 | -0.67 | -0.81 | -0.81 | | -0.77 | -0.79 | -0.79 | -0.71 | -0.79 | -0.80 | |
| Logistics | -0.13 | -0.14 | -0.14 | -0.24 | -0.14 | -0.14 | | -0.13 | -0.14 | -0.14 | -0.23 | -0.14 | -0.14 | |
| Time and CC/RK charges | -0.53 | -0.27 | -0.27 | 0.00 | -0.27 | -0.01 | | -0.56 | -0.42 | -0.30 | -0.05 | -0.31 | -0.08 | |
| Total post-harvest costs per gross submit trays | -3.51 | -3.00 | -4.12 | -3.34 | -4.13 | -3.36 | | -3.33 | -3.05 | -3.93 | -3.86 | -3.94 | -3.64 | |
| OGR per gross submit trays | 6.23 | 8.24 | 9.73 | 8.19 | 9.74 | 5.39 | | 4.36 | 6.86 | 8.64 | 7.46 | 8.68 | 5.79 | |
| Average industry yield per productive hectare ⁵ | 8,952 | 5,943 | 11,361 | 9,699 | 11,372 | 6,941 | | 12,281 | 7,933 | 11,442 | 10,853 | 11,466 | 7,921 | |
| Number of productive hectares | 7,382 | 476 | 4,660 | 30 | 4,629 | 176 | | 7,604 | 502 | 4,277 | 161 | 4,116 | 195 | |
| OGR per hectare | \$55,789 | \$48,968 | \$110,519 | \$79,449 | \$110,722 | \$37,446 | | \$53,555 | \$54,427 | \$98,838 | \$80,968 | \$99,547 | \$45,853 | |
| Average kilogram per tray ⁶ | 3.50 | 3.50 | 3.48 | 3.13 | 3.48 | 3.49 | | 3.51 | 3.49 | 3.48 | 3.12 | 3.50 | 3.46 | |
| OGR per kilogram | 1.78 | 2.35 | 2.80 | 2.62 | 2.80 | 1.54 | | 1.24 | 1.97 | 2.48 | 2.39 | 2.48 | 1.67 | |

Notes:

1. KiwiStart includes Priority Premium payments. These are period one - to week 18 related payments that apply to fruit shipped in the applicable weeks and vessels. For Gold this row includes the Hort16A Equalisation Payment.

2. Fruit loss percentage includes Ungraded Fruit Inventory losses.

3. Zespri does not procure NSS in all categories, returns are as reported in the Ingham Mora post-harvest survey. For Gold3 Zespri expects that the NSS income will increase in future surveys given the volume and value of these pools in the 2017 season.

4. Other Income may include any Service Level Agreement payments, Class 3 income and interest.

5. The average industry yield per hectare equals Class 1 volumes submitted divided by productive hectares. Productive hectares includes all hectares described by growers as producing vines. The OGR may be distorted by the inclusion of orchards in the first years of production in the calculation.

6. Average kilograms per tray are derived using the individual size conversions published in the specific season's Pack Conversion Guide. The finalised Time and KiwiStart rates are established at the August Forecast - this results in an amendment to KiwiStart and Time, and a corresponding amendment to Fruit Payments.

Class 1 Fruit and Service Payments and Timings


(Including Loyalty Premium)


The following charts show when Fruit and Service Payments including Loyalty are made throughout the season, to two decimal points.


Actual payments made YTD are above the dotted line with the average amount paid.


Payments yet to be made are indicated below the dotted line.


- Submit is paid in the early months when fruit is submitted into inventory.


| Zespri Green | | | | | | | | |
|---|--------|---------------|--------------------------|--------------|----------|-----------------|-------------------------|--------------------|
|  ISO Month | Submit | Pack and Time | KiwiStart Accountability | Taste Zespri | Progress | Loyalty Premium | Total payment / FOBS TE | % of Pool Paid YTD |
| Apr-17 | \$2.25 | \$0.02 | | | | | \$2.27 | 23% |
| May-17 | | \$0.11 | | | | | \$0.11 | 24% |
| Jun-17 | | \$0.10 | | | | | \$0.10 | 25% |
| Jul-17 | | \$0.03 | \$0.00 | \$0.26 | \$0.61 | | \$0.90 | 35% |
| Aug-17 | | \$0.15 | \$0.18 | \$0.42 | \$0.20 | | \$0.96 | 44% |
| Sep-17 | | \$0.29 | | \$0.72 | \$0.12 | | \$1.14 | 56% |
| Oct-17 | | \$0.37 | \$0.24 | \$0.32 | \$0.18 | | \$1.12 | 67% |
| Nov-17 | | ● | ● | ● | \$0.60 | | ● | ● |
| Dec-17 | | ● | ● | ● | \$0.39 | | ● | 90% |
| Jan-18 | | | ● | | | \$0.10 | ● | ● |
| Feb-18 | | | ● | | ● | | ● | ● |
| Mar-18 | | | | | ● | | ● | 96% |
| Apr-18 | | | | | ● | | ● | ● |
| May-18 | | | | | ● | | ● | ● |
| Jun-18 | | | | | | \$0.15 | ● | 100% |
| Paid YTD | \$2.25 | \$1.07 | \$0.43 | \$1.72 | \$1.12 | \$0.00 | \$6.59 | |
| Balance to pay | \$0.00 | \$0.48 | \$0.08 | \$0.65 | \$1.71 | \$0.25 | \$3.18 | |
| Total fruit and service payments - 2017/18 forecast | | | | | | | \$9.76 | |

| Zespri TOTAL Gold and Organic Gold | | | | | | | | | |
|---|--------|---------------|--------------------------|--------------|----------|-----------------|-----------------|-------------------------|--------------------|
|  ISO Month | Submit | Pack and Time | KiwiStart Accountability | Taste Zespri | Progress | Gold OB Premium | Loyalty Premium | Total payment / FOBS TE | % of Pool Paid YTD |
| Apr-17 | \$2.80 | \$0.16 | | | | | | \$2.96 | 21% |
| May-17 | | \$0.13 | | | | | | \$0.13 | 22% |
| Jun-17 | | \$0.19 | | | | | | \$0.19 | 24% |
| Jul-17 | | \$0.04 | \$0.00 | \$0.93 | \$0.89 | | | \$1.87 | 37% |
| Aug-17 | | \$0.29 | \$0.18 | \$1.46 | \$0.33 | \$0.02 | | \$2.29 | 54% |
| Sep-17 | | \$0.41 | \$0.03 | \$1.78 | \$0.20 | | | \$2.41 | 71% |
| Oct-17 | | \$0.08 | \$0.23 | \$0.05 | \$0.61 | | | \$0.97 | 78% |
| Nov-17 | | ● | ● | ● | \$0.54 | ● | | ● | ● |
| Dec-17 | | ● | ● | ● | \$0.46 | | | ● | 93% |
| Jan-18 | | | ● | | | | \$0.10 | ● | ● |
| Feb-18 | | | ● | | ● | | | ● | ● |
| Mar-18 | | | | | ● | ● | | ● | 97% |
| Apr-18 | | | | | ● | | | ● | ● |
| May-18 | | | | | ● | | | ● | ● |
| Jun-18 | | | | | | | \$0.15 | ● | 100% |
| Paid YTD | \$2.80 | \$1.30 | \$0.44 | \$4.23 | \$2.02 | \$0.02 | \$0.00 | \$10.82 | |
| Balance to pay | \$0.00 | \$0.02 | \$0.05 | \$1.05 | \$1.67 | \$0.01 | \$0.25 | \$3.04 | |
| Total fruit and service payments - 2017/18 forecast | | | | | | | \$13.86 | | |

