

HUKA PAK ACQUISITION

This update briefs shareholders on Seeka's acquisition of Te Awanui Huka Pak Limited [Huka Pak]. The acquisition is scheduled to take effect on 4 December 2009.

WHO IS HUKA PAK?

Huka Pak is an integrated post harvest and orcharding business based in Totara Street, Mount Maunganui.

Huka Pak:

- > Handles 5.4 million trays of kiwifruit, including approximately 1.4 million trays of Gold;
- > Has long term leases including 30 hectares of Gold;
- > Owns a modern Compac 6-lane grader; and
- > Owns or leases good quality coolstores.

A significant proportion of orchards supplying Huka Pak mature early in the season.

Huka Pak is 41% owned by Te Awanui Whenua Trusts Limited [Te Awanui], and 41% by CMS Limited. CMS holds the management contract for the company. The remaining shares are held by mainly grower shareholders.

Seeka is pleased Te Awanui has decided to become a sizeable shareholder in Seeka as part of this transaction.

WHY IS IT AN ATTRACTIVE PURCHASE?

The purchase of Huka Pak is consistent with Seeka's aim of remaining a leader in the kiwifruit industry, delivering professional services and returns to growers, and excellent returns to shareholders.

The acquisition of Huka Pak is attractive because it:

- > Provides Seeka with access to early fruit supply which it currently lacks;
- > Increases Seeka's kiwifruit volume to approximately 25% market share;
- > Increases Seeka's avocado volume by up to 90,000 trays, or more than 50%;
- > Will be earnings accretive to Seeka shareholders;
- > Gives Seeka access to an exciting collaborative marketing arrangement supplying the Malaysian market;
- > Provides Seeka with further experienced orchard and post harvest personnel.

Huka Pak's early fruit supply is particularly attractive to Seeka. This is because it provides Seeka with fruit at a time when it currently has very little. Further, the fruit

please turn over



Te Awanui Huka Pak packhouse and land

Airport

Land to be leased for 5-40 years

TOTARA ST

HEWLETT'S RD

TOTARA ST



HUKA PAK ACQUISITION, CONTINUED . . .

supply is in excess of Huka Pak's processing capacity. Seeka will be able to process this excess fruit using its existing facilities, thereby increasing its plant utilisation and avoiding the need for Huka Pak to invest in additional processing capacity. This matching of supply with processing capacity delivers benefits to Huka Pak and Seeka suppliers, and Seeka shareholders.

The cancellation of the CMS management contract with Huka Pak will result in cost savings for Seeka as it expects to be able to provide the services currently provided by CMS from within Seeka's management structure.

WHAT ARE THE PAYMENT DETAILS?

- > Seeka is paying \$2.20 per share for the 11.0 million shares in Huka Pak.
 - » Total consideration of approximately \$24.2 million.
 - » Consistent with any company acquisition, Seeka will assume responsibility for Huka Pak's interest-bearing liabilities which are forecast to be \$7.5 million on acquisition.
- > Te Awanui has agreed to use \$6.6 million of the proceeds it receives for selling its shareholding in Huka Pak to subscribe for new shares in Seeka.

» Seeka will issue Te Awanui approximately 1.8 million new Seeka shares at \$3.60 per share.

» These shares represent approximately 12.7% of Seeka's expanded capital, and when combined with Te Awanui's existing shareholding will result in it having a total shareholding of approximately 17%.

» Te Awanui will nominate a Seeka-approved person onto the Seeka Board with this appointment to be voted on by Seeka shareholders at the next Annual Meeting.

> Immediately following the completion of the acquisition of Huka Pak, Seeka will:

» Terminate the CMS management contract. The consideration for this is \$3.9m.

» This termination payment will be expensed in Seeka's accounts in the second six months of 2010.

» Sell the land at Huka Pak's packhouse site to Te Awanui for \$11.0 million and enter into a long-term lease.

» Lease vacant land owned by Te Awanui which is adjacent to Huka Pak's post harvest site for terms of between 5 and 40 years — with rights of renewal.

> Seeka will retain ownership of Huka Pak's post harvest buildings and all plant and equipment.

> As a consequence of the land sale and lease back and the share placement to Te Awanui, the net cash cost of the Huka Pak acquisition reduces from approximately \$28.1 million to \$10.5 million.

» Seeka is able to fund the acquisition of Huka Pak through bank borrowings and does not need to raise additional capital from existing Seeka shareholders.

» Seeka expects its equity ratio to be 43% after the acquisition.

AS A RESULT OF THE ACQUISITION

- > Seeka will increase its market share in the kiwifruit industry to more than 25%. Importantly it gains early supply that benefits all shareholders and growers as it utilises capacity early in the season.
- > Seeka buys a modern coolstore plant and packing equipment.
- > Seeka will deliver incremental earnings to shareholders.
- > Seeka takes over long-term leases including 30 hectares of Gold.
- > Seeka obtains long-standing and experienced personnel.

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Main entrance to Huka Pak