

PROSPECTUS DISCLOSURE STATEMENT

For an offer of unsecured, subordinated, fixed rate Notes in EastPack Limited

Issued by EastPack Limited
Dated 4 November 2022

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on disclose-register.companiesoffice.govt.nz offer number OFR13417. EastPack Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advisor to help you to make an investment decision.

EastPack
Growers at heart



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Growers at heart



PRODUCT DISCLOSURE STATEMENT

1. Key Information Summary (KIS)

What is this?

This is an offer of unsecured, subordinated, fixed rate debt securities (**Notes**). The Notes are debt securities issued by EastPack Limited (**EastPack** or the **Company**). You give EastPack money, and in return, the Company promises to pay you interest and repay the money at the end of the term. If EastPack runs into financial trouble, you might lose some or all of the money you invested.

About the EastPack Group

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

Purpose of this offer

The purpose of this offer is to primarily facilitate the issue of the Notes to shareholders and non-shareholders of EastPack in New Zealand. Money raised under the offer will be used by EastPack as general funds (including for working capital requirements and ongoing investment in infrastructure, automation and systems) rather than for a specific activity.

Key terms of the offer

Issuer	EastPack Limited.
Description of the debt securities	The Notes are unsecured, subordinated, fixed rate debt securities. See Section 6 (<i>Key features of the Notes</i>) of this PDS for more information.
Who may subscribe for Notes	Shareholders and non-shareholders of EastPack may subscribe for the Notes.
Issue price	The Notes are issued at \$1 per Note (being the Principal Amount of each Note).
Term	The Notes are repayable 5 years after the Issue Date (subject to early Redemption by the Company).
Maturity Date	16 December 2027 (subject to early Redemption by the Company).
Redemption	<p>After a minimum non-redemption period of 3 years, EastPack at its sole discretion has the option to Redeem some (on a pro rata basis) or all of the Notes for their Redemption Amount. In addition, EastPack may, at its sole discretion and at any time, Redeem the Notes early if a Tax Event occurs.</p> <p>Investors have no early Redemption rights, except where an Event of Default applies. The Events of Default relevant to the Notes are not the full set of events of default as set out in clause 17.1 of the Master Trust Deed. In particular, as provided under clause 5.1 of the Supplemental Trust Deed, the Events of Default relevant to the Notes are where:</p> <ul style="list-style-type: none">EastPack defaults on payment of the Redemption Amount on the Maturity Date, or on any interest on an Interest Payment Date, or any other amount due in respect of the Notes and the default continues for 10 Business Days after the date when due; oran insolvency event of EastPack occurs. <p>Non-payment of interest where there is Deferred Interest (described below) is not an Event of Default. Investors are encouraged to ensure they understand these provisions, which are explained further in Section 3 (<i>Terms of the offer</i>) and Section 6 (<i>Key features of the Notes</i>) of this PDS.</p>

Redemption (continued)	Where an Event of Default exists, the Supervisor or the Noteholders (by direction to the Supervisor following an Extraordinary Resolution) may declare the Redemption Amount (together with any accrued interest) to be due and payable in accordance with the provisions of clause 17.2 of the Master Trust Deed.
Interest	<p>The initial interest rate from the Issue Date to the first Reset Date will be 8.90% per annum (being a rate equal to the sum of the 5-year Government Bond Rate as at the date of this PDS plus a margin of 450bps).</p> <p>The prevailing Government Bond Rate will be reviewed by EastPack on each Reset Date during the Term and any change to the interest rate for the Notes will be notified to Noteholders in writing.</p> <p>The Minimum Interest Rate paid to investors will be 8.5% per annum throughout the Term (subject to any increased interest rate applicable under clause 5.4(d) of the Supplemental Trust Deed in relation to Deferred Interest).</p>
Interest Payment Dates	Subject to any Interest Deferral Condition existing, interest will be paid quarterly in arrears in equal instalments on 16 February, 16 May, 16 August and 16 November of each year (or if that day is not a Business Day, the next Business Day). The first Interest Payment Date will be 16 February 2023.
Deferred interest	<p>EastPack is not permitted under the Supplemental Trust Deed to pay interest on an Interest Payment Date (not including the Redemption Date) while an Interest Deferral Condition exists. Interest not paid as a result of an Interest Deferral Condition is Deferred Interest and will be payable to Noteholders in accordance with the Supplemental Trust Deed. A failure to pay interest that has been deferred is not an Event of Default.</p> <p>For so long as there is any unpaid interest outstanding, the Company will not be able to pay distributions or make any other payments on or with respect to shares or other securities ranking equally with, or subordinate to, the Notes, without an Extraordinary Resolution.</p> <p>If an interest payment is deferred, the Deferred Interest amount will itself accrue interest at the rate of 2.00 per cent per annum above the prevailing interest rate on the Notes, from and including the fourth consecutive Interest Payment Date on which the Interest Deferral Condition is satisfied.</p>
Opening Date	14 November 2022
Closing Date	12 December 2022
Minimum investment	The minimum investment in Notes is \$20,000 with multiples of \$10,000 thereafter.
No listing	There is no intention to list the Notes on the NZX Debt Market. The intention is for the Notes to be freely tradeable via Syndex (see Section 6 (<i>Key features of the Notes</i>) for further information).
Further payments, fees or charges	You are not required to pay brokerage or any other fees or charges to EastPack to subscribe for Notes.

No guarantee

The Company is the issuer and sole obligor of the Notes. No member of the EastPack Group or any other person guarantees the Notes.

How you can get your money out early

In general, investors have no ability to redeem the Notes before the end of their Term, except in the case of an Event of Default as described above.

EastPack does not intend to quote these Notes on a licensed market in New Zealand, but they will be able to be traded on the Syndex trading platform. This means you may be able to sell them on Syndex before the end of their term if there are interested buyers. If you sell your Notes, the price you get will vary depending on factors such as the financial condition of the EastPack Group and movements in the market interest rates. You may receive less than the full amount that you paid for them.

How the Notes rank for repayment

The Notes are referred to as subordinated notes because they are subordinated to all other indebtedness of EastPack, other than indebtedness expressed to rank equally with, or subordinate to the Notes. On a liquidation of EastPack, your claim for repayment of the Redemption Amount will rank:

- behind senior bank debt, other secured indebtedness, unsubordinated general and trade creditors, and creditors preferred by law;
- equally among themselves and all unsecured and subordinated financial indebtedness of EastPack; and
- ahead of claims of ordinary shareholders of EastPack.

Further information about the ranking of the Notes can be found in Section 6 (*Key features of the Notes*) of this PDS.

No security

The Notes are unsecured obligations of EastPack.

Where you can find EastPack Group's financial information

The financial position and performance of the EastPack Group are essential to an assessment of EastPack's ability to meet its obligations under the Notes. You should also read Section 7 (*EastPack Group's Financial Information*) of this PDS.

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that EastPack does not meet its commitments to repay you or pay you interest (credit risk). Section 8 of this PDS (*Risks of investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Notes should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair. EastPack considers that the most significant risk factors are:

- *Credit risk*: There is a risk that you may not be able to recover your full principal investment and/or any interest due and unpaid if EastPack encounters severe financial difficulty or becomes insolvent.
- *Secondary market risk*: There is a risk that, if you wish to sell your Notes before the Maturity Date:
 1. you may be unable to find a buyer; or
 2. the price (if any) at which you are able to sell them is less than the amount you paid for them.

