

June forecast: markets in full swing

Zespri has published its June forecast for the 2018/19 season, following the meeting of the Zespri Board on 19 June.

The June forecast is the second of the season, with OGR ranges that recognise the uncertainty at this still early stage. Zespri is continuing to report a one dollar range for Green in light of this point and the fact that supply volumes have increased as the season has progressed. With the harvest now virtually complete, Zespri has over 150 million trays to sell, including nearly 80 million trays of Green and over 65 million trays of SunGold.

Chairman Peter McBride comments, "It's a good quality crop, helped by growing conditions and growers' hard work in the orchards. Zespri teams in the markets are well underway with campaigns to sell a record crop."

CEO Dan Mathieson says, "Our customers are much happier this year with the increased volume and better size profile. Teams around the world are working hard to sell the trays and build the brand with some fantastic campaigns in our key markets. Marketing programmes are being implemented with in-store displays achieving good visibility and good shelf space

as sales build up to peak volumes. We are getting very positive feedback on the great taste of the 2018 crop."

A later than expected finish to the Italian season, Chilean kiwifruit volumes starting to arrive in market in bigger volumes and the earlier supply of tropical fruits and summer fruits in several key markets are creating a more challenging early season sales environment. Shorter transit markets such as China and Japan are well underway with SunGold and Green. Europe and the US have also had great starts with SunGold and are getting underway with Green as more supply arrives.

Dan continues, "Our marketing activities are geared towards driving sales in SunGold and activating Green. We have a larger volume of Organic Green versus the 2017/18 season, which is positive in light of a long term demand outlook that continues to strengthen. Sales of Sweet Green are nearly complete with volume allocated to Europe and Japan.

"Overall, it's positive to see volume growth but we are absolutely clear on the challenge ahead as we work to optimise value to growers."

POOLS	2018/19 Indicative Range – June forecast (per tray)	2018/19 Indicative Range – June forecast (per hectare)	2018/19 Indicative Range – April forecast (per tray)	2018/19 Indicative Range – April forecast (per hectare)
Zespri Green	\$5.20 - \$6.20	\$57,000 to \$68,000	\$5.20 - \$6.20	\$56,000 to \$67,000
Zespri Organic Green	\$8.30 - \$8.80	\$64,000 to \$68,000	\$7.80 - \$8.80	\$59,000 to \$66,000
Zespri SunGold	\$9.70 - \$10.50	\$126,000 to \$136,000	\$9.40 - \$10.40	\$120,000 to \$133,000
Zespri Sweet Green	\$5.80 - \$6.80	\$37,000 to \$43,000	\$5.00 - \$6.50	\$35,000 to \$46,000

Total Fruit and Service Payment

The Zespri Board has approved the publication of a forecast Total Fruit and Service Payment range (excluding loyalty) for the 2018/19 season of \$1,690 to \$1,790 million.

Forecast corporate profit range and dividend per share range

The forecast range of corporate net profit after tax for 2018/19 is \$172 million to \$177 million including licence release income. The final dividend for 2017/18 and the dividend related to the receipt of 2018 Gold3 licence release income, is expected to be paid in August 2018.

Zespri Annual Meeting and voting packs



The Zespri Annual Meeting will be held at 1pm on Thursday, 26 July 2018, at ASB Arena, 81 Truman Lane, Mount Maunganui.

Shareholders will have received their Annual Meeting packs in late June, including the Annual Review, Annual Report (if requested), Notice of Meeting, Voting and Proxy Form and candidate biographies.

Director nominations closed on 30 May 2018.

Bruce Cameron is standing in vacancy 1 and Teresa Ciprian is standing in vacancy 2.

Tony Hawken, Barry O'Neil, and Jamie Tuuta are standing in vacancy 3.

Vacancies 1 and 2 are uncontested.

Shareholders must vote for or against the candidate in those particular vacancies, or abstain. The candidate must receive more votes for than against to be elected.

There are multiple candidates standing in vacancy 3. Shareholders must vote for one candidate in that vacancy, or abstain. The candidate receiving the highest number of votes with respect to this vacancy will be appointed as a director.

With respect to the shareholder members of the Director Remuneration Committee, John Cook is retiring by rotation and standing for re-election. As there is only one candidate in this vacancy, shareholders must vote for or against the candidate, or abstain. The candidate must receive more votes for than against to be elected as a shareholder member.

Voting on resolutions can be done up to 48 hours before the meeting, or at the meeting. Advance

votes can be lodged online via InvestorVote or by mailing your completed Voting and Proxy Form to Computershare for receipt before 1pm on 24 July 2018. If voting at the meeting, please take your admission card, which can be found on your Voting and Proxy Form to the Annual Meeting (see below note regarding corporate shareholders). Shareholders should have recently received their instructions for using InvestorVote direct from Computershare, including their confidential access information.

Please note: If shares are owned by a company or other incorporated entity and the shareholder wishes to vote at the meeting, the shareholder must appoint an individual as a proxy to attend the meeting and vote on his or her behalf. Proxy appointments can be done online through InvestorVote or by completing the proxy information on the Voting and Proxy Form with the name of the proxy, leaving the voting instructions blank and returning the form to Computershare before 1pm on Tuesday, 24 July 2018.

All advance votes and proxy appointments (whether submitted online or by post) must be received by Computershare before 1pm on Tuesday, 24 July 2018. If you have appointed a proxy, please ask that individual to be at the Annual Meeting early to register for electronic voting at the meeting.

Please do not deliver Voting and Proxy Forms to Zespri's offices or personnel.

Questions regarding completion of Voting and Proxy Forms (including through InvestorVote) can be directed to Computershare by calling +64 9 488 8777 or sending an email to corporatereactions@computershare.co.nz. Any questions about the Annual Meeting, voting cap or transferring shares, can be directed to Zespri Grower Support Services (0800 155 355).

Kiwifruit orchardists win prestigious national award

Mark and Catriona White admit they took a while to compose themselves when their names were called out as winners of the national Ballance Farm Environment Award.

"We were totally stunned," Mark tells. "We just sat there staring at each other in total disbelief. Then we realised we needed to go up on stage and Catriona was speechless, which is highly unusual. The MC had to keep speaking to entertain the crowd of 300 at Te Papa in Wellington while we composed ourselves."

The Opotiki kiwifruit growers speak of the 10 other regional supreme winners at the showcase event, whom they describe as "all amazing". They say they really didn't think they were in with a chance of taking home the prestigious Gordon Stephenson Trophy pronouncing them "national ambassadors for sustainable farming and growing".

Mark and Catriona's orchard is BioGro certified and grows Zespri Organic Green and Organic SunGold. The judges praised the strong use of evidence-based science and technology demonstrated in their business, and their broad global market understanding. They were also applauded for their real energy to be agents for change, and for their market focus and clear understanding of the need to connect with consumers.

