ZESPRI SHARES
GLOSSARY OF TERMS

Producer An owner of land in New Zealand on which kiwifruit is produced for supply to Zespri; a lessee with a lease of at least one year's duration of land in New Zealand on which kiwifruit is produced for supply to Zespri; and/or a person determined by Zespri to be a producer for the purpose of tradeability of shares.

Priority Producer In most instances, this is the land owner. If the KPIN has a glasgow lease in place, the priority producer is the lessee.

Subsidiary Producer In most instances, this is the lessee of the property. If the KPIN has a glasgow lease in place, the subsidiary producer is the land owner.

Non-Producer / Dry Shareholder A shareholder who does not own or lease a New Zealand kiwifruit orchard that supplies fruit to Zespri in the same legal entity name as they own their shares. Also known as a dry shareholder.

Yearly Production This is the property's trays supplied to Zespri at FOBs each year. It also includes fruit which may not be supplied to FOBS but which Zespri treats as 'paid trays', such as crop managed fruit and fruit Zespri directs to be sold on the domestic market. It is used in the calculation for average production.

Average Production The average of the two highest yearly production figures of the five completed seasons preceding the measurement date (please note that a season is "completed" at the end of the financial year). This is used for the purpose of calculating share and voting entitlements.

Deemed Production This is the number of trays that a Greenfield is estimated to produce annually. This is based on the size of the Greenfield and the average regional production per hectare for all varieties of kiwifruit.

Dividend End Date The date in which a dry shareholder stops receiving dividends. The shares will then be converted to B-Class

Priority Share Entitlement Share entitlement is calculated as 6 shares per 1 tray of average production (also known as share cap). This is provided for each KPIN and totalled for all KPINs where the shareholder is the priority producer.

Subsidiary Share Entitlement The balance of a KPIN's entitlement under the share cap once the priority shareholding has been taken into account. This is provided for each KPIN and totalled for all KPINs where the shareholder is the subsidiary producer.

Maximum Shareholding The sum of priority (owned) and subsidiary (leased) share entitlements. This is the maximum number of shares that can be held on a KPIN or KPINs, and is 6 shares per 1 tray of average production.

Existing Long Term Lease Share Entitlement The Share Entitlement figure only includes your Priority Share Entitlement (i.e. Average Production Trays x 3), however you may also be entitled to Subsidiary Share Entitlement (i.e. up to Orchard Production Trays x 3) if the other producer (i.e. your land owner or lessee) on the Existing Long Term Lease Orchard has not used their entire Priority Share Entitlement.

Existing Long Term Lease Share Allocation The Share Allocation figure includes allocation from both Priority and Subsidiary Share Entitlement. Of this Share Allocation figure, only Average Production Trays x 3 come from your Priority Share Entitlement; any figure over this amount should be considered as Subsidiary Share Entitlement.

Existing Long Term Lease Vote Allocation The Vote Allocation figure includes allocation from both Priority and Subsidiary Vote Entitlement. Of this Vote Allocation figure, only Average Production Trays x 0.5 come from your Priority Vote Entitlement; any figure over this amount should be considered as Subsidiary Vote Entitlement.

Current Shareholding This is the number of shares currently owned by the shareholder.

Available Headroom The difference between maximum shareholding and a producers' current shareholding.

Overshared A shareholder whose current shareholding exceeds the share cap.

Sanction Amount This is the overshared portion of shares that must be sold.

Sanction Due Date This is the date by when the overshared portion must be sold.

Share Allocation Shares (and therefore votes) are allocated across priority KPINs using the below formula (but cannot exceed the property's share entitlement). Once all priority KPINs are fully allocated, any excess shares will be allocated to subsidiary KPINs using the same formula (which again, cannot exceed the property's share entitlement). This formula effectively allocates shares across owned properties in proportion to production.

$$(total\ shares)\ x \left(\frac{property's\ share\ entitlement}{total\ share\ entitlement}\right)$$

Any shares which cannot be allocated due to insufficient entitlement, will result in an overshared portion.

Priority Votes Each priority producer shareholder is entitled to the lesser of: (1) one vote per tray of production; and (2) one vote per share held for each priority KPIN. This is totalled across all priority KPINs.

Subsidiary Votes Each subsidiary (lessee) shareholder is entitled to the remainder of whatever votes have not been allocated to the Priority Shareholder following the same rules of: the lesser of: (1) one vote per tray of production; and (2) one vote per share held.

Vote Allocation At a shareholder level, this is calculated as the sum of priority and subsidiary votes. At a KPIN level this is calculated using the priority vote or subsidiary vote logic described above.

Greenfield Is a new orchard which has been allocated a KPIN in the past 3 years, has not had any kiwifruit grown on it in the 5 years prior to the KPIN being allocated, and is owned by a New Entrant (and leased to a New Entrant if leased).

New Entrant An individual or entity that has not previously owned or leased an orchard or Greenfield (in the last 5 years) and owns or leases a Greenfield.

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Share Ratio	The share ratio is calculated by measuring how many shares a grower has in proportion to their production. For example when we talk about a grower having a 2:1 ratio, this means they own 2 shares for every 1 tray produced. A 2:1 grower could have 100,000 shares and produce 50,000 trays. A different grower could own 6,000 shares and produce 3,000 trays and would also have an alignment ration of 2:1.
Dividend	A sum of money paid regularly (typically in August and December of each year) by Zespri to shareholders that hold Ordinary Shares out of the profits. Zespri's dividend pay-out policy is 70-90 percent of each year's calculated distributable profit. However, payment of dividends isn't guaranteed and is at the discretion of the board of directors.
Ordinary Shares	These are shares that are eligible to receive dividends and allow for voting at our Annual Meeting.
B-Class Shares	These are shares that are no longer eligible to receive dividends. Zespri does not compel its Dry Shareholders with B-Class shares to sell these.
Proxy	A person that must be appointed by a company or other incorporated entity for the purpose of voting on behalf of the company or incorporated entity at the Annual Meeting.
Standing Proxy	Is a proxy that is appointed for a five year period by a company or incorporated entity so that they are not required to appoint a new proxy each year.
Share Alignment	Zespri Share Alignment is the measurement of grower shareholders vs non shareholder growers and the grower shareholding measured against their produced crop
Board of Directors	Are a combination of grower and independent directors that have been voted in by our shareholders for a term of 3 years.
Broker	A broker is an individual or a company who handles customer orders to buy and sell shares. Brokers are licenced professionals in fields where specialised knowledge is required
Glasgow Lease	Means a lease that; a) has a term of 21 years or more; b) is renew able at the option of the lessee; **and** c) is a lease of bare land with lessee improvements
Existing Long Term Lease	Means a lease with: a) with a term of 20 years of more; b) that is not a Glasgow lease; **and** c) that is in effect on the Effective Date;
Effective Date	Means 14 March 2018. This was the date of our constitution change.
Standard Lease	Is a lease that does not meet the criteria of a Glasgow or an Existing Long-Term Lease. A Lessee is required to provide lease documentation to Zespri to determine the type of lease and the lease period. A standard lease must be at least 1 year in duration to be eligible to purchase shares in Zespri.
Market Maker	A 'market maker' is a broker firm that assumes the risk of holding a certain number of shares of a particular company. The Market Maker will buy and sell shares for the purposes of promoting share liquidity and reducing price volatility.
Unlisted Securities Exchange (USX)	The Unlisted Securities Exchange (USX) is a cost-efficient and simple share trading platform for companies to provide liquidity and keep their shareholders informed.