Failure to return a profit: Loss of volume of fruit to pack which could arise as a result of:

1. prevailing global and national economic conditions;
2. a downturn in market returns for the fruit;
3. extreme events such as significant climatic events (frost, storm damage etc) or outbreaks of disease or community health issues;
4. changes in the environmental or regulation requirements including the loss of agrichemicals that support kiwifruit production; and
5. biosecurity risk.

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

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

This summary does not cover all of the risks of investing in Notes. You should also read Section 8 of the PDS (*Risks of investing*).

No credit rating

EastPack's creditworthiness has not been assessed by an approved rating agency. This means that EastPack has not received an independent opinion of its capability and willingness to repay its debts from an approved source.





EastPack
Growers at heart



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Letter from the EastPack Board Chairman

On behalf of the EastPack Board, I am pleased to offer you this opportunity to invest in unsecured, subordinated, fixed rate Notes to be issued by EastPack.

The Notes are for a 5 year term and offer investors a minimum 8.5% interest per annum. Following the successful shareholder vote two years ago to simplify our share structure, the offer of \$30 million of Notes (plus the potential of \$10 million over-subscriptions) will complement our existing bank funding and shareholder equity in our grower-owned co-operative.

The Notes are able to be owned by shareholders and non-shareholders and will be a useful way for EastPack to diversify the way it funds its ongoing growth (including continued investment in infrastructure).

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

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

This PDS provides an overview of the EastPack Group and details of the Notes being offered, including an overview of some of the key risks associated with investing in Notes. We recommend that you read it carefully, together with other information provided on the Offer Register.

We recommend that you consult your financial advice provider before making any decisions with respect to investing in the Notes.

If you have any questions about this offer, please contact us.

On behalf of the Board, I welcome your participation in this offer and your support of EastPack.



John Loughlin
Chairman
EastPack Limited

2. Key dates and offer process

PDS lodged	4 November 2022
Opening Date	14 November 2022
Closing Date	5pm, 12 December 2022
Issue Date	16 December 2022
Interest Payment Dates	Interest will be paid quarterly in arrears in equal instalments on 16 February, 16 May, 16 August and 16 November of each year* (or if that day is not a Business Day, the next Business Day).
First interest payment date	16 February 2023*.
Maturity Date	16 December 2027 (subject to early Redemption by EastPack)

*If any interest payment date is not a Business Day, payment will be made on the next Business Day. Interest will be deferred where an Interest Deferral Condition exists, as described in Section 3 (*Terms of the offer*) of this PDS.

This timetable is indicative only and EastPack, in conjunction with the Arranger, may change the dates set out in this timetable in its discretion and without notice. This includes opening or closing the offer early or choosing not to proceed with the offer. If the Closing Date is changed, subsequent dates may be changed accordingly.

3. Terms of the offer

Issuer	EastPack Limited is the issuer of the Notes.
Description of the debt securities	The Notes are unsecured, subordinated, fixed rate debt securities. See Section 6 (<i>Key features of the Notes</i>) of this PDS for more information.
Who may subscribe for the Notes	Shareholders and non-shareholders of EastPack may subscribe for the Notes.
Issue price	The Notes are issued at \$1 per Note (being the Principal Amount of each Note).
Term	The Notes are repayable 5 years after the Issue Date (subject to early Redemption by the Company).
Maturity Date	16 December 2027 (subject to early Redemption by the Company).
Offer amount	This offer is for up to \$30 million of Notes. The Company may accept oversubscriptions of up to \$10 million in its discretion.
Interest	<p>The initial interest rate from the Issue Date to the first Reset Date will be 8.90% per annum (being a rate equal to the sum of the 5-year Government Bond Rate as at the date of this PDS plus a margin of 450bps).</p> <p>The prevailing Government Bond Rate will be reviewed by EastPack on each Reset Date during the Term and any change to the interest rate for the Notes will be notified to Noteholders in writing.</p> <p>The Minimum Interest Rate paid to investors will be 8.5% per annum throughout the Term (subject to any increased interest rate applicable under clause 5.4(d) of the Supplemental Trust Deed in relation to Deferred Interest).</p>

Interest Payment Dates	Subject to any Interest Deferral Condition existing, interest will be paid quarterly in arrears in equal instalments on 16 February, 16 May, 16 August and 16 November of each year (or if that day is not a Business Day, the next Business Day). The first Interest Payment Date is 16 February 2023.
Deferred Interest	<p>EastPack is not permitted under the Supplemental Trust Deed to pay interest on an Interest Payment Date (not including the Redemption Date) while an Interest Deferral Condition exists. This includes where:</p> <ul style="list-style-type: none"> ▪ EastPack would not satisfy the solvency test immediately following that payment; or ▪ EastPack has breached a covenant or undertaking with a Senior Creditor (which has not been remedied to the Senior Creditor's satisfaction), or an event of default has occurred in relation to a Senior Creditor, or these things would occur if the relevant interest payment was made on the Notes. <p>Interest not paid as a result of an Interest Deferral Condition is Deferred Interest and will be payable to Noteholders in accordance with the Supplemental Trust Deed. A failure to pay interest that has been deferred is not an Event of Default.</p> <p>For so long as there is any unpaid interest outstanding, the Company will not be able to pay distributions or make any other payments on or with respect to shares or other securities ranking equally with, or subordinate to, the Notes, without an Extraordinary Resolution.</p> <p>If an interest payment is deferred, the Deferred Interest amount will itself accrue interest at the rate of 2.00 per cent per annum above the prevailing interest rate on the Notes, from and including the fourth consecutive Interest Payment Date on which the Interest Deferral Condition is satisfied until (and excluding) the day on which that Deferred Interest is paid in full in accordance with the terms of the Supplemental Trust Deed.</p>
Redemption	<p>After a minimum non-redemption period of 3 years, EastPack at its sole discretion has the option to Redeem some (on a pro rata basis) or all of the Notes for their Redemption Amount.</p> <p>In addition, EastPack may, at its sole discretion and at any time, Redeem the Notes early if a Tax Event occurs.</p> <p>Investors have no early Redemption rights, except where an Event of Default applies. The Events of Default relevant to the Notes are set out below under the heading 'Events of Default'.</p>
Events of Default	<p>The Events of Default relevant during the Term of the Notes are where:</p> <ul style="list-style-type: none"> ▪ EastPack defaults on payment of the Redemption Amount on the Maturity Date, or any other amount due in respect of the Notes or of any interest on an Interest Payment Date, and the default continues for 10 Business Days after the date when due; or ▪ an insolvency event of EastPack occurs. <p>Non-payment of interest where there is Deferred Interest (described above) is not an Event of Default.</p>