Catriona says they hope the award shines some light on organic growing practices – especially

organic kiwifruit growing. She said the award process had reinforced that their biggest asset is their certified organic soil.

"Our aim is to provide consumers with good tasting safe food to eat. Knowing that our orchard is producing food in a sustainable manner is very fulfilling for us, our family, and our employees. The research shows that consumers are demanding more and more sustainable food and we are proud to be able to provide that for them," she says.

As ambassadors for Sustainable Farming and Growing in New Zealand, the Whites will be heading off on an overseas study tour. Mark tells how they will get to choose what they study and where, and they will soon begin planning for that trip.

"We will present to the Primary Production Select Committee at Parliament, and have been told that we can expect invitations to various seminars to share our story. We are looking forward to the challenge of a busy and exciting year," he says.

The Ballance Farm Environment Awards were the first awards the couple had entered.

"We have got so much learning from these awards, and will progress a number of improvements across our business," Mark says. The time spent with the other regional finalists made them realise there are "some wonderful things" happening all around New Zealand.

"It makes us proud to be part of the New Zealand Primary Sector."

Mark and Catriona recommend entering the awards to anyone wanting to improve their business, and / or wanting to meet other farmers and growers at the leading edge of sustainability.

Meanwhile, back to life on the orchard...the Whites say they've received lots of positive comments and

congratulations as well as media coverage, and there have been a few celebrations too.

"But, really, our friends know us, they know what we do, so it's just back to work in the orchard, work in the community, and running around after our children – Letisha, 15, and Lochlan, 13," Catriona says.



The smiles are broad and with good reason! Growers Catriona and Mark White, with (from left) Zespri Global Marketing Manager for Organics Alice Moore, Zespri Grower Liaison Managers Jane Ritchie and Sylvia Warren.

From the markets

Marketing programmes are all in full-swing with impressive in-store displays being seen with high visibility and good shelf space as sales build up to peak volumes. We continue to increase investment in sampling and in-store marketing.

Belgium and the Netherlands

The Benelux Zespri Summer Tour around Belgium and the Netherlands kicked-off this month.

The summer-long tour involves promoting Zespri Kiwifruit at events like festivals and a cycling competition. During the tour, the public gets to taste kiwifruit; take photos with our giant, inflatable mascot or in our comfortable kiwifruit bed; catch falling kiwifruit; send a kiwifruit postcard and discover plenty more ways to have lots of kiwifruit fun.

To top it all off, the travelling team will visit different coastal towns in Belgium and the Netherlands with our animations to try and bring a little more ‘Sun(Gold)shine’ to the North Sea.

Roadshows and tastings at different retailers are also underway.



All the fun of the summer tour.

France

Thousands of French women will soon be carrying a Zespri good-health message close to their hearts.

Pictures of kiwifruit inside hearts feature on a new range of t-shirts created thanks to a partnership between Zespri's French team, Parisian designer Elise Chalmin and breast cancer charity, Challenge du Ruban Rose.

Marketing Manager for France Mélanie Lacomme says the partnership, which will run until the end of September, is something different in the fruit market. It's non-conventional, fresh and creative, aligning with Zespri's brand positioning and values.

"We decided to create a limited edition t-shirt with yellow hearts and kiwifruits on the front, with a popular young designer. Hearts on the breast is Elise's trademark and young, trendy women love her t-shirts. As well as that, the partnership with the breast cancer prevention charity shows Zespri loves life and women, Mélanie says. One Euro from the sale of each t-shirt will go the Challenge du Ruban Rose association. A special pack, with six Zespri SunGold Kiwifruit and one t-shirt is available at Monoprix stores. Monoprix retailers are "very excited" about this, Mélanie says, and it's being picked up by media and social media.



Zespri adds its voice to breast cancer awareness campaign.

United Kingdom

Zespri's United Kingdom team has been enjoying a dynamic and uplifting time at Brighton. "Dynamic Uplift" is the name of the campaign which involves animated, creative and engaging ways of interacting with consumers, and the UK team is doing just that. The South Coast resort of Brighton – known for being vibrant, creative and colourful – is being treated to plenty of Zespri action. The crowds have been wowed by a pop-up Zespri SunGold sampling demonstration that turned into spontaneous street theatre, thanks to a Zespri flashmob dance team performance. Lorraine Kirby from the sales and marketing team says passers-by just loved it. "They joined in, learned a few moves, took photos and tried some fruit in the sunshine. Equally importantly, they posted their photos and videos on social media, turning a relatively small local event into something bigger." Over the next few weeks some of Brighton's 11 million annual visitors will be able to see and ride on a double-decker bus covered in Zespri SunGold branding.



A bus and a flashmob – creatively spreading the Zespri word.

Brazil

Brazil's 2018 season has got off to a great start, says Regional Market Manager Regina Carmagnani.

Some of Zespri's social media fans were surprised by a sample delivered at home before the fruit arrived in stores and press kits were sent to journalists and influencers.

Key clients enjoyed samples as well as the fun of pedaling to create SunGold smoothies, distributors are excited about the 2018 marketing and trade campaign and planning for store and street fairs is under way.



Pedaling to create SunGold smoothies in Brazil.

China

Zespri China's team has begun supplying kiwifruit to Sam's Club through Walmart's six national Fresh Distribution Centres.

This began on 1 June after six months' negotiation and preparation and has involved a smooth transition from distribution model through to direct selling.



According to China Assistant Market Development Manager Wendy Cai, Sam's Club has 20 clubs in China and the estimated sales volume for 2018 New Zealand season would be 700,000 trays with at least a 75 percent year-on-year growth. Sam's Club is a chain of membership-only retail warehouse clubs owned and operated by Walmart stores.

Wendy says this is an exciting and important moment for Zespri China to service direct National Key Accounts under an inventory model.

"The team will also support the stock management and delivery during the late season – from October to December – to ensure correct qualities. A big thanks to operations, legal and finance teams for working together to make this happen," Wendy says.



Zespri product acknowledged and well received at Walmart Fresh Distribution Centres.



canopy.zespri.com

Top 5 PAGES

1. Quality Manual

2. Up-2-Date

3. The Month Ahead: June

4. Winter Pruning

5. My Orchard Business

New Canopy password reset feature

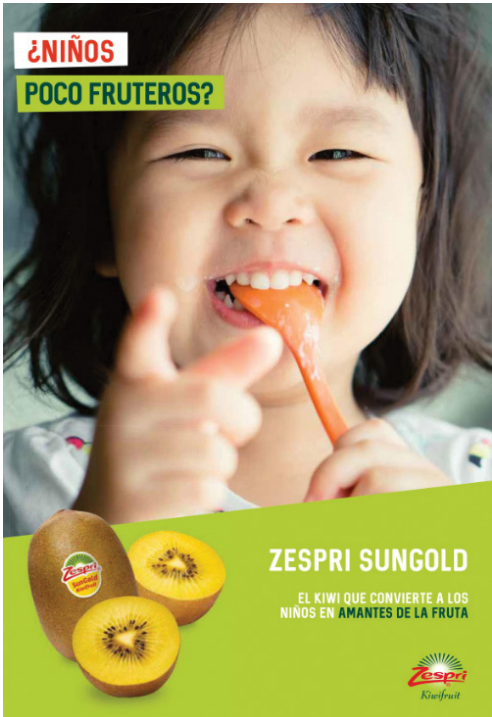
In the coming weeks you will see a new feature on the Canopy website login window – a 'Forgotten Password' button. This button will allow you to reset your Canopy password 24 hours a day, 7 days a week.