| Zespri Organic Green | | | | | | | | |
|---|--------|---------------|--------------------------|--------------|----------|-----------------|-------------------------|--------------------|
|  ISO Month | Submit | Pack and Time | KiwiStart Accountability | Taste Zespri | Progress | Loyalty Premium | Total payment / FOBS TE | % of Pool Paid YTD |
| Apr-17 | \$2.25 | | | | | | \$2.25 | 20% |
| May-17 | | \$0.01 | | | | | \$0.01 | 20% |
| Jun-17 | | \$0.07 | | | | | \$0.07 | 21% |
| Jul-17 | | \$0.02 | \$0.07 | \$0.29 | \$0.66 | | \$1.04 | 30% |
| Aug-17 | | \$0.11 | \$0.14 | \$0.45 | \$0.92 | | \$1.63 | 44% |
| Sep-17 | | \$0.21 | | \$0.82 | \$0.11 | | \$1.14 | 55% |
| Oct-17 | | \$0.24 | \$0.21 | \$0.23 | \$0.72 | | \$1.40 | 67% |
| Nov-17 | | ● | ● | ● | \$1.07 | | ● | ● |
| Dec-17 | | ● | ● | ● | \$0.68 | | ● | 90% |
| Jan-18 | | | ● | | | \$0.10 | ● | ● |
| Feb-18 | | | ● | | ● | | ● | ● |
| Mar-18 | | | | | ● | | ● | 97% |
| Apr-18 | | | | | ● | | ● | ● |
| May-18 | | | | | ● | | ● | ● |
| Jun-18 | | | | | | \$0.15 | ● | 100% |
| Paid YTD | \$2.25 | \$0.66 | \$0.43 | \$1.78 | \$2.41 | \$0.00 | \$7.54 | |
| Balance to pay | \$0.00 | \$0.26 | \$0.01 | \$0.59 | \$2.58 | \$0.25 | \$3.70 | |
| Total fruit and service payments - 2017/18 forecast | | | | | | | \$11.24 | |

| Zespri Gold | | | | | | | | | |
|---|--------|---------------|--------------------------|--------------|----------|-----------------|-----------------|-------------------------|--------------------|
|  ISO Month | Submit | Pack and Time | KiwiStart Accountability | Taste Zespri | Progress | Gold OB Premium | Loyalty Premium | Total payment / FOBS TE | % of Pool Paid YTD |
| Apr-17 | \$2.80 | | | | | | | \$2.80 | 24% |
| May-17 | | | | | | | | \$0.00 | 24% |
| Jun-17 | | -\$0.01 | | | | | | -\$0.01 | 24% |
| Jul-17 | | | | \$1.23 | | | | \$1.23 | 35% |
| Aug-17 | | | \$0.07 | \$1.23 | \$0.51 | | | \$1.81 | 51% |
| Sep-17 | | | \$0.01 | \$1.33 | \$0.94 | | | \$2.27 | 71% |
| Oct-17 | | | \$0.08 | | \$0.64 | | | \$0.71 | 77% |
| Nov-17 | | | ● | ● | \$0.35 | | | ● | ● |
| Dec-17 | | | ● | ● | \$0.50 | | | ● | 93% |
| Jan-18 | | | ● | | | | \$0.10 | ● | ● |
| Feb-18 | | | ● | | ● | | | ● | ● |
| Mar-18 | | | | | ● | | | ● | 97% |
| Apr-18 | | | | | ● | | | ● | ● |
| May-18 | | | | | ● | | | ● | ● |
| Jun-18 | | | | | | | \$0.15 | ● | 100% |
| Paid YTD | \$2.80 | -\$0.01 | \$0.15 | \$3.79 | \$2.08 | \$0.00 | \$0.00 | \$8.81 | |
| Balance to pay | \$0.00 | \$0.00 | \$0.01 | \$0.95 | \$1.41 | \$0.00 | \$0.25 | \$2.62 | |
| Total fruit and service payments - 2017/18 forecast | | | | | | | \$11.43 | | |

| Zespri Green14 | | | | | | | | |
|---|--------|---------------|--------------------------|--------------|----------|-----------------|-------------------------|--------------------|
|  ISO Month | Submit | Pack and Time | KiwiStart Accountability | Taste Zespri | Progress | Loyalty Premium | Total payment / FOBS TE | % of Pool Paid YTD |
| Apr-17 | \$2.80 | \$0.11 | | | | | \$2.91 | 33% |
| May-17 | | \$0.10 | | | | | \$0.10 | 35% |
| Jun-17 | | \$0.01 | | | | | \$0.01 | 35% |
| Jul-17 | | | \$0.71 | \$0.68 | | | \$1.39 | 51% |
| Aug-17 | | | -\$0.05 | \$0.68 | \$0.18 | | \$0.81 | 60% |
| Sep-17 | | \$0.00 | | \$0.28 | \$1.03 | | \$1.31 | 75% |
| Oct-17 | | \$0.00 | -\$0.01 | \$0.00 | \$0.83 | | \$0.82 | 84% |
| Nov-17 | | | ● | ● | \$0.07 | | ● | ● |
| Dec-17 | | | ● | ● | \$0.22 | | ● | 92% |
| Jan-18 | | | ● | | | \$0.10 | ● | ● |
| Feb-18 | | | | | ● | | ● | ● |
| Mar-18 | | | | | ● | | ● | 96% |
| Apr-18 | | | | | ● | | ● | ● |
| May-18 | | | | | ● | | ● | ● |
| Jun-18 | | | | | | \$0.15 | ● | 100% |
| Paid YTD | \$2.80 | \$0.22 | \$0.65 | \$1.64 | \$2.04 | \$0.00 | \$7.36 | |
| Balance to pay | \$0.00 | \$0.00 | \$0.01 | \$0.41 | \$0.69 | \$0.25 | \$1.35 | |
| Total fruit and service payments - 2017/18 forecast | | | | | | | \$8.71 | |

| Zespri Gold3 and Organic Gold3 | | | | | | | | | |
|---|--------|---------------|--------------------------|--------------|----------|-----------------|-----------------|-------------------------|--------------------|
|  ISO Month | Submit | Pack and Time | KiwiStart Accountability | Taste Zespri | Progress | Gold OB Premium | Loyalty Premium | Total payment / FOBS TE | % of Pool Paid YTD |
| Apr-17 | \$2.80 | \$0.17 | | | | | | \$2.97 | 21% |
| May-17 | | \$0.13 | | | | | | \$0.13 | 22% |
| Jun-17 | | \$0.19 | | | | | | \$0.19 | 24% |
| Jul-17 | | \$0.04 | \$0.00 | \$0.93 | \$0.89 | | | \$1.87 | 37% |
| Aug-17 | | \$0.29 | \$0.18 | \$1.47 | \$0.33 | \$0.02 | | \$2.29 | 54% |
| Sep-17 | | \$0.41 | \$0.03 | \$1.78 | \$0.20 | | | \$2.42 | 71% |
| Oct-17 | | \$0.08 | \$0.23 | \$0.05 | \$0.61 | | | \$0.97 | 78% |
| Nov-17 | | ● | ● | ● | \$0.54 | ● | | ● | ● |
| Dec-17 | | ● | ● | ● | \$0.46 | | | ● | 93% |
| Jan-18 | | | ● | | | | \$0.10 | ● | ● |
| Feb-18 | | | | | ● | | | ● | ● |
| Mar-18 | | | | | ● | ● | | ● | 97% |
| Apr-18 | | | | | ● | | | ● | ● |
| May-18 | | | | | ● | | | ● | ● |
| Jun-18 | | | | | | | \$0.15 | ● | 100% |
| Paid YTD | \$2.80 | \$1.31 | \$0.45 | \$4.23 | \$2.02 | \$0.02 | \$0.00 | \$10.83 | |
| Balance to pay | \$0.00 | \$0.02 | \$0.05 | \$1.05 | \$1.67 | \$0.01 | \$0.25 | \$3.04 | |
| Total fruit and service payments - 2017/18 forecast | | | | | | | \$13.88 | | |

Notes

1. The submit and progress payments detailed in the tables are based on net submit trays.

2. Rates per TE of \$0.00 have values of less than \$0.005.

Financial Commentary

Progress Payments

Progress payments have been calculated to ensure cash is returned to the grower as quickly as possible and fairly across all sizes. Payments have been set so that the percentage of total fruit and service payments across the sizes are equal where possible. The rates have been set without direct reference to the size ratios. Sizes will not receive a progress payment where the percentage of total fruit and service payments paid to date are higher than the other sizes in the same pool.