Events of Default (continued)	<p>By operation of clause 5.1 of the Supplemental Trust Deed, the Events of Default relevant to the Notes are not the full set of events of default as set out in clause 17.1 of the Master Trust Deed. For example, it is not an Event of Default for the Notes where the Issuer fails to observe any material undertaking in the Master Trust Deed (other than those undertakings relating to payment) or where a representation made by EastPack in the Master Trust Deed is incorrect. However, holders of Notes retain the general protections afforded to all product holders under the FMCA, including under Part 2 – Fair Dealing. The more limited Events of Default for the Notes reflect their subordinated nature. Investors are encouraged to ensure that they understand the Events of Default and Deferred Interest provisions in the Supplemental Trust Deed (described further in Section 6 (<i>Key features of the Notes</i>) and Section 8 (<i>Risks of investing</i>) of this PDS.</p> <p>Where an Event of Default exists, the Supervisor or the Noteholders (by direction to the Supervisor following an Extraordinary Resolution) may declare the Redemption Amount (together with any accrued interest) to be due and payable in accordance with the provisions of clause 17.2 of the Master Trust Deed. Because the Events of Default for the Notes are more limited, there is less ability for the Supervisor (or Noteholders) to accelerate repayment of the Notes.</p>
Opening date	14 November 2022
Closing date	5pm, 12 December 2022
Scaling	If the offer for the Notes is oversubscribed, EastPack may scale any application at its discretion, but will not scale any application to below \$20,000 (or to an amount that is not a multiple of \$10,000).
Minimum investment	The minimum investment in Notes is \$20,000 with multiples of \$10,000 thereafter.
Payment of interest and entitlement	<p>Subject to an Interest Deferral Condition existing, interest will be payable on:</p> <ul style="list-style-type: none"> ▪ an Interest Payment Date; and ▪ if the date on which Redemption is to occur is not an Interest Payment Date, the date in respect of which any Notes are to be Redeemed, <p>to the person who is the holder of the relevant Notes on the Record Date immediately preceding that Interest Payment Date or Redemption Date (as applicable).</p>
Business Day Convention	<p>If any due date for payment is not a Business Day it will be made on the next Business Day, but no adjustment will be made to the amount of the payment as a result of the delay in payment.</p> <p>Any interest on the Notes payable on a date which is not an Interest Payment Date will be calculated on the basis of the number of days elapsed and a 365-day year, and shall accrue in respect of the period from, and including, the previous Interest Payment Date until, but excluding, the date for payment of that interest.</p>
Arranger	<p>The arranger is M C Capital Limited.</p> <p>The Issuer shall pay a fee to the Arranger of 1.5% of the total funds raised from investors.</p>
Underwrite	<p>Subject to certain conditions, this offer is underwritten by AGInvest Trading Limited for an amount of \$15 million (the Underwritten Amount).</p> <p>The Company will pay a fee to the Underwriter of 4.5% of the Underwritten Amount.</p>

Brokerage	<p>The Underwriter will be sole broker for this offer of Notes (the <i>Broker</i>). The Broker will arrange payment of any brokerage to any financial intermediary whose clients invest in the Notes who are not the Broker's clients, including any investors who are introduced via Syndex Limited, but not existing EastPack shareholders who invest directly.</p> <p>The Company shall pay the Broker a fee equivalent to 2.5% of the investor's funds. No brokerage is payable where an investor is an existing EastPack shareholder immediately prior to the Issue Date.</p>
Supervisor	Public Trust.
Ranking	<p>On a liquidation of EastPack, the Notes will rank:</p> <ul style="list-style-type: none"> ▪ behind senior bank debt, other secured indebtedness, unsubordinated general and trade creditors, and creditors preferred by law; ▪ equally among themselves and all unsecured and subordinated financial indebtedness of EastPack (for example, other notes or bonds ranking equally with the Notes that may be issued by EastPack in the future); and ▪ ahead of claims of ordinary shareholders of EastPack. <p>Further information about the ranking of the Notes can be found in Section 6 (<i>Key features of the Notes</i>) of this PDS under the heading 'Ranking'.</p>
No listing	There is no intention to list the Notes on the NZX Debt Market. The intention is for the Notes to be freely tradeable via Syndex (see Section 6 (<i>Key features of the Notes</i>) of this PDS for further information).
No guarantee	The Company is the issuer and sole obligor of the Notes. No member of the EastPack Group or any other person guarantees the Notes.
How to apply	Application instructions are set out in Section 13 (<i>How to Apply</i>) of this PDS.
Selling restrictions	The Notes are not intended to be offered for sale or subscription in any jurisdiction other than New Zealand. No action has been taken by EastPack, the Arranger or any of their employees, agents or advisers that would permit a public offering of the Notes, or possession or distribution of any offering materials in respect of the Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand).
Transfer restrictions	<p>EastPack may decline to accept or register a transfer of the Notes if the transfer would result in the transferor or the transferee holding or continuing to hold Notes with a Principal Amount of less than \$20,000 (if not zero) or if the transfer is not a multiple of \$10,000.</p> <p>If you hold less than the requisite minimum holding of Notes, EastPack may give notice of its intention to exercise a power of sale in respect of those Notes. If that power becomes exercisable, EastPack may arrange for the sale of your Notes through Syndex's trading platform and account to you the net proceeds of such sale.</p>
Further payments, fees or charges	You are not required to pay brokerage or any other fees or charges to EastPack to subscribe for Notes.
Governing law	New Zealand.

Other Documents

The terms of the Notes and other key terms of the offer are set out in the Master Trust Deed, as supplemented by the Supplemental Trust Deed.

You should read each of these documents. Copies may be obtained from the Offer Register at disclose-register.companiesoffice.govt.nz offer number 13417. Copies are also available by request at admin@eastpack.co.nz

4. The EastPack Group and what it does

Overview

EastPack Group and its operations

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

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

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

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

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

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

EastPack also holds interests in the following entities:

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

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

Acquisitions and dispositions

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

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

Key aspects of the business

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

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

Recently both the kiwifruit industry and EastPack have experienced significant growth in volume. This growth is primarily from new plantings of Gold and Red kiwifruit, as Zespri have released additional licences to growers over the past 5 years. This follows the recovery of the industry from the effects of the Psa (*Pseudomonas syringae* pv. *Actinidiae*) outbreak and the industry has also seen increasing orchard productivity. As at the date of this PDS, the Company expects new plantings of kiwifruit in response to rising global demand, together with orchardists moving to higher yielding kiwifruit varieties, to further increase industry volumes over future years.

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

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

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

EastPack is currently governed by six shareholder elected directors and two additional independent directors appointed by the Board. As at the date of this PDS, EastPack’s Board comprises the following individuals:



JOHN LOUGHLIN *Chairman*
Independent Director, appointed 2014

BCA, MBA, FCA, INFINZ (fellow), FNZIM,
ANZIF (fellow), AFinStD

Committees:

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

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

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



MICHAEL MONTGOMERY
Elected 2000

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

Committees:

- Member, Health and Safety Committee

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



MURRAY MCBRIDE

Elected 2009

IOD Directors Certificate, IOD Audit and Risk Certificate

Committees:

- Chair, Health and Safety Committee

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



MARK GILES

Independent Director, appointed 2014

B Ag Econ

Committees:

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

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



DAVID JENSEN

Elected 2018

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

Committees:

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

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



DYLAN BARRETT

Elected 2019

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

Committees:

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

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

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



BRADEN HUNGERFORD

Elected 2022

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

Committees:

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

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



NGAIRE SCOTT

Elected 2020

CA

Committees:

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

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

**SENIOR
MANAGERS**

EastPack's senior managers include the following individuals:



HAMISH SIMSON

Chief Executive

BCom

Hamish is an experienced executive with a number of leadership roles at CEO, general manager, and executive director levels. Hamish is also a director of Southlink Supply Limited, Pinpoint Laboratory Services Limited, Prospa Orchard Management Services Limited and Prospa Contracting Services Limited (all 100% Subsidiaries of EastPack Limited).