Once you have activated your 'forgotten password' button an email will be sent to the email address registered on your Zespri account. This email will include a unique code and steps to reset your password. If you haven't advised Zespri of your email address be sure to do so in order to successfully use this function in the future.



Spain

Zespri's Spanish team is making sure Spain's doctors know all about kiwifruit. Our team is visiting pediatricians in Madrid and Barcelona to encourage doctors to recommend fruit to their patients. Of course, kiwifruit – specifically Zespri SunGold - with its many healthy properties gets a special mention, with its vitamin C, folate, potassium and fibre benefits and low calories. And the public is part of this too, with brochures being given to pediatricians for their patients. Around 600 doctors will be contacted this month and in November.



Zespri’s targeted share issue and buy-back

After a lot of planning, investigation and analysis into what Zespri can and cannot do in order to carry out its planned targeted share issue, targeted buy-back and return of capital, Zespri can now outline some more detail about its plans.

Zespri has planned a targeted share issue and buy-back for some time, with the intent of trying to improve alignment of current producers and shareholders. Zespri will be proceeding with the planned share issue that targets under-shared (under one share per tray of production) and unshared growers, and the planned buy-back from over-shared shareholders and dry (ex-grower) shareholders. For the purposes of the buy-back, over-shared shareholders are those that hold more than one share per tray of production plus a margin which satisfies the tax tests for reduction of shareholding interests on a tax free basis.

Zespri has had to work through some challenges to ensure we can facilitate the planned buy-back in the way intended. It will have to include some specific conditions to ensure that it does not create an unwanted tax burden on participating shareholders. This is because a buy-back requires a minimum level of reduction of interests (shareholding) from those that participate in order not to create a tax liability.

The share issue and buy-back will be at the same price. This price is determined by the Board and is based on an independent valuation. As Zespri

will be paying out a dividend shortly before the offer documents are issued, the price offered will be ex-dividend.

Growers entitled to participate will be sent out the relevant forms to either purchase shares from, or to sell shares back to, the company. Dry or over-shared shareholders will be able to apply to sell at the notified price, and eligible unshared or under-shared growers will be able to apply to buy shares at the notified price, during the period the offer is open. There will be a product disclosure statement for the share issue and a straight-forward application form. For the buy-back, there will be a buy-back offer document and application form issued.

In order to satisfy any applications to sell from dry or over-shared shareholders, Zespri will need to raise sufficient capital from unshared growers and under-shared shareholders to buy shares from Zespri to enable it to pay for the buy-back shares. In the event that there is insufficient capital raised, Zespri intends to prioritise amongst the buy-back offers so that dry shareholders’ shares are purchased first. Then if insufficient within that group, the offers would be subject to a hierarchy/pro-rating system that will be specified in the offer documents. Hopefully that will not eventuate as statistically there are a lot more under-shared shareholders and unshared growers that are eligible to buy shares.

Zespri will do its best to ensure the process provides an easy way to sell shares and to buy shares for eligible participants.

Zespri plans to release more information on its targeted share issue and buy-back over the next few weeks. Zespri anticipates issuing the documentation to growers and shareholders in late August or early September, providing a 30 to 45 day window for growers and shareholders to complete and return applications.

If there is excess capital after the share issue and buy-back (subject to the Board’s determination that the company does not require the capital), Zespri still intends to distribute that back to shareholders. It will however be subject to Zespri being able to satisfy the applicable tax tests for return of capital, to be able to do so on a tax free basis.

Growers are urged to attend the August roadshows as the targeted share issue and buy back will be discussed at these forums.

No money is currently being sought. Financial products (i.e. Zespri shares) cannot currently be applied for or acquired under the proposed share issue nor sold to Zespri under the proposed buy-back. If the share issue and buy-back are offered, they will be implemented in accordance with the Financial Markets Conduct Act 2013 and the Companies Act 1993. No expression of interest to participate in the share issue and/or the buy-back are currently being sought.

Reminder: registration forms for new planters/new developments due by 27 July

As communicated in the past issues of *Kiwiflier*, we are carrying out a registration process to identify new plantings and developments. This is part of a process to identify growers who may be unshared or undershared (less than one-to-one) and wish to take part in the targeted share offer planned for later this year. Registering will not mean growers are obliged to take any of the shares that may be offered, but will give growers who meet the criteria the opportunity to take part if they wish to in respect of new plantings and developments. Registration forms can be downloaded here: www.zespri.com/companyinformation/investors Please complete and also supply a GPS map that is no older than two years.

Why own shares in Zespri?

Sometimes we are asked why growers should consider owning shares in Zespri. There are a number of reasons that you should consider when making a decision, including:

- Ensuring that the industry marketing body (Zespri) is owned and controlled by the growers whose kiwifruit it sells
- Ensuring Zespri remains (in the majority) truly representative of kiwifruit growers when it lobbies Government on behalf of the industry and represents the industry overseas
- The ability to share in corporate income streams (through dividends) as well as orchard gate returns.

All of these reasons come down to one concept, alignment of grower interests and shareholder interests to make the industry stronger.

When Zespri was corporatised in 2000, all exporting growers were allotted shares. At that point in time, there was near perfect alignment of interests. Other primary industry groups that have had a single desk exporter have been set up as a cooperative in a way that ensured only those that participate in the industry have the shares. The Government did not set Zespri up this way. This has led to a growing mis-alignment and resulted in some of the recommendations growers voted for in the KISP referendum and subsequent Special Meeting.

Aligning grower and shareholder interests helps to ensure that when the company fulfils its obligations both as a purchaser and on-seller of kiwifruit and as a company with duties to its shareholders, those obligations are fundamentally the same. The interests of a grower may focus more singularly on its OGR if growers and shareholders are not the same people. The interests of the shareholder (who may or may not still be a grower) will be focused on a return on investment by way of dividends.

If we take the example of PVR licensing, growers purchase the licence for various reasons but often to diversify their portfolio and improve their returns

on their orchard. Shareholders share in the return on investment the company has made from investing in developing PVRs. If the grower is also a shareholder they can benefit from both sides of the equation.