November 2017 approved progress payments on net submit trays

Approved per tray progress payments for 15 November 2017:

| Class 1 | |
|------------------------------|--------|
| Zespri Green | \$0.60 |
| Zespri Organic Green | \$1.07 |
| Zespri Gold | \$0.35 |
| Zespri Gold3 & Organic Gold3 | \$0.54 |
| Zespri Green14 | \$0.07 |

December 2017 indicative progress payments on net submit trays

Indicative per tray progress payments for 15 December 2017:

| Class 1 | |
|------------------------------|--------|
| Zespri Green | \$0.39 |
| Zespri Organic Green | \$0.68 |
| Zespri Gold | \$0.50 |
| Zespri Gold3 & Organic Gold3 | \$0.46 |
| Zespri Green14 | \$0.22 |

Orchard Gate Return

The OGR calculations reflect post-harvest cost data compiled by Ingham Mora Limited in September 2017, the October 2017 forecast fruit loss percentages and current productive hectare information.



2017/18 Season Return Analysis

| Class 1 - Approved Progress Payment 15 November 2017 | Average on Net Submit | 16/18/22 | 25/27 | 30/33 | 36 | 39 | 42 |
|--|-----------------------|----------|--------|--------|--------|--------|------------|
| Zespri Green | \$0.60 | \$0.05 | \$0.50 | \$0.85 | \$0.80 | \$0.80 | \$0.30 |
| Zespri Organic Green | \$1.07 | \$0.65 | \$1.10 | \$1.15 | \$1.05 | \$1.05 | \$1.00 |
| Zespri Gold | \$0.35 | \$0.25 | \$0.40 | \$0.40 | \$0.35 | \$0.25 | No Supply |
| Zespri Gold3 & Organic Gold3 | \$0.54 | \$0.20 | \$0.70 | \$0.70 | \$0.50 | \$0.90 | No Payment |
| Zespri Green14 | \$0.07 | \$0.10 | \$0.10 | \$0.10 | \$0.05 | \$0.05 | \$0.05 |
| Class 1 - Indicative Progress Payment 15 December 2017 | Average on Net Submit | 16/18/22 | 25/27 | 30/33 | 36 | 39 | 42 |
| Zespri Green | \$0.39 | \$0.40 | \$0.40 | \$0.30 | \$0.50 | \$0.50 | \$0.45 |
| Zespri Organic Green | \$0.68 | \$0.70 | \$0.70 | \$0.70 | \$0.70 | \$0.70 | \$0.45 |
| Zespri Gold | \$0.50 | \$0.40 | \$0.50 | \$0.55 | \$0.45 | \$0.55 | No Supply |
| Zespri Gold3 & Organic Gold3 | \$0.46 | \$0.45 | \$0.50 | \$0.45 | \$0.40 | \$0.25 | (\$2.02) |
| Zespri Green14 | \$0.22 | \$0.10 | \$0.25 | \$0.10 | \$0.35 | \$0.35 | No Payment |

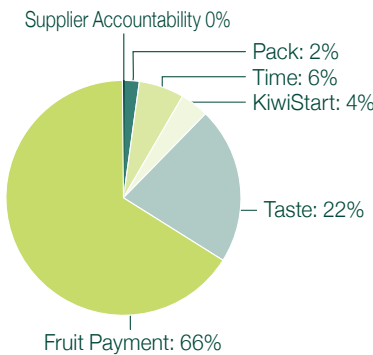
Notes
1. Progress payments are paid on submitted trays and reversed for onshore fruit loss.
2. Net submit trays = gross submitted trays less onshore fruit loss trays.

| Family Kiwi / Replacement Program - Approved Progress Payment 15 November 2017 | Average on Net Submit | 16/18/22 | 27 | 30 | 33 | 36 | 39 | 42 | Non-Standard Supply - Approved Progress Payment 15 November 2017 | 42 | 46 |
|--|-----------------------|----------|--------|--------|--------|--------|------------|-----------|--|--------|--------|
| Family Kiwi™ / Replacement Program Green | \$2.21 | \$2.70 | \$2.00 | \$1.80 | \$2.10 | \$2.45 | \$2.20 | \$1.50 | Zespri Green | | \$1.75 |
| Family Kiwi™ Organic Green | \$3.91 | \$3.90 | \$4.00 | \$4.10 | \$4.10 | \$3.60 | \$3.20 | \$2.70 | Zespri Organic Green | | \$2.05 |
| Family Kiwi™ / Replacement Program Gold3 | \$1.75 | \$1.70 | \$1.70 | \$1.80 | \$1.80 | \$2.00 | \$3.15 | \$3.50 | Zespri Gold3 Low DM | \$2.60 | |
| Family Kiwi™ / Replacement Program Organic Gold3 | \$4.40 | \$3.90 | \$4.40 | \$4.60 | \$4.80 | \$5.00 | No Payment | No Supply | Zespri Organic Gold3 Low DM | \$0.35 | |

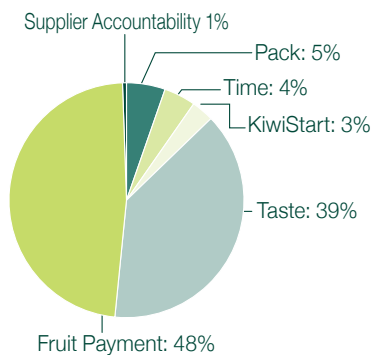
2017/18 Season Grower Payments Portions - Total Fruit and Service Payments

2017/18 - October Forecast

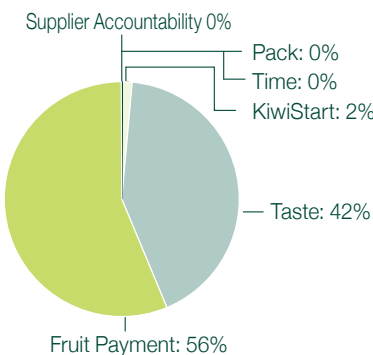
Zespri Organic Green



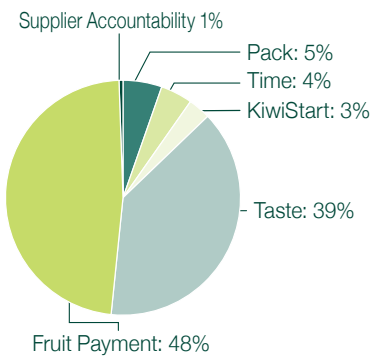
Zespri TOTAL Gold & Organic Gold



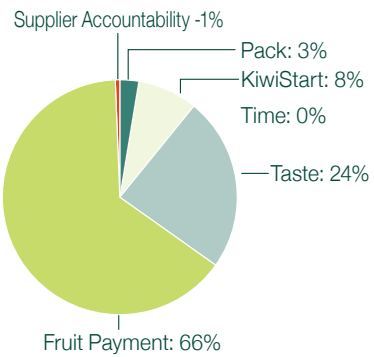
Zespri Gold



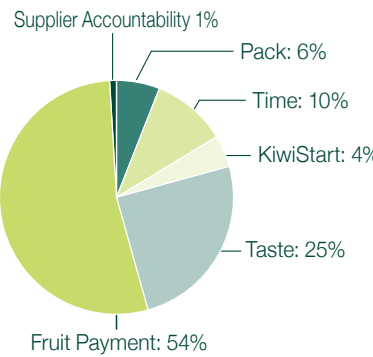
Zespri Gold3 & Organic Gold3



Zespri Green14



Zespri Green



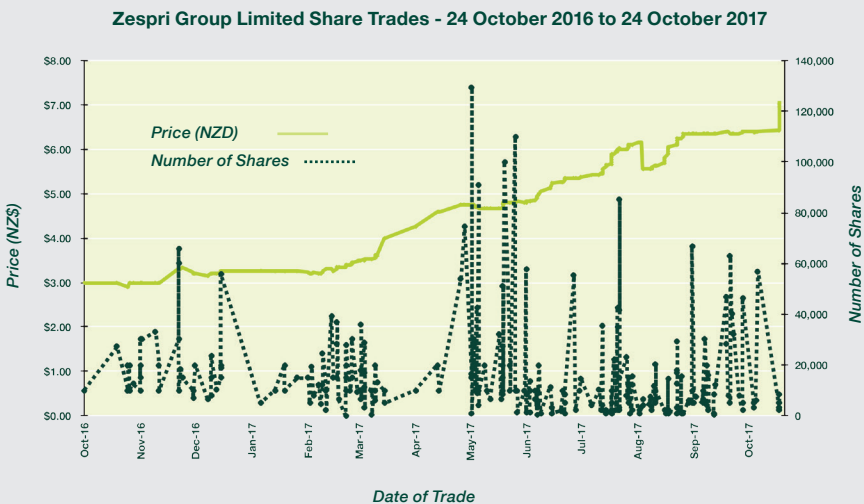
Briefs

Share Briefs

As at **24 October 2017** the last Zespri share price trade was **\$7.05** traded on **24 October 2017**. There were seven buyers at **\$7.01, \$7.00, \$6.76, \$6.45 and \$6.40**. There were two sellers at **\$7.60 and \$7.50**. To trade Zespri shares please contact one of the registered Unlisted brokers – See canopy.zespri.com/EN/grow/zespri/Shares for more information.