MERV DALLAS

Chief Financial Officer

BCom FCA

Merv has held a number of senior financial roles, has worked in Europe, Australia, Asia and the Pacific Islands, and was CFO at Zespri for nine years.

5. Purpose of the offer

The purpose of this offer is to facilitate the issue of the Notes to persons who are shareholders and non-shareholders of EastPack. There is no specific intended use of the funds raised under the offer. Instead, funds will be used as general funds (including for working capital requirements and ongoing investment in infrastructure and technology to build capacity) rather than for specific activities. The use of funds raised under the offer will not change depending on the total amount that is raised. The purpose of the Notes is to provide a broad platform for the Company to fund its capital expenditure requirements. In conjunction with the offer of Notes, the Company will be raising more share capital from its Growers as part of their requirement to hold shares equivalent to their production. The Company also has a syndicated banking facility to support the business.

Subject to certain conditions, this offer is underwritten by AGInvest Trading Limited for an amount of \$15,000,000.

6. Key features of the Notes

Nature of Notes

A number of the key features of the Notes are described in Section 3 (*Terms of the offer*) of this PDS. The other key features of the Notes are described in this Section 6 (*Key features of the Notes*) of this PDS.

Supervisor

The Supervisor is appointed to act as supervisor and trustee for the Noteholders on the terms contained in the Master Trust Deed, as supplemented by the Supplemental Trust Deed. You can only enforce your rights under the Notes through the Supervisor.

Events of Default and Deferral of Interest

The Events of Default relevant during the Term of the Notes are where:

- EastPack defaults on payment of the Redemption Amount on the Maturity Date, or payment of any interest on an Interest Payment Date, or any other amount due in respect of the Notes and the default continues for 10 Business Days after the date when due; or
- an insolvency event of EastPack occurs.

Non-payment of interest where there is Deferred Interest (described below) is not an Event of Default.

By operation of clause 5.1 of the Supplemental Trust Deed, the Events of Default relevant to the Notes are not the full set of events of default as set out in clause 17.1 of the Master Trust Deed. That means that the ability for investors to take action to require the Supervisor to accelerate the repayment of the Notes under clause 17.2 of the Master Trust Deed, is limited to only those events of default set out in clause 17.1 (a) (*Non-payment*) and (f) (*Insolvency*) of the Master Trust Deed. Investors are encouraged to ensure that they understand the Event of Default and Deferred Interest provisions in the Supplemental Trust Deed.

Where an Event of Default exists, the Supervisor or the Noteholders (by direction to the Supervisor following an Extraordinary Resolution) may declare the Redemption Amount (together with any accrued interest) to be due and payable in accordance with the provisions of clause 17.2 of the Master Trust Deed.

EastPack is not permitted under the Supplemental Trust Deed to pay interest on an Interest Payment Date (not including the Redemption Date) while an Interest Deferral Condition exists. This includes where:

- EastPack would not satisfy the solvency test immediately following that payment; or
- EastPack has breached a covenant or undertaking with a Senior Creditor (which has not been remedied to the Senior Creditor's satisfaction), or an event of default has occurred in relation to a Senior Creditor, or these things would occur if the relevant interest payment was made on the Notes.

Interest not paid as a result of an Interest Deferral Condition is Deferred Interest and will be payable to Noteholders in accordance with the Supplemental Trust Deed. A failure to pay interest that has been deferred is not an Event of Default.

For so long as there is any unpaid interest outstanding, the Company will not be able to pay distributions or make any other payments on or with respect to shares or other securities ranking equally with, or subordinate to, the Notes, without an Extraordinary Resolution.

If an interest payment is deferred, the Deferred Interest amount will itself accrue interest at the rate of 2.00 per cent per annum above the prevailing interest rate on the Notes, from and including the fourth consecutive Interest Payment Date on which the Interest Deferral Condition is satisfied until (and excluding) the day on which that Deferred Interest is paid in full in accordance with the terms of the Supplemental Trust Deed.

Tax Event

EastPack may choose to Redeem all (but not some only) of the Notes for the Redemption Amount if a Tax Event occurs. Redemption as a result of a Tax Event will be notified by EastPack to Noteholders and the Supervisor in accordance with the Supplemental Trust Deed.

For full details of the definition of, and requirements for, a Tax Event, see clause 5 of the Supplemental Trust Deed.

Other relevant information about the Master Trust Deed

The Master Trust Deed contains a number of standard provisions, including in relation to the powers and duties of the Supervisor and the process for amending the Master Trust Deed. The Supplemental Trust Deed contains a number of provisions specific to the Notes, including information about the relevant Events of Default, subordination of the Notes, deferral of interest and early redemption by EastPack. You can find a copy of the Master Trust Deed and Supplemental Trust Deed on the Offer Register.

You should read the Master Trust Deed and Supplemental Trust Deed for more information.

Ranking

Ranking on liquidation

The Notes will be unsecured, subordinated obligations of EastPack and rank equally among themselves and all other unsecured subordinated indebtedness of EastPack, behind senior bank debt, other secured indebtedness, unsubordinated general and trade creditors, and creditors preferred by law and ahead of equity on a liquidation.

The following diagram shows how EastPack's liabilities, including the Notes, rank on a liquidation of EastPack. The diagram does not describe every type of liability or security that EastPack may have over the term of the Notes. The diagram includes the liabilities and equity of EastPack only. This is because you have no claim against any other member of the EastPack Group if EastPack fails to make payments on your Notes when due and goes into liquidation.

Higher Ranking	Ranking on a liquidation of EastPack	Type of obligation	Examples of obligations/ securities	Indicative amount of liabilities and equity of EastPack (\$ Million) ¹
↑	Liabilities that rank in priority to the Notes	Liabilities preferred by law ²	Employee Entitlements and Inland Revenue	5
		Other Borrowings secured over assets of EastPack	Borrowings from Banks Finance Leases	118
		Liabilities that are not subordinated	Trade Creditors	21
	Liabilities that rank equally with the Notes (including the Notes)	Subordinated unsecured debt	Notes ³	40
↓	Liabilities that rank below the Notes	Equity	Ordinary Shares, reserves and retained earnings	187
Lower Ranking				

Notes to diagram:

¹ Amounts shown above are indicative based on the financial position of EastPack as at 31 December 2021, being EastPack's most recent balance date, adjusted for the issue of the Notes. These amounts are subject to rounding adjustments.

² Liabilities that rank in priority to the Notes on a liquidation include certain employee entitlements for unpaid salaries and wages, holiday pay and bonuses and PAYE deductions and amounts owing to Inland Revenue. There are typically other preferred claims which arise when a company is liquidated which are not possible to foresee and cannot therefore be quantified.

³ This table assumes \$40 million of Notes are issued under the offer. If EastPack issues less than \$40 million of Notes, this number will decrease.