Another example is Zespri’s 12-month supply business, Zespri Global Supply (ZGS). As explained in last month’s *Kiwiflier*, ZGS is the segment of the company that focuses on procuring or growing Zespri branded fruit in the Northern Hemisphere in order to fill shelf space in between the NZ supply windows. The ZGS business plays a big part in ensuring Zespri’s brand stays in customers’ minds and on shelves 12-months in the year. If customer demand for Zespri product remains high, then during the NZ season, growers benefit from the improved OGR. The ZGS business includes returns from the buying and on-sale of fruit grown in Europe and Asia, and royalty incomes from SunGold. Income from the ZGS business is company income, so shareholders also have an interest in how well it does.

One of the other major factors that is important to this industry is its unity as a group in advocacy to the Government. Alignment helps to make the case to retain and strengthen the Single Point of Entry structure, and in doing so maximise the benefit for both New Zealand kiwifruit growers and shareholders.

Please note that the comments above reflect our views as to the importance of the Zespri ownership model for the industry in New Zealand. Zespri cannot, and does not, give any recommendation or opinion as to whether any person should buy or sell Zespri shares. If you are contemplating buying or selling Zespri shares, you should seek advice from a financial adviser or other professional.

Zespri Grower Roadshows begin August

Zespri’s grower roadshows are an opportunity to meet and hear from CEO Dan Mathieson on the season and the outlook for our industry and an update on the August forecast for the 2018/19 season. These roadshows will also focus on the planned targeted share offer and upcoming producer vote.

Date	Venue	Time
Monday 27 August	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 28 August	Opotiki Opotiki Golf Club, Fromow Road, Opotiki	10am – 12pm
	Edgecumbe Awakeri Events Centre, Edgecumbe	2pm – 4pm
Wednesday 29 August	Katikati Katikati Rugby Club, Moore Park, Fairview Road, Katikati	10am – 12pm
	Te Puke The Orchard, 20 MacLoughlin Drive, Te Puke	2pm – 4pm
	Tauranga Tauranga Racecourse, Cameron Road, Greerton, Tauranga	6pm – 8pm
Thursday 30 August	Kerikeri The Centre, 43 Cobham Road, Kerikeri	9:45am – 11:45am
	Whangarei A’Fare, 197 Lower Dent Street, Whangarei	1:30pm – 3:30pm
Friday 31 August	Auckland Auckland Racecourse, 80 Ascot Avenue, Remuera, Auckland	10am – 12pm
	Waikato Mighty River Domain, Lake Karapiro, 601 Maungatautari Road, Cambridge	2:30pm – 4:30pm
Monday 3 September	Nelson Top 10 Holiday Park, 10 Fearon Street, Motueka	11am – 1pm



2018/19 Season Return Analysis

Class 1 - Approved Progress Payment 13 July 2018	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.72	\$0.60	\$0.75	\$0.75	\$0.75	\$0.75	\$0.20
Zespri Organic Green	\$0.80	\$0.55	\$0.80	\$0.80	\$0.90	\$0.90	\$0.20
Zespri Gold3 and Organic Gold3	\$0.91	\$0.30	\$0.90	\$1.50	\$1.35	\$0.50	No supply
Zespri Green14	\$0.28	No payment	\$0.20	\$0.40	\$0.30	\$0.30	No payment

Class 1 - Indicative Progress Payment 15 August 2018	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.09	\$0.05	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Zespri Organic Green	\$0.67	\$0.60	\$0.65	\$0.65	\$0.75	\$0.75	\$0.30
Zespri Gold3 and Organic Gold3	\$0.48	\$0.35	\$0.45	\$0.55	\$0.90	\$0.40	No supply
Zespri Green14	\$0.12	\$0.10	\$0.15	\$0.20	\$0.10	\$0.10	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.

2018/19 Season Taste Zespri Payments

- This table details the calculation of the Maximum Taste Payment and Average Taste Zespri payments for the 2018/19 Season based on the December 2017 forecast.

- Payments are made on FOBS volumes (i.e. volumes shipped).
- As the July and August payments are based on the December 2017 forecast, the 14 September 2018 payment will include an adjustment following the August 2018 forecast.

- Trays shipped between the payment dates will receive a catch up payment on the 15th of the month following load-out.

2018/19 Season Taste Zespri Payments – based on December 2017 forecast	Class 1				Non-Standard Supply	
	Zespri Green	Zespri Organic Green	Zespri Sweet Green	Zespri SunGold Total	SunGold Size 42's	SunGold Organic Size 42's
	\$ per TE	\$ per TE	\$ per TE	\$ per TE	\$ per TE	\$ per TE
Dec 2017 forecast fruit payment	\$5.20	\$7.48	\$5.61	\$6.75	\$9.29	\$11.08
Plus 2017/18 season taste payments (at December 2017 forecast)	\$2.37	\$2.37	\$2.05	\$5.29	\$0.00	\$0.00
Dec 2017 forecast fruit payments including taste	\$7.57	\$9.85	\$7.66	\$12.04	\$9.29	\$11.08
Percentage payable as Taste Zespri	60%	60%	60%	70%	70%	70%
Maximum taste payment per tray	\$4.54	\$5.91	\$4.59	\$8.43	\$6.50	\$7.75
2018/19 average TZG	0.64	0.57	0.51	0.66	0.45	0.59
Average Taste Zespri payment per tray 2018/19 Season	\$2.90	\$3.39	\$2.33	\$5.59	\$2.92	\$4.58

Payment schedule:						
13 July 2018 (based on December 2017 forecast)	30%	30%	30%	30%	30%	30%
15 August 2018 (based on December 2017 forecast)	30%	30%	30%	30%	30%	30%
14 September 2018 (based on August 2018 forecast)	20%	20%	20%	20%	20%	20%
15 November 2018 (based on August 2018 forecast)	20%	20%	20%	20%	20%	20%

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.