For all other general shareholder enquiries, please contact Zespri Grower Support Services on 0800 155 355.

The graph below shows the price per share that has been traded with Unlisted and the corresponding number of shares for each trade.



Want to see current buyers and sellers?

To get a list of the price for current buyers and sellers and the associated shares go to www.unlisted.co.nz. The Zespri Group Limited listing code is 'ZGL'. The Unlisted website shows:

- Latest prices
- Market depth – to see the parcels of shares for sale and the parcels and price that buyers are seeking
- Last 10 trades
- Market announcements

Below is the current Market Depth information as at **24 October 2017**.

| Quote Line at Wednesday 27 September as at 9.30am | | | | | | | |
|---|----------|------------|-----------|------------------|-----------|----------|--------|
| Code | Bid (\$) | Offer (\$) | Last (\$) | At | High (\$) | Low (\$) | Volume |
| ZGL | 7.010 | 7.500 | 7.050 | 24/10/2017 10.06 | 7.050 | 6.420 | 28,500 |
| Value (\$) | | | | | | | |
| 191952.000 | | | | | | | |

| Market Depth | | | | | |
|--------------|----------|------------|------------|----------|--------|
| BIDS | | | OFFERS | | |
| Orders | Quantity | Price (\$) | Price (\$) | Quantity | Orders |
| 1 | 5,200 | 7.010 | 7.500 | 5,000 | 1 |
| 2 | 17,000 | 7.000 | 7.600 | 5,000 | 1 |
| 1 | 8,500 | 6.760 | | | |
| 2 | 6,000 | 6.450 | | | |
| 1 | 5,000 | 6.400 | | | |

| Last 10 Trades | | | |
|------------------|----------|------------|-------------|
| Date/Time | Quantity | Price (\$) | Value (\$) |
| 24/10/2017 10.06 | 5,000 | 7.050 | 35,250.000 |
| 24/10/2017 9.16 | 5,000 | 7.000 | 35,000.000 |
| 24/10/2017 9.16 | 5,000 | 6.950 | 34,750.000 |
| 24/10/2017 9.03 | 8,500 | 6.450 | 54,825.000 |
| 24/10/2017 9.00 | 2,000 | 6.420 | 12,840.000 |
| 24/10/2017 9.00 | 3,000 | 6.420 | 19,260.000 |
| 12/10/2017 12.11 | 57,020 | 6.400 | 364,928.000 |
| 11/10/2017 10.24 | 6,000 | 6.400 | 38,400.000 |
| 10/10/2017 16.43 | 5,000 | 6.400 | 32,000.000 |
| 10/10/2017 16.40 | 5,000 | 6.380 | 31,900.000 |

Director share trading

As at **24 October 2017**, there were 58,281 shares traded by entities associated with Zespri Directors from **1 October 2017**. See the Canopy for details: Canopy > Growing Zespri Kiwifruit > Working with Zespri >Shares. Alternatively search for 'Director Shares' using the search function.

A note on Director share trading

Zespri has become aware that some director trades reported as having occurred in September were actually traded in August, but Zespri was not provided with the related paperwork until September. The total number of shares traded by entities associated with directors over the months of August and September was correct at 59,360; however, as a result of the timing of Zespri's receipt of paperwork, the allocation of these trades between the months was incorrect. For the month of August, there were 38,820 shares traded by entities associated with Zespri Directors. For the month of September, there were 20,540 shares traded by entities associated with Zespri Directors.

At any time that content for the *Kiwiflier* is finalised for publication, there may be some trades associated with director entities which have been matched and transacted, but the paperwork has not yet been received by Zespri or Computershare.

As such, there may be some lags in reporting trading by entities associated with directors. Zespri will however ensure that as at the end of each month, the 'Director Share Holdings and Transfers document' on the Zespri Canopy will always provide the most up-to-date information held by Zespri.

Share ownership: classification of lessees

As per the Constitution, Zespri recently sent a letter to registered growers who lease kiwifruit orchards about the proposed amendments to Zespri's constitution.

Zespri needs to identify all leased properties to be able to calculate voting entitlements for the upcoming Special Meeting on 14 March 2018. To be correctly represented in the upcoming changes, growers need to advise Zespri if they are a lessee by returning the lease declaration form and the lease agreement.

If you lease an orchard, please complete the declaration form by indicating which type of

lease you hold, have the documents signed by authorised parties (lessee, landowner and a witness) and return a copy of the lease agreement.

If you lease an orchard, and did not receive the letter or if you intend to lease a property but have not yet informed Zespri of the new lease, please contact Zespri Support Services on 0800 155 355.

Service Level Agreement (SLA) quarterly report

Zespri negotiates and enters into SLAs during the season which will become binding and part of the 2017 Supply Agreement. The below table outlines the SLA's entered into for the 2017 season. A number of SLAs are rolled over from season to season, for example the Non-Standard Supply and Class 2 Supply SLAs.

| SLA Subject | SLA Description |
|---|---|
| Collaborative marketing/ special programmes | To supply product to meet collaborative marketing and special programme demand such as different packaging requirements and additional pest control procedures. |
| Local market supply | Distribution opportunity and process allowing registered suppliers to sell Gold and Sweet Green kiwifruit onto the New Zealand domestic market during the 2017 season through Zespri Group Limited approved distributors and retailers. |
| Consolidation | Consolidation of the industries remaining Sweet Green part-pallets at a designated coolstore. |
| Market specific supply | To secure a volume of Zespri Green conventional and SunGold for shipping which has been pre-cleared for Australia. To source low-pest Organic product for Korea. |
| Non Standard Supply/Class 2 | Supply of NSS and Class 2 to export markets. |
| Trial | To allow pre-commercialised varieties to be packed and stored at postharvest entities for assessment purposes. |
| | To allow the use of segregation technology after initial harvest segregation. |
| | SunGold pre-sized CA trial |
| | SmartFresh treatment trial for green kiwifruit |
| Generic services | Late SunGold trial |
| | Green packing trial - Italy |
| Quality withdrawal | Supply of generic industry services at generic industry rates i.e. market specific labelling, pack transfers, shared containers. The contractor has identified grower lines that could be repacked prior to export and meet export standards in the short term but is likely to deteriorate rapidly post FOBS. |

Focus on You

**Women
in kiwifruit**
invite • include • inspire

Zespri is pleased to support another Women in Kiwifruit (WIK) event.

This will be the second industry event since successfully launching Women in Kiwifruit during Zespri's 20-year celebrations in March this year. The initiative aims to bring together, inspire and highlight the contribution that women make to the kiwifruit industry – especially reaching out to women in smaller growing regions.

This session is aimed at any women who works in leadership, team and supporting/ influencing roles, offering new perspectives and tools to learn more about yourself and how you can better engage in both personal and work situations on your own terms. It's an opportunity to gain insights into the behaviours, preferences and needs that drive us all to be who we are and then take this to build your personal brand, starting with learning how to craft your own story.