Restrictions on borrowing

EastPack is party to a facility agreement with certain Senior Creditors under which it has agreed, amongst other things, to comply with certain financial and other undertakings as summarised below. Subject to these undertakings, EastPack may, after the issue of the Notes, borrow more money or otherwise incur liabilities (without the consent of Noteholders) that rank equally with or in priority to the Notes on a liquidation of EastPack.

- *Interest cover ratio:* The ratio of (a) the Group's net profit for the previous 12 month period (adjusted to exclude tax, finance costs and non-cash adjustments to net profit (other than depreciation and amortisation) and the impact of minority interests) ("**EBIT**") to (b) its interest costs (excluding interest costs on the Notes and other subordinated borrowings), must be greater than 2.00 times until 31 December 2022, greater than 1.50 times for the 12 month period ending 30 June 2023, greater than 2.00 times for the year to 31 December 2023 and after that must be greater than 2.50 times.
- *Minimum shareholders' funds:* The Group's total tangible assets (excluding minority interests) less the Group's liabilities, must at all times be not less than 40% of the Group's total tangible assets (excluding minority interests). Contingent liabilities are not taken into account in this ratio.
- *Leverage ratio:* The ratio of (a) total borrowings of the Group (excluding the Notes and any other subordinated borrowings) to (b) EBITDA (calculated as EBIT plus any depreciation and amortisation of the Group in the relevant period) must be not more than 3.75 times up to 31 December 2022, not more than 4.25 times between 1 January 2023 and 30 June 2023, not more than 3.50 times between 1 July and 31 December 2023 and not more than 3.25 times from 1 January 2024.
- *Other indebtedness:* The Company must ensure that its indebtedness, other than in relation to borrowings and indebtedness in the ordinary course of its business, does not exceed \$5,000,000 at any time.

Noteholders do not, and will not, have the benefit of any of the undertakings under the facility agreement and the terms of the facility agreement (including the undertakings as set out above) may be amended or waived without the consent of, or notice to, the Noteholders.

As set out in the Supplemental Trust Deed, EastPack will provide a certificate to the Supervisor as at 30 June and 31 December in each year during the Term of the Notes confirming the leverage ratio (as defined under the facility agreement, as referred to above). If in respect of any two consecutive test dates the leverage ratio is greater than 4.50 times (ie. at a higher ratio level than that which currently applies under the facility agreement, as detailed above) the Issuer must not, until the next following test date (where the Issuer certifies that the leverage ratio is a ratio that is not greater than 4.50 times) pay distributions or make any other payments on or with respect to shares or other securities ranking equally with, or subordinate to, the Notes, without an Extraordinary Resolution. EastPack will also not be entitled to pay distributions or make any other payments on or with respect to shares or other securities ranking equally with, or subordinate to, the Notes if it fails to deliver this certificate to the Supervisor (until such failure is rectified).

Guarantees

The Notes are not guaranteed by any person.

Trading

EastPack Notes will be listed on the Syndex trading platform. The platform allows investors to trade the EastPack Notes and acts as an intermediary exchange for investors wishing to either buy or sell. Investors will need to establish and log in to their Syndex investor portal in order to trade the Notes, and may also use the portal to access reporting and communications from the Issuer (noting that the reporting and communications can also be received by email). There is no charge to investors to access or view information on the Syndex investor portal. Charges will apply when buying or selling the Notes on the Syndex platform.

7. EastPack Group's financial information

This table provides selected financial information about the EastPack Group. Full financial statements are available on the Offer Register at disclose-register.companiesoffice.govt.nz. The EastPack Group's financial performance and position is critical to EastPack's ability to meet its obligations, including those owed to you. If you do not understand this sort of financial information, you can seek professional advice.

No members of the EastPack's Group guarantee the Notes. However, the EastPack Group's financial position and performance is relevant to the repayment of the Notes because EastPack's ability to repay the Notes is dependent on the financial performance of the EastPack Group as a whole.

Selected financial information and ratios table

EastPack Key Financial Statistics

	6 Months to 30 Jun 2022	6 Months to 30 Jun 2021	12 Months to 31 Dec 2021	12 Months to 31 Dec 2020	12 Months to 31 Dec 2019
	Unaudited	Unaudited	Audited	Audited	Audited
Volumes	42.5m TE	44.6m TE	47.4m TE	41.4m TE	38.0m TE
Revenues	\$177.7m	\$171.3m	\$233.5m	\$189.3m	\$170.0m
Earnings before interest, tax, depreciation, and amortisation (EBITDA ¹)	\$39.2m	\$30.8m	\$39.5m	\$34.7m	\$36.9m
EBITDA ¹ as a % of Revenue	22.1%	18.0%	16.9%	18.3%	21.7%
Depreciation	\$10.9m	\$9.8m	\$21.0m	\$17.8m	\$16.9m
Interest expense	\$2.8m	\$2.2m	\$4.3m	\$3.9m	\$4.1m
EBITDA ¹ /interest expense ²	14.0	14.0	9.2	8.9	9.0
Net profit before taxation	\$26.6m	\$19.5m	\$16.2m	\$16.2m	\$6.5m
Net profit after taxation	\$19.5m	\$14.3m	\$12.3m	\$12.9m	\$4.7m
Net cash flows from operating activities :	\$0.5m	(\$2.2m)	\$28.9m	\$24.2m	\$16.8m

¹ EBITDA a non-GAAP measure, is earnings before interest, tax, depreciation, and excludes any unrealised gains or losses recognised directly in the Income Statement.

² EBITDA¹/interest expense is a measure of the ability of an entity to pay interest on borrowings. The lower the number, the greater the risk that the entity will not be able to pay interest.

Statement of Financial Position

	As at 30 Jun 2022	As at 30 Jun 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2019
	Unaudited	Unaudited	Audited	Audited	Audited
Cash and cash equivalents	\$0.5m	(\$0.7m)	\$6.4m	\$5.4m	\$1.7m
Total current assets	\$84.9m	\$84.2m	\$29.8m	\$27.2m	\$18.0m
Property plant & equipment	\$337.4m	\$270.1m	\$311.3m	\$257.7m	\$205.1m
Total non current assets	\$346.8m	\$284.7m	\$320.6m	\$270.5m	\$216.1m
Total assets	\$431.8m	\$368.9m	\$350.4m	\$297.7m	\$234.1m
Total Interest bearing liabilities	\$173.0m	\$151.0m	\$113.5m	\$105.0m	\$85.0m
Deferred tax	\$18.4m	\$12.7m	\$18.8m	\$13.2m	\$8.9m
Other liabilities	\$38.4m	\$41.6m	\$31.5m	\$28.8m	\$54.2m ³
Total liabilities	\$229.7m	\$205.3m	\$163.8m	\$147.0m	\$148.1m
Equity	\$202.0m	\$163.6m	\$186.7m	\$150.7m	\$86.0m
Debt/EBITDA ⁴	4.4	4.9	2.9	3.0	2.3

³Transactor Share Capital of \$27948m is included in Other Liabilities in 2019. Transactor Share Capital was converted to Ordinary Shares in June 2020 and therefore transferred to equity in 2020.

⁴Debt/EBITDA⁴ is an indicator of the degree to which an entity has borrowed against earnings. The higher the number, the greater the risk that the entity will not be able to pay off its debts.