July 2018 approved progress payments on Net Submit trays

Approved per tray progress payments for 13 July 2018:

Class 1	
Zespri Green	\$0.72
Zespri Organic Green	\$0.80
Zespri Gold3 and Organic Gold3	\$0.91
Zespri Green14	\$0.28

August 2018 indicative progress payments on Net Submit trays

Indicative per tray progress payments for 15 August 2018:

Class 1	
Zespri Green	\$0.09
Zespri Organic Green	\$0.67
Zespri Gold3 and Organic Gold3	\$0.48
Green14	\$0.12

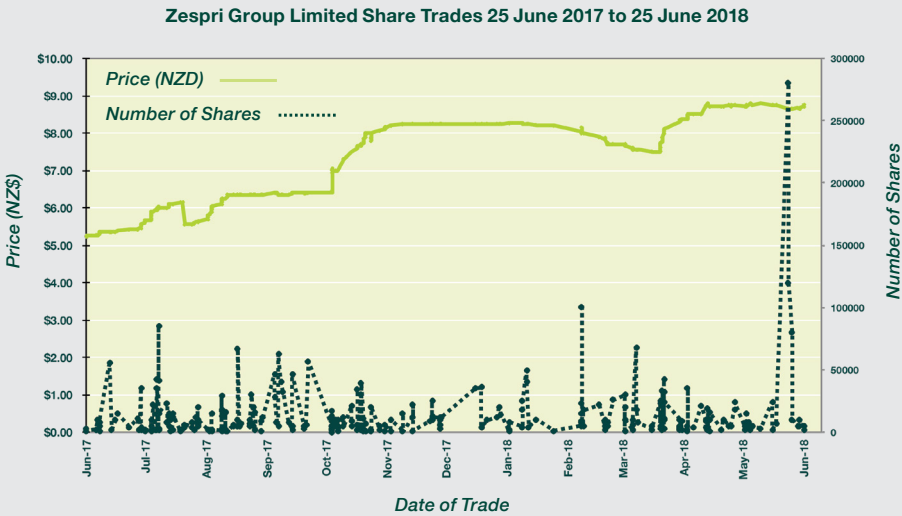
Share Briefs

As at **25 June 2018** the last Zespri share price trade was **\$8.75** traded on **21 June 2018**. There were eight buyers at **\$8.70, \$8.65, \$8.30, \$8.22, \$7.80, \$8.60, \$8.30 and \$8.22**. There were five sellers at **\$8.80, \$8.85, \$8.90, \$9.00 and \$9.20**.

To trade Zespri shares please contact one of the registered USX brokers – See <https://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 USX 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 <http://www.usx.co.nz>. The Zespri Group Limited listing code is 'ZGL'. The USX 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 **25 June 2018**.

Quote Line at Wednesday 25 June as at 10.11am						
Code	Bid (\$)	Offer (\$)	Last (\$)	High (\$)	Low (\$)	Volume
ZGL	8.700	8.800	8.750	0.000	0.000	0

Market Depth					
BIDS			OFFERS		
Orders	Quantity	Price (\$)	Price (\$)	Quantity	Orders
1	3,000	8.700	8.800	4,000	1
1	3,000	8.650	8.850	5,000	1
1	540	8.300	8.900	4,000	1
1	5,000	8.220	9.000	10,000	1
1	5,000	7.800	9.200	10,000	1
1	4,000	8.600			
1	6,000	8.300			

Last 10 Trades			
Date/Time	Quantity	Price (\$)	Value (\$)
21/06/18	5,000	8.750	43750.000
21/06/18	2,000	8.700	17400.000
19/06/18	10,000	8.680	86800.000
19/06/18	4,460	8.650	38579.000
18/06/18	5,000	8.680	43400.000
15/06/18	10,000	8.650	86500.000
15/06/18	80,000	8.650	692000.000
13/06/18	120,000	8.650	1038000.000
13/06/18	280,000	8.650	2422000.000
11/06/18	2,580	8.700	22446.000

Director share trading

For the month of June, as at **25 June**, there were no shares traded by entities associated with Zespri Directors. See the Canopy for details: Canopy > Growing Zespri Kiwifruit > Working with Zespri > Shares. Alternatively search for 'Director Shares' using the search function.

Please note that 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.



Dr Sonia Whiteman

For growers outside the BOP - While our first event is being hosted in the Bay of Plenty, the content is applicable for all kiwifruit growing regions. A video recording and resources will be available post-event. Future events will be planned for growers in other regions.






WINTER PITSTOPS

- Season review
- Industry Portal reports
- Variability
- Efficiencies in the field

Mon 9 July, 9-11:30am
Duke of Gloucester, 389 Gloucester St. Taradale

Tue 24 July, 9-11:30am
Turner Centre, 43 Cobham Rd. Kerikeri

Wed 25 July, 9-11:30am
Barge Park Showgrounds, State Highway 14, Whangarei

Fri 27 July, 9-11:30am
Pukekohe Park Raceway, 225 Manukau Rd, Pukekohe

Mon 30 July, 9-11:30am
Orchard Church, 20 McLoughlin Dr, Te Puke

Tue 31 July, 9-11:30am
Katikati Rugby Club, Fairview Rd, Katikati

Thu 2 August, 9-11:30am
Opotiki Golf Club, 14 Fromow Rd. Opotiki

Fri 3 August, 9-11:30am
Bushmere Arms Hotel, Main Road, Waerengahika

Mon 6 August, 9-11:30am
Awakeri Events Centre, SH 30, Awakeri

Fri 10 August, 9-11:30am
Motueka Top 10 Holiday Park, 10 Fearon St, Motueka

Note: Last year we had low numbers at the Tauranga workshop. If you would be interested in attending a Tauranga specific workshop this year, please email opc@zespri.com. Otherwise, we encourage you to attend either Te Puke or Katikati in its place.

Winter PitStops

Just in case you missed it, these are **not winter pruning field days**. After focussing on winter pruning for a number of years, this year we will not be covering this topic. Many post-harvest facilities are covering pruning during their winter field days so hopefully you have been able to get to one of their events. In addition, we have created two winter pruning videos along with a raft of information on winter activities on the winter pruning page on the Canopy.



Coming along to the OPC PitStop in your region gives you the opportunity to hear from OPC and to talk with fellow growers about the season, what's topical and what the season ahead may look like. Pictured are Gisborne growers at the Winter Workshop last season.

The month ahead – July

Key topics included in the 'Month ahead' for July are below but for all the details check out the page on the Canopy > Growing Kiwifruit > Orchard Management > The Month Ahead > The Month Ahead: July.



Winter pruning

Take into account several factors when planning winter bud numbers, including wood quality, predicted winter chill, and flower bud loss from Psa.

- Bays need to be evenly filled with the best quality wood. In Gold3 very thin canes can be extremely floral and are best avoided: re-spacing the more optimum canes may be a better option
- How well the leader zone is filled is often the difference between an average crop and a

great crop. In older Hayward blocks target the removal of at least one crown per bay to improve vine structure and reduce sites for overwintering of scale to hide

- Once you know what a good pruning job on your orchard looks like, you need to articulate this using clear instructions that your pruners will understand
- Monitoring is an important component of the pruning job. Feedback needs to be prompt and frequent.

Monitoring your winter chill

- Monitor your winter chill so you know what units you have accumulated. The KVH website has a brilliant 'Chill unit' calculator that is easy to use. If you get stuck, there is also a short instructional video.