In this workshop, we will explore aspects of ourselves and how to be authentic, mindful, courageous and compassionate, towards both ourselves and others. People respond best to us when we are our authentic selves and that means different things for different people. It can take courage to be ourselves and to speak our minds. Doing this with compassion and awareness of others' differences leads to better outcomes for everyone at work and in our personal lives.

While we would encourage women to attend the event, we appreciate that travel to Tauranga may not be possible everyone so we'll be live-streaming the session on our Facebook page (Facebook/womeninkiwifruit).

Event details

Venue: Trinity Wharf

51 Dive Crescent, Tauranga, 3110

Date: Tuesday 21 November

Time: 8am for continental breakfast

RSVP by registering at
www.zesprievents.co.nz/WikBreakfast17 no later Friday 10 November.

Please like the Women in Kiwifruit Facebook page for more details.

Introducing our two speakers

Adriane Calder - Leadership Coach and Organisational Psychologist



Adrienne has more than 25 years' experience helping people to develop their self-awareness, understanding of others, resolve interpersonal conflicts and encourage positive effective interactions.

Adrienne has worked for several international consulting firms in New Zealand and Australia and in private practice, with client organisations of all sizes; private companies to multinationals, not for profits, local and central government.

Of utmost importance to Adrienne is respect and appreciation of diversity. Her commitment to principles and values includes communicating with clarity, courage and respect, authenticity and compassion, along with a spirit of inquiry.

Louise Beard - Director of Forward Insight and Strategy



Louise is a partner and Director of Forward Insight and Strategy with over 25 years' experience in insight, brand development and strategic planning across a range of sectors – tourism, primary sector, FMCG and services marketing.

Louise is passionate about building successful brands with a story to tell and supporting New Zealand businesses to realize their growth potential both in New Zealand and in export markets. Louise is a qualitative research specialist with a curiosity and fascination in what makes people tick, what inspires them how to build great futures.

Spending extensive time in Asia and Europe leading research and insight projects, has given Louise an in depth of knowledge of local consumers, a foundation for developing a clear and focused brands and market development strategy.



New Zealand Kiwifruit Growers Incorporated (NZKGI)
ph: (07) 574 7139 or toll free on 0800 232 505
www.nzkgi.org.nz

The 2017 Kiwifruit Book

As part of NZKGI's Labour and Education portfolio, the third edition of the *Kiwifruit Book* has been finalised as an up-to-date educational resource for secondary school teachers and new growers.

The update covers topics relevant for 2017, from the industry's structure and orchard budgeting, through to practical growing advice from kiwifruit growers.

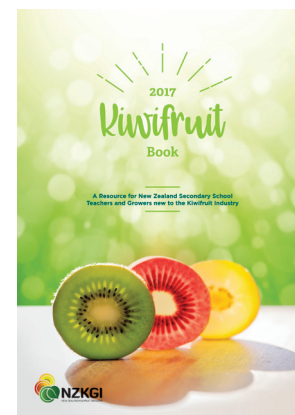
The development of the initial *Kiwifruit Book* started through a query made by Rick Jochem, an Ag/Hort teacher from Palmerston North Boys High School, who expressed concern at the limited availability of kiwifruit industry information available online for his students.

This latest edition of the *Kiwifruit Book* features topics such as:

- A 'quick facts' reference page detailing industry key points;
- Information on adverse events which may affect growers, with an in-depth look at the 2017 Edgecumbe floods and how they were managed and overcome;
- An investigation on one of biosecurity's most unwanted pests; the Brown Marmorated Stink Bug;
- The importance of RSE workers to New Zealand's horticultural workforce;

- An overview of the rise of the organic kiwifruit;
- A look at what regional councils are doing to solve New Zealand's fresh water issues; and
- Updated statistics and information from the 2016/17 fiscal year.

The 2017 *Kiwifruit Book* is available in electronic format on NZKGI's website at nzkgi.org.nz/the-kiwifruit-book/ and is also available in hard copy for growers on request. For more information, contact NZKGI on 0800 232 505.



ORCHARD PRODUCTIVITY CENTRE

Key focuses November

Pollination

Canopy Management

Crop Protection

Psa

Organic

Remember to check out the 'Month Ahead' pages on the Canopy which are full of information that you should be thinking about for the up-coming month. Having the information on a page of the Canopy allows us to insert links that will direct you straight to further information and/or tools for that topic rather than you having to search for it. Below is a snippet from the November Month Ahead page which you can find at Canopy > growing kiwifruit > The month ahead > The month ahead: November. Below is a much shortened version – visit the Canopy for more details.

Pollination

Good quality hives and high levels of bee activity are essential if you are relying on bees for pollination. Have your hives audited (with permission from your beekeeper) as soon after arrival as possible. Dr Mark Goodwin from Plant & Food Research has suggested an easy way to audit your hives – visit the Month Ahead page on the Canopy for more details.

Carry out a pollination assessment. See *KiwiTech Bulletin N052*.

Read the July/August 2017 *Kiwifruit Journal* which contains lots of articles about pollination, along with a useful new resource called the KiwiBasics publication which clearly and concisely summarises everything we know about pollination. Download your copy on Canopy or contact opc@zespri.com for a hard copy.

This year's pollination event also provided some useful information – check out the videos of the event and event summary on the Canopy.

Canopy management

Watch the new canopy management videos on the Canopy to find out more about the fundamentals of the job and some techniques growers use to manage their own canopies.

Develop a low-vigour canopy that will need minimal of work over the summer.

The first round of male pruning should address vine structure.

Crop protection

Stay bee-safe. We need bees, so make sure you're not putting hives at risk when spraying.

Make sure you're always using the latest version of the Crop Protection Standard.

Use the Spray Compatibility app (available on App Store and Google Play by searching for OPC, or on Canopy) to check what sprays can be safely combined in the tank.

It's time to think about sclerotinia and leafroller; (damage is in the first seven weeks following fruit set).

Monitor orchard boundary areas for passionvine hopper nymphs if they have previously been a problem.

Psa is still active, particularly on colder sites. Remember to keep up the tool hygiene between vines and be proactive in removing infected material. An application of copper and Actigard immediately pre-flowering will assist with Psa protection during flowering. A preflowering trunk girdle 30 days before female flowering in Hayward and Green14 can mitigate the impacts of budrot – ensure you use good technique and apply in fine weather.

Organic growers

Recent research results suggest that preflowering applications of copper and oil, and Bt and oil (post-flowering) can give good control of scale and Psa. It is recommended that this is implemented on a trial basis only as the results are based on limited trial data.



Crushing it with canopy management

Good canopy management is crucial for good fruit quality.

The aim is to get the canopy up and running as quickly as possible, maximising leaf area before flowering so it has a complete, efficient solar panel to power fruit development. Then slow it down and keep it relatively open for the remainder of the season – solar panels in the shade don't work effectively. At the recent OPC field days, one grower summarised it nicely- "Canopy management is all about getting a balance between fruit and leaf growth to drive dry matter into fruit and produce good wood for next year."

How about timing? Make sure you have a plan and are walking your orchard regularly. The jobs can soon stack up so get on top of your canopy early. You could create your plan using the graph on page 10 of the OPC Spring field day handout to map your canopy management plan and write the details in the table beneath. Go to Canopy and search 2017 *Spring Field Day handout* to find this resource.

Consider an idea that was talked about at last year's field day was to manage the canopy as three separate zones.



1. The end of canes, particularly in opposing female blocks, tends to need the first

attention. Crush-tipping or zero-leaf pruning this zone can keep it under control and prevent tangles which make next winter's pruning difficult.

2. The fruiting canopy comes next, and is a candidate for crush tipping after pollination.
3. The area closest to the leader needs little work early on as this is the area you want to generate replacement cane from, but some leader ripping late in the season to keep this area well lit is useful.

Orchards where budbreak has been poor may experience secondary budbreak, where buds that failed to fire early on break later (usually around male pruning time). These unfruitful, vigorous shoots are a drain on vine resources, and are not at all useful. Being late-grown they are unlikely to be fruitful the following season, so don't make good replacement canes – get rid of them as soon as you see them start to fire.