8. Risks of investing

Introduction

This section describes the following potential key risk factors:

- general risks associated with an investment in the Notes; and
- specific risks relating to EastPack's creditworthiness.

The selection of risks has been based on an assessment of a combination of the probability of a risk occurring and its potential impact (individually or in combination with other key risks) at the date of this PDS. There is no guarantee or assurance that the importance of different risks will not change or that no other risks may emerge over time.

The disclosure of risks in this section does not take account of the personal circumstances, financial position or investment requirements of any particular person. It is important, therefore, that before making any investment decision, you give consideration to the suitability of an investment in the Notes in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

You should carefully consider these risks (together with the other information in this PDS) before deciding to invest in the Notes. This summary does not cover all of the risks of investing in the Notes.

GENERAL RISKS: an investment in the Notes is subject to the following general risks

Credit risk on EastPack

There is a risk that you may not be able to recover your full principal investment and/or any interest due and unpaid on the Notes if EastPack encounters severe financial difficulty or becomes insolvent. In that case EastPack may be unable to meet its obligations under the Notes. If EastPack defers interest payments in accordance with the terms of the Notes, you will not be able to take any action against EastPack, unless an Event of Default subsequently occurs.

The Events of Default relevant to the Notes are more limited than those set out in the Master Trust Deed and are described in more detail in Section 6 (*Key features of the Notes*) of this PDS. The more limited Events of Default for the Notes reflect their subordinated nature. Where an Event of Default exists, the Supervisor or the Noteholders (by direction to the Supervisor following an Extraordinary Resolution) may declare the Redemption Amount (together with any accrued interest) to be due and payable. Accordingly, because the Events of Default for the Notes are more limited than the full set of events of default as set out in the Master Trust Deed, there is less ability for the Supervisor (or Noteholders) to accelerate repayment of the Notes early and this could mean you have to remain as a holder of Notes in certain situations where there is increased credit risk.

Any further issue or repayment of debt securities by EastPack could adversely affect your ability to be repaid and/or the value of the Notes.

See Section 6 (*Key features of the Notes*) of this PDS for more information on the ranking of the Notes in the event of a liquidation of EastPack.

GENERAL RISKS: an investment in the Notes is subject to the following general risks**Secondary market risk**

EastPack does not intend to quote the Notes on a licensed market in New Zealand but the intention is for the Notes to be able to be traded on Syndex, a peer-to-peer trading platform (as more fully described in Section 6 (*Key features of the Notes*) of this PDS). There is a risk that, if you wish to sell your Notes before maturity:

- you may be unable to find a buyer; or
- the price (if any) at which you are able to sell them is less than the amount you paid for them.

These outcomes may arise because of factors related to EastPack's creditworthiness, or because of other factors. These other factors may include the following:

- the fact that a trading market for the Notes never develops, or if it develops, is not very liquid;
- the level, direction and volatility of market interest rates. For example, if market interest rates go up, the market value of the Notes would typically be expected to go down and vice versa;
- the fact that Noteholders seeking to sell relatively small or relatively large amounts of the Notes may not be able to do so at prices comparable to those available to other Noteholders; and
- the subordinated nature of the Notes, possibility of interest payment deferral and optional early Redemption rights for EastPack, may also increase the volatility of the market price of the Notes, and they may be more sensitive generally to adverse changes in EastPack's financial condition than other debt securities.

The likelihood of this risk occurring and its impact on the Notes is more uncertain when markets are affected by domestic and international events or disruptions, like COVID-19 and Ukraine-Russia war. The likelihood of these kinds of disruptions occurring over the term of the Notes, and their impact (both positive and negative) on the price of the Notes, is not known. As such, this risk is particularly relevant over a longer period of time, such as the 5 year term of the Notes.

SPECIFIC RISKS RELATING TO EASTPACK'S CREDITWORTHINESS:

EastPack considers that the main circumstances which could significantly affect, either individually or in combination, the future financial position and financial performance of EastPack, and therefore significantly increase the risk that EastPack may default on any of its payment obligations under the Notes are as follows:

Failure to return a profit

EastPack is currently structured to pack in excess of 50 million trays of kiwifruit. If volumes drop significantly and/or competitive pricing for packing is strong, EastPack may not be able to deliver a profit.

Should volumes fall, the Company has the ability to reduce discretionary expenditure, suspend capital expenditure and not pay dividends to alleviate cashflow shortfalls in a low volume year and maintain solvency.

SPECIFIC RISKS RELATING TO EASTPACK'S CREDITWORTHINESS:

Biosecurity risk

Some of the pests and diseases present overseas could have a severe impact on EastPack's orchards and post-harvest facilities by reducing volumes of kiwifruit, if they got through New Zealand's biosecurity checkpoints. Market access restrictions as a result of a biosecurity event could significantly affect economic returns for the kiwifruit industry, including EastPack.

The impact of biosecurity risk is dependent upon the nature of the biosecurity event. Events that can be contained quickly may only have an impact for one year whilst other events may have longer term ramifications. EastPack has completed scenario analysis to ensure that the Company can manage through a one year event, and for longer term impacts the Company can be managed to maintain solvency through reducing discretionary spending, reducing capital expenditure or restructuring the business. EastPack works actively with Kiwifruit Vine Health (KVH) and Zespri in understanding biosecurity risks and actions.

New Zealand kiwifruit industry

The volume of kiwifruit packed and cooled and pricing for services provided are affected by prevailing global and national economic conditions and may also be affected by climate change generally as well as unforeseeable or extreme events affecting the New Zealand horticultural industry, including the kiwifruit industry.

Economic factors include a downturn in market returns for the fruit, while extreme events could include significant climatic events (such as widespread hail) or outbreaks of disease (such as Psa – *Pseudomonas syringae* pv. *actinidiae*) or community health issues (such as the COVID-19 pandemic). There is also a risk that certain key agricultural chemicals (e.g. Hi-Cane) that are currently used by Growers become unavailable.

Kiwifruit market returns are impacted by large swings in commodity prices and large and uncertain movements in currencies. Geo-political tensions, trade wars and physical wars create uncertainty within the supply chain, freight schedules and pricing mechanisms.

These events and circumstances could impact production, growing ability and/or demand for EastPack's services.

Psa and COVID-19 have both provided timely reminders of the potential impact of external events on EastPack and the wider industry. Therefore, when undertaking capital allocations and projecting future cashflows, EastPack is mindful to review appropriate "downside scenarios" before confirming its position. Downside scenarios include both the impacts on revenue (from drop in volume) and costs (e.g. access to sufficient labour).