Budbreak enhancers

- The formula for estimating the date of natural budbreak is as follows:
 - $HW: (6.35 \times (May+June)/2) + 201 = \text{mean budbreak date (in Julian days)}$
 - $G3: (6.35 \times (May+June)/2) + 187 = \text{mean budbreak date (in Julian days)}$

Where May and June are average temperatures for the month e.g. January 1st has a Julian day of 1, the 25th of September has a Julian day of 268

- Remember the optimal window to apply hydrogen cyanamide for Gold3 is 25-40 days (30-40 days in Kerikeri) before natural budbreak and for Hayward 35-42 days before natural budbreak.

Hygiene and crop protection

- Minimising spray drift is essential to maintain good community relations

- Spray leaf scars with copper to prevent Psa infection over leaf fall. If leaf fall is prolonged, multiple sprays may be needed to maintain coverage
- Avoid pruning in wet conditions and maintain hygiene from vine to vine. Supplying two sets of tools makes it easy to sterilise between vines
- Continue to monitor for Psa regularly and remove secondary infection promptly
- Talstar and Engulf can be used for cicada and PVH control once complete leaf fall has occurred. A double mulch of prunings has also been found to reduce Cicada populations
- Consider adding a set of Masotti nozzles targeting the leader zone when spraying for scale over winter
- Apply copper products at the recommended winter rates.

Soil management

- Get a soil test done before budbreak to determine your nutrient requirements and get a fertiliser plan in place.

Why a Producer Vote?

In the May issue of Kiwiflier, we discussed how the Kiwifruit Export Regulations amended last year work in terms of Zespri's business activities. We also looked at the categorisation of Zespri's activities into core business, activities that support core business and activities that are outside core business.

Zespri's 12-month supply business (ZGS) and ownership of proprietary varieties (PVRs) were not classified as core business activities in the amended regulations despite receiving very strong support from growers in the KISP referendum. These two activities have to therefore meet the requirements of an activity that supports core business or an activity that is outside core business.

Zespri considers that these activities support core business, and has notified the regulator,

Kiwifruit New Zealand (KNZ) on that basis. This means they are activities that under the regulations:

- Enhance the performance of core business; and
- Are low risk to the interests of producers.

The way the regulations work, if KNZ were to ever decide it disagreed with Zespri's assessment under the criteria above, then Zespri's ability to continue with these activities, would be put at risk. Zespri considers both activities are vital to

the industry's ongoing success. That's why Zespri plans to seek the support of producers for these fundamental activities by way of a producer vote in the near future.

If an activity is not in the core business or supporting core business categories, the remaining category requires Zespri to have producer vote approval. The vote includes landowners and lessees, and is counted by a straight head count of those who vote, and a count by weight of production of those who vote. A 75 percent pass rate in both counts is

needed and Zespri is still obliged to minimise risks under the regulations. Zespri as a company also continues to have obligations to act in the best interests of its shareholders.

Zespri proposes to hold a producer vote so that it (and the industry) has the assurance that its investment in these activities is in the best interests of growers and shareholders.

We are in the process of working through arrangements for holding a producer vote, and will continue to keep growers informed of the timeline for the vote.

Grower-owned, market-driven seminars

Zespri's Grower Liaison team is hosting their annual Grower Engagement Seminar.

We are holding a two-day seminar on **Wednesday 7 November and Thursday 8 November**, designed to give a comprehensive overview of the Zespri System. This is targeted at a broad range of people from new growers, industry grower representatives and growers who would like to refresh their industry knowledge.

We also have a one day seminar on **Friday 9 November** for industry stakeholders who took part in the two-day seminar last November and for people who already have an in-depth knowledge of the industry but want to get up to speed on Zespri marketing and Zespri's payment system.

The seminars will give you:

- Advanced understanding of both the industry and Zespri corporate
- First hand in-market experience of the

integrated Zespri system in our key markets

- Empowerment in understanding the capability and value of the Zespri marketing system
- A chance to meet other growers
- Understand the Zespri payment system with relation to the money flow.

Following the seminars, the Grower Liaison team will host a short in-market experience (jointly funded by Zespri and tour group growers) to Zespri's key markets as part of the development and further education for seminar participants. Please note, participants must complete both days of the in-house seminar at Zespri.

Please register your interest by Wednesday 3 October with Grower Services Coordinator, Lindsay Crean on lindsay.crean@zespri.com or phone 027 628 8651.



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

NZKGI Annual General Meeting and Regional Representative Elections

- **Date:** Thursday, 26 July 2018
- **Time:** 11am
- **Venue:** ASB Arena, 81 Truman Lane, Mount Maunganui.

All growers will receive their Annual Report and voting papers via post in July, including:

- Agenda, 2018 Resolutions and Explanatory Notes
- Annual Report document incorporating:
 - Chairman's Report
 - CEO's Report
 - Portfolio Reports
 - Financial Summary for 2017
 - Budget for 2019
- Voting Form.

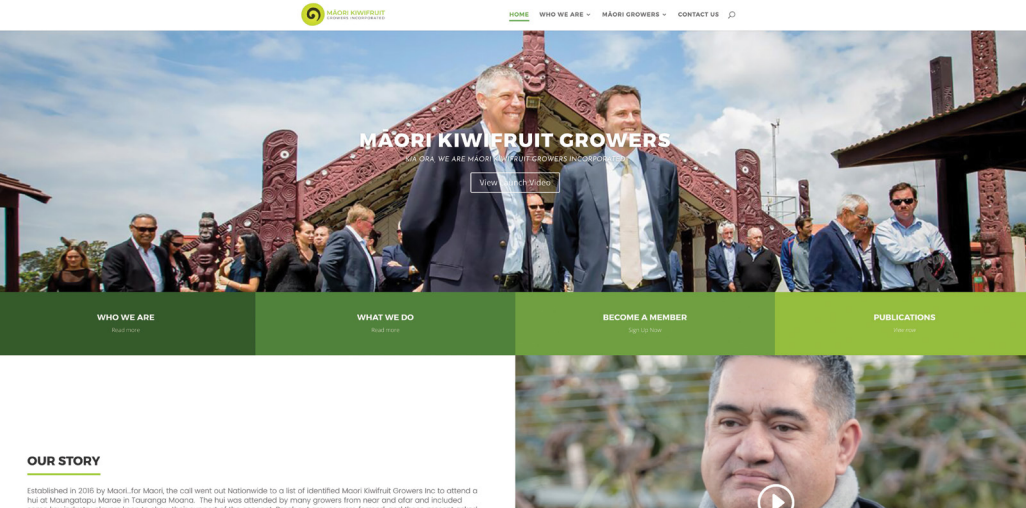
Should there be a contested region for the NZKGI Regional Representative elections, a vote list of nominees will be provided with the voting papers for Growers in the respective region.

The full audited financial statements, minutes of the previous meeting and rule changes are available on the NZKGI website at www.nzkgi.org.nz.

Growers may vote prior to the AGM by casting an internet vote or by returning their vote by post. All votes must be received no later than 5pm on 25 July 2018. Growers may also vote in person at the AGM.