Remember to watch the Canopy Management videos on the Canopy > Growing Kiwifruit > Orchard Productivity > Videos > Canopy Management Videos. Or why not consider using these in a training session with your workers to share why canopy management is so important and a few techniques for getting the job done.



ORCHARD PRODUCTIVITY CENTRE

KIWIFRUIT

QUIZ

Edition 3: October 2017

OPC quiz October 2017

These questions focus on outcomes from recent research on flower quality. For more details, see the September/October 2017 *Kiwifruit Journal*.

1. Research suggests which type of flowering shoots are more likely to develop into larger fruit with higher dry matter (for Hayward and Gold3)?

a. Late flowering shoots

b. Early flowering shoots

c. Mid-flowering shoots

2. Which shoot type, according to the results of a PFR trial, appear to produce larger fruit in Hayward and Gold3 - short terminating shoots or long non-terminating shoots?

a. Short terminating shoots

b. Long non-terminating shoots

c. It doesn't make a difference

3. Do PFR research results, suggest long or short shoots tend to give rise to better dry matter in Gold3 (Stokes & Richardson, 2017)?

a. Long

b. Short

c. It doesn't make a difference

4. Which of the following tended to be true Hayward side flowers, according to OPC trial work?

a. Side flowers produced fruit around 30g smaller than the king flowers they were attached to

b. Side flowers produced fruit around 9g smaller than the king flowers they were attached to

c. Side flowers produced fruit with slightly higher seed numbers than the king flowers they were attached to

5. Which of the following statements about using copper for the control of Psa is false:

a. Lower concentrations of copper (below label rates) have a much shorter period of efficacy than full label rates, and are likely to encourage the proliferation of copper resistant strains

b. Copper-resistant strains of Psa can be controlled by copper, if copper is sprayed at the full label rate

c. Copper-resistant strains of Psa tend to induce less disease symptoms and replicate more slowly than copper-sensitive strains of Psa

Have you got a question you would like to put in the quiz? Or just a question you'd like answered? Email opc@zespri.com

Answers:

1. B (Ref: Page 29)



2. B (Ref: Page 30)

3. A (Ref: Page 30)

4. A (Ref: Page 35)

5. C (Ref: Page 56)

All reference page numbers refer to the September/October 2017 *Kiwifruit Journal*



ORCHARD PRODUCTIVITY CENTRE

Sclerotinia and Luna

Consider your sclerotinia risk this season and what management approaches could be adopted to reduce your risk. Sward management and maintaining open canopies are proven effective cultural options.

Iprodione is now only able to be applied in the pre-flowering period. Luna Privilege can also only be applied pre-flowering.

A 2011 trial (see graph below) showed that there was a significant linear relationship between the timing of Luna Privilege application relative to flowering and disease control efficacy. The greatest efficacy was achieved when Luna Privilege was applied at one-to-two days pre-flowering and the lowest efficacy was achieved when applied three weeks pre-flowering.

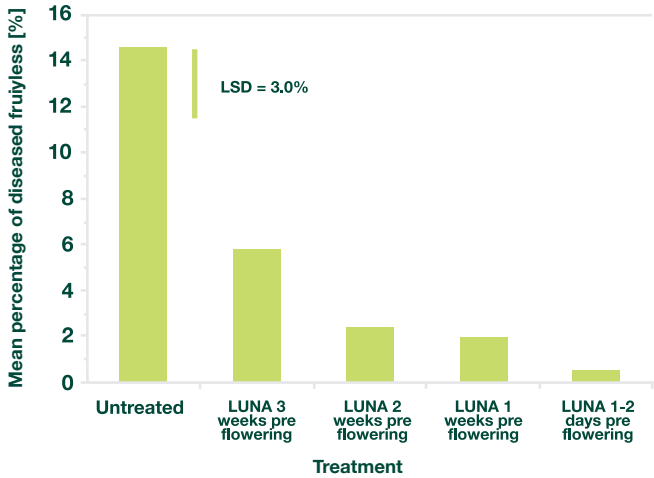




Figure above: Evaluation of pre-flowering applications of Luna Privilege® (fluopyram 500SC) against sclerotinia disease in 'Hayward' kiwifruit 2010-11 - Hoyte SM May 2011.





ORCHARD PRODUCTIVITY CENTRE

Communicating with your beekeeper

The working relationship you have with your beekeeper is a very important one. As part of a recent Kiwifruit beekeepers event, Zespri OPC asked when and what would they like to hear from growers. The following is what the beekeepers suggested for October/November:

- Communicate regularly so your beekeeper knows when males are likely to start flowering, and the percentage of females flowering – this will help to give them a heads up on a likely introduction date.
- Are you thinking about split introductions? This will affect your beekeeper so let them know the plan.
- Ask what they will be doing about feeding hives – and do they need you to do anything?
- What's the spray plan during the pollination period? Are you planning any applications while the hives are in the orchard? If you are, how will you ensure you don't impact the bee population? Is the sward mown?
- What do you want to do about having the hives audited? When will it happen and who is doing it?
- When do you want the hives removed?


Keeping in close contact with your beekeeper firstly allows them to plan ahead to supply quality hives for you but it also means that if there are issues with supply, hive quality or anything else, you'll know about it. What's good for them is also good for you!



ORCHARD PRODUCTIVITY CENTRE


Reduce variability with strategic thinning!

To grow high quality fruit you need to start with high quality flowers



Higher dry matter, larger fruit


- Early flowers
- King flowers
- Longer terminated shoots (size)
- Short shoots (dry matter)



Lower dry matter, smaller fruit


- Late flowers
- Lateral flowers
- Short shoots (size)
- Longer terminated shoots (dry matter)

Hayward



Higher dry matter, larger fruit



- Early flowers
- King flowers
- Longer terminated shoots



Lower dry matter, smaller fruit

- Late flowers
- Lateral flowers
- Short shoots
- Long, very strong shoots

Gold3




ORCHARD PRODUCTIVITY CENTRE


Growers talk spring activities at OPC field days

It's another busy spring and OPC have been out and about around the regions for field days. The main focus has been sources of variability that arise in spring, and there was some really robust discussion around the three big topics that come with this time of year flower bud thinning, canopy management and pollination. Some interesting research outcomes were presented on these topics – if you weren't able to make it, and are keen to see more information on what was covered, pay a visit to the Canopy website > Growing Kiwifruit > Orchard Productivity > Events & Webinars > 2017 Spring field days where you can find the handouts.

Feedback from this field day round has been very positive, with growers enjoying the mixture of smaller group discussion mixed with input from the wider crowd. There was also plenty of opportunity to wrestle with the new science presented and how this impacts approaches to spring activities. Thanks to everyone who came along and contributed their own gems to the discussion, with well over 500 people making the effort to come along to one of the field days. If you haven't been to an OPC event already, we encourage you to come along to the next one!



Spring field day discussions at the Edgcombe field day.