<p>Cost and availability of labour</p>	<p>EastPack would typically employ over 3,500 seasonal staff to complete its packing operations. To meet this requirement, the Company pre COVID-19 drew on locals without full time employment and annually employed in excess of 500 staff through the New Zealand Government Recognised Seasonal Employer (RSE) Policy and in excess of 750 staff on Temporary Work Visas. The RSE Policy and Tourist Work Visa regulates supply of temporary labour from overseas. Changes to the RSE Policy, other employment related policies, and the inability of overseas workers to come to New Zealand in the future (such as under the COVID-19 protocols in 2020), could reduce the supply of temporary labour from abroad. The unavailability of overseas labour and the inability to source required labour locally, could impact significantly on the ability to pack fruit as required, potentially reducing efficiency and the volume of fruit packed.</p> <p>The impacts of closed borders as a result of the COVID-19 outbreak have seen the Company and industry implement a number of strategies in 2022 to enable all fruit to be packed with reduced staff numbers. This has included Zespri changing to more efficient packing requirements and providing incentives for the fruit to be harvested more evenly over the year.</p> <p>EastPack invests in building a strong employment brand and building good employee engagement to build a base of seasonal staff who regularly return to EastPack each year for seasonal work.</p> <p>EastPack also invests in strong relationships with both the New Zealand Government to ensure support for employing overseas staff and with offshore governments to source staff. Strong support is provided to overseas staff when in New Zealand.</p> <p>EastPack looks to be competitive in its wage rates to support the recruitment of required staff.</p> <p>EastPack is investing in new technologies to automate the packing operations further and reduce the dependence on seasonal staff. EastPack is also looking to invest in technologies that could extend the window that kiwifruit is packed which could reduce overall staff numbers required.</p>
<p>Capital/ funding constraints</p>	<p>Being Grower owned, EastPack has limitations on its ability to raise equity capital if it wished to invest in a large scale project or initiative. This would likely require EastPack to rely on raising debt finance if it intended to make such an investment, and therefore the Company would be more dependent on the availability of debt finance at the relevant time.</p> <p>Additional debt financing could be in the way of a further note issue or increasing bank financing. It is likely that additional bank financing will rank ahead of the Notes on issue and any additional note issues could either rank equally with, or ahead of, the Notes.</p> <p>In the event that EastPack sought to invest in a major project, the Company would adopt strategies at that time which enabled it to finance the investment in a sustainable manner.</p> <p>The Company is subject to a number of covenants in its banking documents which require the Company to maintain prudent debt levels. These covenants include an equity ratio (total debt/assets), leverage ratio (total debt/earnings) and interest cover ratio (EBIT/interest cost).</p>

SPECIFIC RISKS RELATING TO EASTPACK'S CREDITWORTHINESS:

<p>Pandemic risk</p>	<p>COVID-19 in the 2020 to 2022 seasons presented EastPack with significant challenges to operate effectively. EastPack was able to continue to operate as an essential business during the COVID-19 lock-down but significant additional costs were incurred, productivity was impacted and therefore profitability was impacted. Approximately 50% of EastPack's seasonal workforce in 2020 were from overseas locations.</p> <p>The ability to source labour in the future if borders are closed again or immigration policy changes may impact EastPack's ability to pack Grower's fruit. The global economic impact from the pandemic along with other external events such as the Ukraine-Russia war could also significantly impact demand and the financial returns for kiwifruit.</p> <p>When undertaking capital allocations and projecting future cashflows, EastPack is mindful to review appropriate "downside scenarios" before confirming its position. Downside scenarios include both the impacts on revenue (from drop in volume) and costs (e.g. access to sufficient labour).</p> <p>The Company is also investing in capital projects to reduce the overall staff numbers required to pack the volumes of fruit.</p>
<p>Technology risk</p>	<p>New technology in the post-harvest processing of kiwifruit is likely to be introduced in the future. If competitors were able to establish automation solutions superior to EastPack, this may provide them with a competitive advantage and an ability to provide a similar service at a reduced packing price.</p> <p>EastPack is investing in research and development on automation and other areas of post-harvest operations. The Company also actively engages with suppliers of fruit packing and other technologies to identify areas of potential to ensure the Company is abreast of developments as far as possible.</p>
<p>Natural disaster/fire</p>	<p>EastPack operates six key sites across the Bay of Plenty region with the three largest sites located in Te Puke. A natural disaster such as an earthquake or volcanic eruption could significantly impact the Company's ability to operate. A large scale fire in one of EastPack's larger sites could also significantly impact operations.</p> <p>EastPack has a comprehensive insurance programme for both the assets and loss of profits from disaster events. In the event of loss of one site or part of a site, fruit can be moved to other sites for processing.</p> <p>The Company has regular site risk reviews completed and disaster recovery plans in place. The Company has installed site wide sprinkler systems at its Quarry Road site and intends to fully sprinkler all other sites.</p>
<p>Deregulation of the kiwifruit industry</p>	<p>The export of kiwifruit is governed by the kiwifruit export regulations, which create a single marketer of kiwifruit for exports (Zespri). Should deregulation of the kiwifruit industry occur, this would create significant restructuring within the postharvest sector and could have a significant impact on the returns Growers currently receive for kiwifruit. EastPack would need to develop new marketing arrangements for kiwifruit and financial returns could be reduced.</p> <p>Whilst Zespri currently hold the single desk, the risk of deregulation is mitigated by Zespri's ownership of the Plant Variety Rights for the Gold3 variety and other varieties of kiwifruit. Zespri predict Gold3 production to increase from nearly 98m trays in 2021/22 and around 161m trays in 2026/27*. In 2019 Zespri was supplied 148.7m trays of kiwifruit in total. Therefore, Zespri will remain a significant business in the New Zealand kiwifruit industry in the event of deregulation but would be under much increased competition.</p> <p>*Source: Zespri 2022 5 Year Outlook</p>

9. Tax

Resident Withholding Tax

If you are tax resident in New Zealand or otherwise receive payments of interest on the Notes that are subject to the resident withholding tax (**RWT**) rules, EastPack will deduct RWT from interest paid or credited to you at the relevant rate, unless you produce to EastPack evidence that you are exempt from RWT on or before the Record Date for the relevant payment.

Non Resident Withholding tax

If you are not a resident of New Zealand or otherwise receive payments of interest on the Notes that are subject to the non-resident withholding tax (**NRWT**) rules, EastPack will deduct NRWT from interest paid or credited to you at the relevant rate under New Zealand tax legislation or a relevant double tax agreement.

Indemnity

If, in respect of any of your Notes, EastPack becomes liable to account for withholding taxes, or make any payment of, or on account of, tax payable by you, then EastPack shall be indemnified by you in respect of such liability.

General

Taxes may affect your returns. Future changes to the law may impact the tax consequences of an investment in Notes. The preceding information does not constitute taxation advice to any Noteholder, is general in nature and limited to consideration of New Zealand taxation impacts as at the date of this PDS.

There may be other tax consequences from acquiring or disposing of the Notes including income tax consequences. If you have any queries relating to the tax consequences of the investment, you should obtain professional advice on those consequences in light of your specific circumstances.

10. Who is involved?

	Name	Role
Issuer	EastPack Limited	Issuer of the Notes and maintains the Note Register.
Supervisor	Public Trust	Holds certain covenants on trust for the benefit of the Noteholders, including the right to enforce EastPack's obligations under the Notes.
Arranger	M C Capital Limited	Provides advice and assistance to EastPack in arranging the offer.
Underwriter	AGInvest Trading Limited	Lead Underwriter of the offer.