All growers are asked to attend the AGM or submit their vote online. If you have any queries or concerns about your voting entitlement, please contact NZKGI on toll free 0800 232 505 or email info@nzkgi.org.nz.

Website launched for Māori kiwifruit growers



The Māori Kiwifruit Growers Forum has launched a website. The purpose is to provide Māori kiwifruit growers a centralised point for all industry news, events and information. You can visit the website at <https://maorikiwifruitgrowers.com>.

If you have a kiwifruit event you'd like added to their events calendar, please email the details to info@maorikiwifruitgrowers.com.



ZESPRI IN THE COMMUNITY

Waipuna Hospice Shorts4Hospice call to action

When Waipuna Hospice put a Shorts4Hospice fundraising call out to businesses, Zespri staff willingly answered it.

The suggestion was that Western Bay of Plenty businesses contribute \$200 in support of their local hospice and encourage staff to dress up in shorts on the shortest day of the year.

The team at Zespri looked at this opportunity and, in true Zespri style, thought “we can do better than that”. As it turned out, an extra zero was added to that \$200 idea, with Zespri presenting Waipuna Hospice with just over \$2,000.

Zespri’s approach was to set up a givealittle page in support, as well as encouraging staff to wear shorts. There was also the opportunity to drop cash in collection boxes. Zespri offered to match the staff contribution and the grand total of \$2,167.60 was raised, with the money presented to hospice last week by Chief Grower and Alliance Officer Dave Courtney.

Waipuna Hospice Marketing and Fundraising Director Sasima Pearce congratulated Zespri


staff for getting into the spirit of the fundraising campaign by “loudly and proudly” wearing shorts and for the generosity shown.

“We are so grateful for all the money raised for this campaign. This will help ensure we can continue to provide the highest standard of palliative care services within our community,” Sasima said.



Zespri Chief Grower and Alliance Officer Dave Courtney with Waipuna Hospice Fundraising Executive Shelley Atkinson.

Proposed changes to KVH regional boundaries

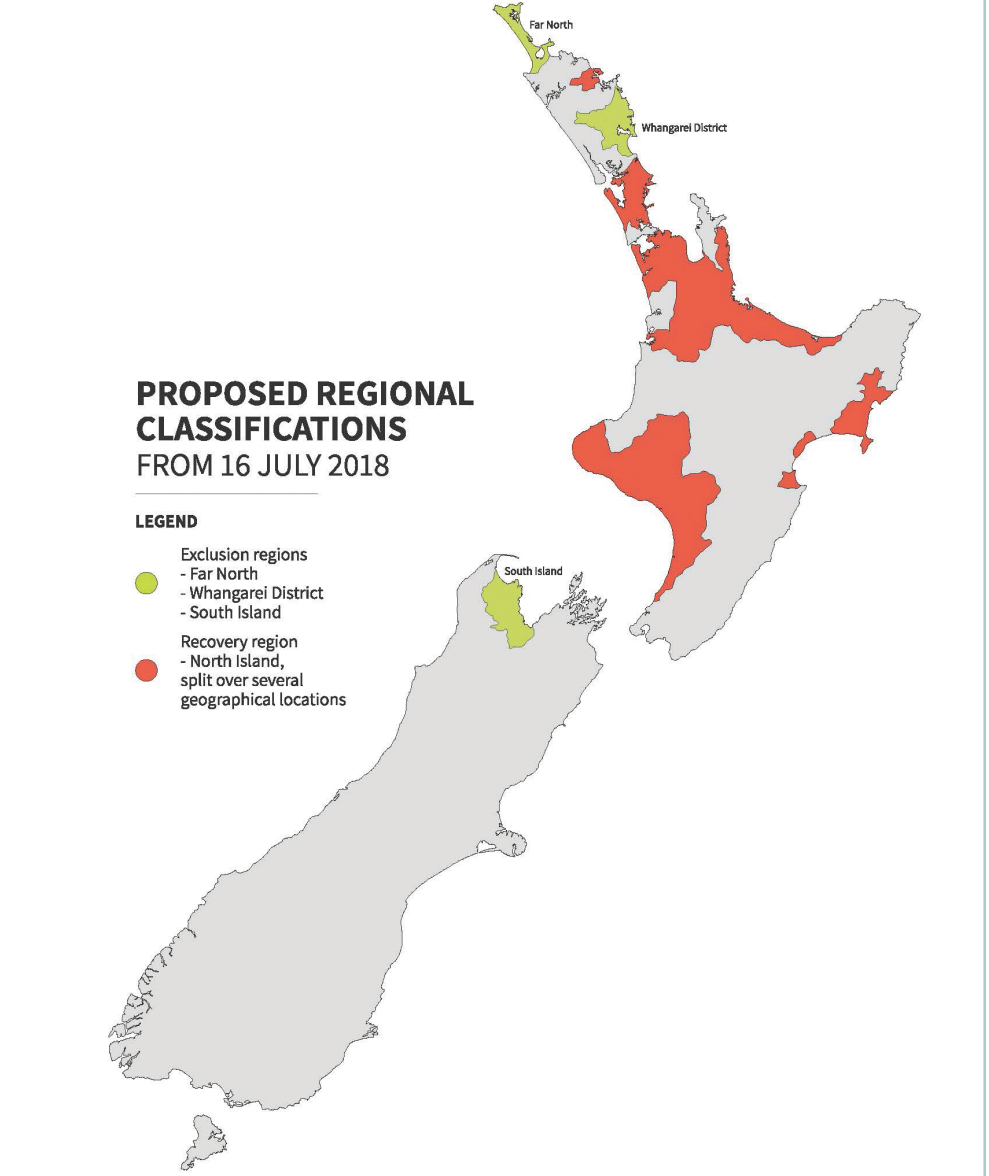


KVH has been seeking views on proposed changes related to revoking and consolidating boundaries within Recovery regions in New Zealand kiwifruit growing regions.

Growing regions are classified Exclusion, Containment or Recovery, based on their level of Psa infection. Current regional boundaries and classifications are important to protect areas with little or no Psa but provide some inequities around plant material biosecurity risk management and movements, especially between Recovery regions.

The KVH proposal is to revoke within Recovery region boundaries to help remove these inequities in the short term. This will create one Recovery region, with separate geographic locations across the North Island.

The submission period for the proposed changes has closed and KVH is now considering the feedback received. Any changes made are most likely to be implemented from Monday 16 July 2018 – KVH will keep growers updated.



No unpicked kiwifruit left on vines



Growers are reminded that there must now be no unpicked kiwifruit left on vines. Under the National Psa Pest Management Plan (NPMP) it is a requirement to remove all unpicked fruit from vines by 1 July each year. KVH will follow-up reports of unpicked fruit with orchard owners and post-harvest companies.