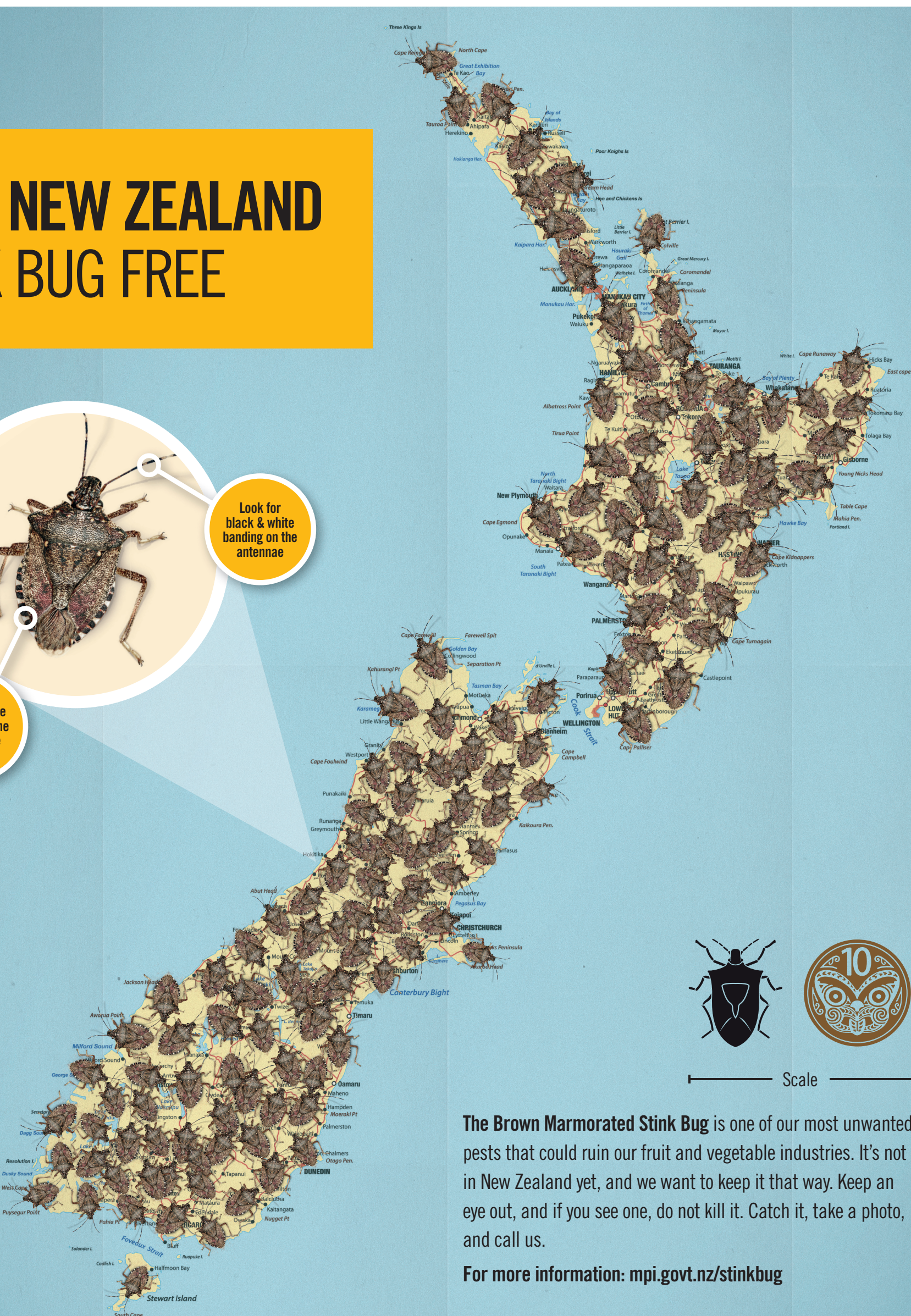
Te Puke attendees hear about new research outcomes.

KEEP NEW ZEALAND STINK BUG FREE



Look for
black & white
banding on the
antennae

Look for
black & white
banding on the
sides of the
abdomen



The **Brown Marmorated Stink Bug** is one of our most unwanted pests that could ruin our fruit and vegetable industries. It's not in New Zealand yet, and we want to keep it that way. Keep an eye out, and if you see one, do not kill it. Catch it, take a photo, and call us.

For more information: mpi.govt.nz/stinkbug



CATCH IT

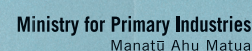


SNAP IT



REPORT IT

EXOTIC PEST & DISEASE HOTLINE **0800 80 99 66**



Contact Industry Liaison Team Leader Tom McMorran (027 511 2005) or Grower Liaison Managers: Sue Groenewald (027 493 1987), Sylvia Warren (022 101 8550) or Jane Ritchie (027 511 1056).

Q.&A. from the field



Q1: Where will the grower tour go next year?

A1: The 2018 grower tour will go to South-East Asia in September 2018 and will include the Zespri office in Singapore and a visit to Vietnam. The proposed itinerary will be made available before Christmas. Please register your expression of interest for the grower tour to Zespri Grower Service Coordinator Jenny Beirne by calling 07 572 7676 or by emailing Jenny.Beirne@zespri.com

Q2: When will budwood be available for re-grafting?

A2: Zespri has limited amounts of female budwood available. Growers who need budwood should contact Tom MacMorran on 027 511 2005 with their requirements to ensure that there is enough budwood for everyone. To collect budwood outside of the Bay of Plenty, please call your Grower Liaison Manager. Bay of Plenty growers can collect budwood by appointment at the Mount Maunganui Coolstore, 10 Cessna Place from Monday 13 November.

Q3: How can my accountant access my financial information from Zespri?

A3: Zespri will only provide financial information to accountants with specific written consent from the grower. Accountants need to provide a written client authority document that is signed by the grower with every request for financial information. Alternatively, information can be provided to the grower to on forward.

Q4: What do I do if there has been a hail event?

A4: If a hail event affects your orchard, notify Zespri within 72 hours of the hail event. Notify Zespri Support Services on 0800 155 355 or email contactcanopy@zespri.com with the following:

- Your name and KPIN
- Location of your orchard
- The date and time that the event occurred
- Are you the owner or the lessee of the orchard
- Estimate of percentage of damage
- Any additional information that may be helpful to the loss assessor i.e. size of hail stones, damage to leaf cover

Then:

- Zespri will log a hail event under your KPIN
- Zespri will send the above details to an independent loss assessor
- A loss assessor ARM will contact you to arrange a suitable time to come and carry out a preliminary estimate of hail damage on your orchard.

Alternatively, you can register a hail event on the Industry Portal. Click on the affected KPIN > Production tab and complete the details. For more information about insurance cover, contact the Insurance Manager Heather Hawkey on 07 572 7741 or by emailing heather.hawkey@zespri.com.

Q5: Can I still use iprodione products for sclerotinia control?

A5: You can still use iprodione products (Defence 500, Ippon 500SC, Rapid 500, Rovral Aquaflo) however due to regulatory changes and the residue profile of iprodione, these products are no longer permitted after fruit-set. Fungicides should be used as a preventative and data shows that use during flowering is most effective. Application is allowed up to 90 percent flowering. Some cultural controls that help with sclerotinia control include maintaining an open canopy up to and after flowering and removing prunings from the orchard.

THIS IS A ZESPRI INTERNATIONAL LIMITED PUBLICATION.
FOR FURTHER INFORMATION OR FEEDBACK PLEASE CONTACT: THE ZESPRI GROWER SUPPORT CENTRE (0800 155 355)
P.O. BOX 4043, MOUNT MAUNGANUI, TEL. 07-572 7600, FAX 07-572 7646
www.zespri.com www.canopy.zespri.com EMAIL: contact.canopy@zespri.com
DISCLAIMER: ZESPRI GROUP LIMITED OR A SUBSIDIARY COMPANY OF ZESPRI GROUP LIMITED (ZGL) MAKES NO WARRANTY OR REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION, PHOTOGRAPHS OR OTHER PUBLISHED MATERIAL ("PUBLISHED MATERIAL") IN THIS PUBLICATION. PUBLISHED MATERIAL AUTHORED BY A PERSON OTHER THAN ZGL REFLECTS THE VIEW OF THE AUTHOR AND NOT THE VIEW OF ZGL. THE PUBLISHED MATERIAL MAY BE SUBJECT TO COPYRIGHT AND SHALL NOT BE REPRODUCED IN ANY MANNER WITHOUT FIRST OBTAINING THE WRITTEN CONSENT OF ZGL. ZGL SHALL NOT BE LIABLE TO ANY PERSON FOR LOSS, INJURY OR DAMAGES ARISING FROM THAT PERSON'S RELIANCE ON THE PUBLISHED MATERIAL. ©2017 ZESPRI GROUP LIMITED.

Fruit Fly readiness planning



Readiness and response activities for the Brown Marmorated Stink Bug (BMSB) have been a focus lately, but there is also plenty of similar readiness work underway for other organisms, both within the kiwifruit industry and at a national level.

Fruit fly remains a high priority given the market access implications that can result from incursions. While we are relatively well prepared for fruit fly with a tried and tested response plan, and a surveillance grid of around 8,000 pheromone traps checked on a fortnightly basis, incursions can still be costly to our industry because of market access restrictions. Horticultural sectors and the Ministry

for Primary Industries (MPI) are working together on a shared work programme under Government Industry Agreements (GIA) to improve our readiness and reduce the impact of any future fruit fly incursion. Projects are cost shared and delivered under the Fruit Fly Council and Technical Working Group, which KVH is represented on. A national summer campaign to reduce the likelihood of incursions includes the use of new hologram technology at Auckland International Airport to educate travellers about the damage a hitchhiking fruit fly could do to New Zealand orchards. A short video showcasing the hologram can be viewed on the KVH website.