11. How to complain

Complaints about the Notes can be directed to:

EastPack Limited at:

c/- Company Administrator
1 Washer Road
Te Puke 3119

OR

c/- Company Administrator
PO Box 243
Te Puke 3153
Telephone: 07 573 0900
Email: admin@eastpack.co.nz

If for any reason EastPack is unable to resolve your complaint, please contact:

Public Trust at:

Private Bag 5902
Wellington
Phone: 0800 371 471

Both EastPack and the Supervisor are members of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (**FSCL**) and approved by the Ministry of Consumer Affairs. If neither EastPack nor the Supervisor has been able to resolve your issue, you can refer the matter to FSCL by submitting a complaint form on FSCL's website (www.fscl.org.nz), emailing complaints@fscl.org.nz, calling FSCL on 0800 347 257, or writing to FSCL at PO Box 5967, Wellington 6145. The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may also be made to the Financial Markets Authority through their website (www.fma.govt.nz).

12. Where you can find more information

Further information relating to EastPack and the Notes is available free of charge on the Offer Register, offer number OFR13417 (for example, the Master Trust Deed, Supplemental Trust Deed and EastPack's financial statements). The website for the Offer Register is disclose-register.companiesoffice.govt.nz

A copy of the information on the Offer Register is available on request to the Registrar of Financial Service Providers.

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

13. How to apply

Applications for Notes can be made in the following ways:

For investors who haven't invested with MyFarm previously:

- Applications as an individual and joint individual, by visiting www.invest.myfarm.co.nz
- Applications as a company or trust, by visiting www.syndex.exchange/primary/eastpack-notes

For investors who have already invested with MyFarm or have a Syndex account:

- By visiting www.syndex.exchange/primary/eastpack-notes

If you are not able to process an application online, a paper application can be downloaded from www.myfarm.co.nz/eastpack or requested from the MyFarm Investments team at investments@myfarm.co.nz or by calling 0800 693 276.

Completed forms can be returned to investments@myfarm.co.nz. If you would like to return the form via post, please send to MyFarm Investments, PO Box 91, Feilding 4740 or courier to MyFarm Investments, Level 1, 8 Manchester Square, Feilding 4702.

14. Contact information

	Name	Physical Address	Postal Address	Other Contact Details
Issuer	EastPack Limited	c/- Company Administrator 1 Washer Road Te Puke 3119	PO Box 243 Te Puke 3153	Telephone 07 573 0900 Email admin@eastpack.co.nz Website www.eastpack.co.nz
Supervisor	Public Trust	SAP Tower Level 16 151 Queen Street Auckland 1010	Private Bag 5902 Wellington	Telephone 0800 371 471 Email cts@enquiry@publictrust.co.nz Website www.publictrust.co.nz

15. Glossary

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

Defined Term	Meaning
\$ or NZ\$	New Zealand dollars
5-year Government Bond Rate	The 5-year government bond rate calculated from the average of that rate in the 5 Business Days immediately preceding (but not including) the date of this PDS (in respect of the initial interest rate) or the relevant Reset Date (in respect of the subsequent interest rates), from The Reserve Bank of New Zealand statistics
Arranger	M C Capital Limited
bps	Basis points
Board	The Board of Directors of EastPack
Broker, MyFarm and Underwriter	AGInvest Trading Limited
Business Day	A day (other than a Saturday or Sunday) on which banks are generally open for business in Auckland and Wellington
Closing Date	12 December 2022 at 5pm
Constitution	Constitution of EastPack (as may be amended or replaced from time to time). A copy of the current constitution is on the companies register (administered by the Companies Office) at companies-register.companiesoffice.govt.nz
Deferred Interest	Any interest on the Notes which is deferred due to an Interest Deferral Condition existing at the time of the relevant Interest Payment Date
Director	A director for the time being of the Company
EastPack or the Company	EastPack Limited (NZ registered company 199417)
EastPack Group or the Group	The EastPack group of companies, comprising EastPack and its subsidiaries as at the date of this PDS
Event of Default	For the purposes of this PDS, means certain events of default from the Master Trust Deed, that apply to the Notes in accordance with clause 5.1 of the Supplemental Trust Deed (being only Conditions 17.1(a)(<i>Non-payment</i>) and 17.1(f) (<i>Insolvency</i>) of the Master Trust Deed), which are summarised in Sections 3 (<i>Terms of the offer</i>) and 6 (<i>Key features of the Notes</i>) of this PDS
Extraordinary Resolution	An extraordinary resolution of Noteholders as defined in Schedule 3 of the Master Trust Deed

Defined Term	Meaning
Grower	A "Producer" as defined in the Constitution, being a person who supplies fruit to EastPack or, having ceased to supply fruit to the Company, is in the reasonable opinion of the Board likely to resume doing so
Interest Deferral Condition	A condition under which interest is not permitted to be paid by EastPack on the Notes, as summarised in this PDS and further set out in the Supplemental Trust Deed
Interest Payment Dates	16 February, 16 May, 16 August and 16 November of each year (or if that day is not a Business Day, the next Business Day). The first interest payment date is expected to be 16 February 2023, subject to EastPack's ability to defer interest payments as described in the Supplemental Trust Deed and summarised in this PDS
Issue Date	16 December 2022
Master Trust Deed	The Master Trust Deed dated 4 November 2022 between EastPack and the Supervisor pursuant to which certain debt securities, including the Notes, may be issued (as amended or supplemented from time to time including by the Supplemental Trust Deed), a copy of which is available on the Offer Register
Maturity Date	16 December 2027 (subject to early redemption by EastPack)
Minimum Interest Rate	The minimum interest rate applicable to the Notes throughout the Term, being 8.5% per annum (subject to any increased interest rate applicable under clause 5.4(d) of the Supplemental Trust Deed in relation to Deferred Interest)
Notes	The unsecured, subordinated, fixed rate debt securities being offered in this PDS
Noteholder or you	A person whose name is entered in the Note Register as a holder of a Note
Note Register	The register in respect of the Notes maintained by EastPack
Offer Register	The online offer register maintained by the Companies Office and the Registrar of Financial Service Providers known as "Disclose" and accessible online at disclose-register.companiesoffice.govt.nz offer number OFR13417
Opening Date	14 November 2022
PDS	This Product Disclosure Statement
Principal Amount	The principal amount of the Notes, being \$1 per Note
Record Date	In relation to any payments due on a Note, means 5:00pm on the close of business on the date which is 10 calendar days before the due date for the payment; and if that date is not a Business Day, the Record Date will be the preceding Business Day

Defined Term	Meaning
Redemption	The redemption of your Notes by EastPack and Redeem, Redeemed and Redeeming have corresponding meanings
Redemption Amount	The aggregate of the Principal Amount of the Notes, any unpaid interest and any accrued but unpaid interest as at the applicable date of Redemption
Redemption Date	The date on which the Notes are to be Redeemed
Reset Date	Every 12 month anniversary following the Issue Date
Senior Creditor	All present and future creditors of EastPack which would rank ahead of the Notes in a liquidation of EastPack, as defined in the Supplemental Trust Deed
Supervisor	Public Trust
Supplemental Trust Deed	The Supplemental Trust Deed and appended final terms dated 4 November 2022 between EastPack and the Supervisor, setting out the terms and conditions of the Notes (as amended or supplemented from time to time), a copy of which is available on the Offer Register
Syndex	Syndex Limited
Tax Event	A Tax Event as defined in the Supplemental Trust Deed
Term	The term of the Notes, being 5 years (subject to early Redemption by the Company)
Zespri	Zespri Group Limited (NZ registered company 1027483)



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EastPack
Growers at heart