Unpicked fruit can increase the amount of wild kiwifruit vines establishing in nearby areas of native bush or exotic forestry as fruit ripening over the winter months provides a food source for birds, which spread seed. Unmanaged vines, including those with unpicked fruit, may also be a potential host for plant disease organisms.



Unpicked kiwifruit will likely result in vines establishing in nearby bush or forest.

KVH Annual General Meeting



KVH’s Annual General Meeting (AGM) will take place at 9am on Thursday 26 July 2018, at the ASB Arena in Mount Maunganui.

Growers will receive their AGM packs in the mail early in July. Packs will contain the Chairman’s Report, 2017 KVH audited financial statements, the proposed budget for the 2019/20 financial year, and voting information. A copy of the KVH Annual Update for 2017/18 will also be included.

This is a public meeting and anyone who is interested is most welcome to attend. The NZKGI and Zespri AGMs will follow immediately afterwards.

Contact Industry Liaison Team Leader Tom MacMorran (027 511 2005) or Grower Liaison Managers: Sue Groenewald (027 493 1987), Sylvia Warren (022 101 8550), Casie Rudnicki (027 271 2695) or Jane Ritchie (027 511 1056).

Q.&A. from the field



Q1: My 2018 Spray Diary has been submitted and completed and now I want to add sprays for the 2019 season. How do I do that?

A1: You can add spray lines for the 2019 season. Click to add a spray line as normal. When entering the spray line details, make sure to update the “Year of Harvest” in section one to read “2019”. This will record the spray line into the 2019 Spray Diary. To view your 2019 entries, change the year to 2019 under the “Spray Lines Applied” banner on your home page. Once all fruit has been harvested for 2018, Spray Diary will be rolled over to 2019.

Still having trouble? Feel free to contact Zespri Grower Support Services on 0800 155 355 for assistance.

Q2: I specified on my successful 2018 licence bid that I require budwood from Zespri. When can I collect it?

A2: The Zespri budwood coolstore (10 Cessna Place, Mount Maunganui) will open from 18 June on Mondays, Wednesdays and Fridays, 10am-12pm, until further notice. Zespri will provide female budwood for those that have indicated they require budwood on their application. If you have any questions regarding budwood collection please contact Grower Liaison Manager Jane Ritchie on 027 511 1056.

Q3: My shares are held in the name of a Company (i.e. Ltd, Limited) or other incorporated entity. How do we vote at the Zespri Annual Meeting?

A3: You are classed as a ‘corporate shareholder’. Corporate shareholders that wish to attend and vote at the meeting must appoint a proxy at least 48 hours prior to the meeting. The 2018 Annual Meeting will be held at 1pm on Thursday 26 July, at ASB Arena Baypark, 81 Truman Lane, Mount Maunganui. Alternatively, you can use postal voting or online voting for the 2018 Annual Meeting ahead of time. Computershare Investor Services Limited is authorised to receive and count postal votes at the meeting, independent of Zespri. For more information contact the Zespri Share Registrar, Rosie Sim on 0800 155 355.

Q4: Can I vote online/by post and still attend the Zespri Annual Meeting?

A4: Yes. The option to use the secure online voting is available to all shareholders whether they choose to attend or not. Online voting is available in order to increase shareholder voting and participation for those that are unable to attend the Annual Meeting in person, particularly in the regions.

Q5: Scale levels were high this season. Should I be worried? What can I do?

A5: Scale numbers are continuing to increase across the industry and as a result, scale is causing some market access issues for fruit to some high value markets. Make sure you are aware of the levels in your orchard(s). If unsure, you can check with your pest monitoring centre or contact your pack-house. Orchards with a scale issue should be looking at all tools available to reduce it. There are some post-harvest options that may be worth considering.

You can contact the Crop Protection team on 0800 155 355 or by email spraydiary@zespri.com for advice.

Industry Supply Group (ISG) meeting 21 June

Agenda items discussed were:

- Advanced movement
 - Period 1
 - Hail policy review
- VAC update
 - Maturity review process.

The July ISG Meeting will be held on **Thursday 19 July.**



ZESPRI IN THE COMMUNITY

Kiwi partnership up and running – a quick update on Koura.

A few weeks after releasing our Zespri staff-named kiwi into the Otanewainuku Forest, we’ve received our first update. We’ve been told our Koura is very active, racing around the forest each night for anywhere from three-to-five hours more than the other kiwi so he’s well and truly a Zespri fit – going for gold.

The team from the Otanewainuki Trust is hoping for a chick soon - if the female kiwi can keep up with him, that is.

“Koura is continuing to run us around the Otanewainuku block. During his first five days, he covered 1.5km as the crow flies to find his kiwi girlfriends. From there he scampered 700m back to the Whataroa Falls for a day then turned around and sprinted back to the girls.”

Stay tuned for more exciting news from the forest.

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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 canopy.zespri.com EMAIL: contact.canopy@zespri.com

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Fielddays a great opportunity to connect with growers and the community

The Fielddays was in the midst of this season involving one of the biggest sales and marketing challenges, with more than 150 million trays in submit. Zespri Chief Executive Officer Dan Mathieson was delighted to meet growers who visited the Zespri hospitality tent over the four-day event earlier this month.

The Fielddays brought home the fact that Zespri is attracting a lot of positive attention in New Zealand due to performance, consumer focus and partnership through the value chain, Dan says.

But there’s no time for resting on laurels, with this season involving one of the biggest sales and marketing challenges, with more than 150 million trays in submit.

Dan acknowledges the teams around the world that are working hard to sell the trays and build

the brand with what he describes as some fantastic campaigns in Zespri’s key markets.

“We’ve done well over past seasons but we should all be aware this is only the beginning of a much greater opportunity for Zespri and the industry,” Dan says.

At the Fielddays, Zespri offered plenty of kiwifruit to the wider New Zealand public and entertained them with a virtual reality experience, where they could experience kiwifruit’s supply chain from orchard to plate. Growers also had the opportunity to talk with representatives from New Zealand Kiwifruit Growers Incorporated and Kiwifruit Vine Health.

A health and safety stand was included this year as a promotion to help raise awareness of good practices when doing crop protection.



Growers take time out from the hustle and bustle of Fielddays to listen to CEO Dan Mathieson give a season update.



Zespri’s eye-catching tent at the Fielddays, full of Zespri Kiwifruit at this year’s event.

A summary of upcoming events and important dates:

Date	Description
9 July – 10 August	Orchard Productivity Centre Winter PitStops
24 July	Zespri Annual Meeting advance votes and appointment of proxies must be received by 1pm
26 July at 9am	KVH Annual General Meeting at ASB Arena
26 July at 11am	NZKGI Annual General Meeting at ASB Arena
26 July at 1pm	Zespri Annual Meeting at ASB Arena
27 July	Targeted share offer: registration of new plantings and developments forms due
27 August – 3 September	Zespri Grower Roadshows