The Queensland Fruit Fly, number one on Kiwifruit's Most Unwanted list.

Actinidia Import Health Standard



Following a recent request by the Italian National Plant Protection Organisation and a New Zealand importer, the Ministry for Primary Industries (MPI) is working on an Import Health Standard for *Actinidia* nursery stock, specifically for plants in vitro (tissue culture). This pathway has not been active since 2013 because of the PsA incursion. The importation of new kiwifruit material is recognised as a critical component in maintaining the competitive advantage of our industry, however the risk of introducing new biosecurity threats must be carefully managed.

Tissue culture is regarded as the most promising process for producing clean material and provides the opportunity for verification measures to be included in the production process to ensure risks are managed. MPI is engaging with stakeholders to gather more information that will help inform decision-making. KVH has been asked to participate in the process and will be fully engaged to ensure biosecurity risks are fully addressed. Details consultation will occur with industry in 2018. KVH will keep growers fully informed before any decisions are made.

Spray protection over spring



Wet spring conditions are ideal for PsA build up and infection of young tender growth. Growers must maintain full spray cover throughout the season on all varieties, particularly before, or directly after high-risk weather. The online KVH PsA Risk Model can help with this and should be used to plan spray timings. There are several spray product options available. Be sure to meet all user guide

requirements. If applying bactericides, ensure there are no flowers present in the sward or on vines. KVH has produced a fact sheet covering spray products and recommended timings, key points on pollination and preflower girdles. Copies are available on the KVH website or by contacting KVH at info@kvh.org.nz.

New Zealand Kiwifruit Growers Incorporated (NZKGI)
ph: (07) 574 7139 or toll free on 0800 232 505
www.nzkgi.org.nz

A Growers Guide to Zespri Group Ltd. Shares

Investing in shares can seem daunting at first. However, it doesn't need to be. With a little know-how and the right resources, you can make informed decisions. NZKGI have produced a booklet called *Zespri Group Ltd. Shares – A Growers Guide*, a living document that will be updated as required.

The Guide conveniently brings all share information together in one place, as well as to providing additional information to help growers understand the process surrounding buying and selling Zespri Group Limited Shares. You can find the Guide on www.nzkgi.org.nz under: communications > grower guidance > shares.

Industry Supply Group (ISG) meeting: 19 October

The main agenda items discussed were:

- Schedule 2
- End of programme for HW
- Indicative Class 2 plans for 2018 season
- Maturity review
- Subgroup updates
- VAC update

The next meeting will be held on the **Thursday 23 November**.



IMPLEMENTING THE KIWIFRUIT INDUSTRY STRATEGY PROJECT



COMMUNICATIONS AHEAD OF THE ZESPRI SPECIAL MEETING OF SHAREHOLDERS

As we look ahead to the Zespri Special Meeting of Shareholders on 14 March, the *Kiwiflier* continues to highlight key aspects of the changes to be proposed in this regular monthly feature.

To support communication to shareholders and growers, Zespri is publishing an information pack on the

proposed constitution changes. As a result of the change to the regulations, Zespri is now able to propose a number of amendments to its constitution that are designed to firstly reduce and secondly reverse non-alignment over time.

The information pack should arrive in early November in advance of the Grower Roadshow meetings. We hope the information pack sets out the proposed changes in a clear and simple way, and it also includes information on the voting process at the Special Meeting and the implications for you as growers and shareholders.

This month we take a look at three aspects of the proposed constitution:

- 1. The share cap
- 2. Dividend restrictions
- 3. The voting process and interest groups



THE SHARE CAP

The share cap is a key measure to improve alignment between production and shareholding over the long term.

If approved, there will be a maximum shareholding of four shares for each tray of production. A producer would not be able to acquire more shares if they are overshaired or if the acquisition would make them overshaired. This would be introduced through a change to the constitution. The new regulations permit the Zespri Board to propose this change to the constitution to shareholders. The proposed constitution will provide Zespri with the ability to require a compulsory sale based on two conditions:

- **Seven years:** there is a transition period of seven years for producers already overshaired when the sanctions under the new constitution rules apply. During this period there is no compulsory sale for the number of overshaired shares held on the day the rules are approved. One exception is if the grower becomes less overshaired during the seven-year period, in which case the lower number of shares applies, which is called a 'sinking lid'. This is explained further below.
- **Three years:** there is a period of three years for producers who become overshaired after the new constitution rules are introduced before sanctions apply.

Sinking lid

Zespri proposes to apply a 'sinking lid' rule during the seven year transitional period for producers who are overshaired when the rules are introduced.

For example, if a shareholder in the transitional period is overshaired by 500 shares at the introduction of the new rules, then reduces their overshaired amount to 300 shares, but later becomes overshaired by 500 shares again, that increase of 200 shares is subject to the new three year rule (i.e. 200 shares must be sold within three years).



End October
Town hall meetings with dry shareholders



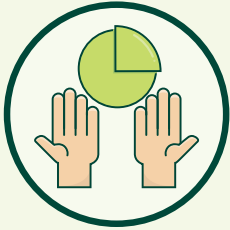
17 - 24 Nov
Grower Roadshows and information packs



End February 2018
Notice of meeting and voting forms distributed



14 March 2018
Zespri Special Meeting: shareholder vote



DIVIDEND RESTRICTIONS

A recent change to the Kiwifruit Export Regulations 1999 gives Zespri the ability to put in place dividend restrictions on shareholders who are no longer producers, referred to as dry shareholders or non-producers. This would be introduced through a change to the constitution. Both producer and non-producer shareholders will have the ability to vote on this proposal.

Zespri will propose that a dividend will not be paid to a shareholder who is not a producer as at the record date for that dividend and has not in the past three years owned or leased an orchard that has supplied fruit to Zespri.

However, for those who are not producers but are shareholders at the time of the change in the constitution, dividends would not cease until seven years after the change. This is unless the shareholder became a producer again, then returns to being a non-producer, in which case the three year rule would apply.

Note: on becoming a producer, any shares held over the share cap are subject to the rules for overshaired producers.

The amended regulations do not permit a requirement that dry shareholders (non-producers) sell their shares. However, as applies under the current rules when dry shareholders do sell, their shares can only be sold to producers, or back to Zespri if Zespri has a buyback offer in place at the time.



THE VOTING PROCESS AND INTEREST GROUPS

To approve the proposed constitution changes, certain votes will be required of shareholders at the Special Meeting.

Constitution vote

The Companies Act 1993 and Zespri's current constitution requires that amendments to the constitution must be approved by a special resolution of shareholders (75 percent approval of those voting) in accordance with the current production-based voting cap.

Regulatory vote

The Kiwifruit Export Regulations require changes to the Zespri constitution to introduce the share cap, voting cap and dividend cap to also be approved by 75 percent of those voting, in a vote in which all shareholders (producers and non-producers) vote on a one-vote-per share basis.

Interest group vote

Under the Companies Act, shareholder interest groups also have a separate vote. The resolution must achieve 75 percent support among those who vote on a one-vote-per-share basis.

The definition of an interest group is based on a legal test. It applies if there is a group of shareholders to which a proposal for an amendment to the constitution has a unique effect on the rights attached to their shares.

Zespri has received independent legal advice that the proposed changes to the Zespri constitution create two interest groups. These are:

- 1. **Producer shareholders** – whose voting entitlements and share entitlements will be affected.
- 2. **Non-producer shareholders** – whose rights to dividends will be affected.

The key reason is, in summary, that the Regulations allow different changes to be made applying to each group – share cap and voting cap changes for producers only, and dividend cap changes for non-producers only.

Voluntary producer vote

The Zespri Board has decided to also offer producers a vote on whether to introduce the dividend cap for future dry shareholders, as this would affect many of the producers in the future.