

# Special Meeting of Shareholders

14 February 2019

# Chairman

Fred Hutchings

# Meeting Chairman

Ashley Waugh

# Agenda

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1. Proxies

2. Description of Grower Loyalty Share Scheme

3. Resolution

4. Questions

# Proxies

Proxies received by the company are as follows:

Chairman of the Meeting	7,880,388
Ashley Waugh	1,692,415
New Zealand Shareholder Association	224,424

# Description of the Grower Loyalty Share Scheme

Michael Franks

# Grower Loyalty Share Scheme

In November 2018 Seeka commenced a three stage plan to repay debt, strengthen the balance sheet and provide funds for future growth

The three stages included:

- Capital raise through a 1 for 1.5 rights issue @ \$4.25
- Up to 2.6m new shares in a Grower Loyalty Share Scheme
- Up to 700k new shares in an Employee Share Scheme

Today's business requires approval of the issuance of up to 2.6m shares, this requires a simple majority vote in favour, with grower shareholders not being entitled to vote in favour of the scheme if they will be participating in it

# Stage 1 – Rights Issue Successfully Completed

- \$47.9m raised (after costs) with 11.727m new shares issued
- Shares total 29.317m shares on issue
- Institutions and large individual investors now on the share register, daily share market turnover and liquidity up
- Foreign ownership component of shareholders reduced from approximately 24.9% to 15%
  - It will reduce further with issues under this Grower Loyalty Share Scheme and Employee Share Scheme



## Stage 2 – Grower Loyalty Share Scheme

- Under the scheme Seeka will issue up to 2.6m shares to a trustee
- The offer to participate in the scheme made on an assessment of 2018 production or development equivalent
- Growers will need to have fulfilled their three year supply commitment to be eligible to pay for and take the shares
- Conversion ratio
  - Kiwifruit 1:14
  - Kiwiberry 1:6
  - Avocado 1:3
- The shares are entitled to receive dividends, which will be applied to reduce the loan
- The issue price is based on a 10 day VWAP but not less than \$4.25
- At the end of the term – growers have the option to pay off the residual loan (issue prices less dividends paid) and take the shares, or not

# Benefit to Shareholders

- This scheme secures supply in a competitive environment and rewards growers for their loyalty
- It provides security of supply of fruit to underpin the investment the company is making in its NZ post-harvest infrastructure
- If growers wish to take the shares, they must repay the balance of the loan (issue price less dividends paid). Seeka will receive cash in three years
- Further reduces OIO percentage

There is an option cost of the scheme. It is a non cash cost in the financial statements of approximately \$650k per year

## What about the dilution effect?

- The dilution impact is minimal (\$0.02 per year) because growers pay for the shares in three years
- This scheme supports earnings and loyalty

## In Summary

I would encourage you to support the scheme

It sends an important signal to our growers

It supports the company in its growth aspiration

# Resolution

## Resolution – All votes to be by poll

That Seeka:

- (a) issue up to 2,600,000 ordinary shares of Seeka, at the issue price described in the explanatory notes, pursuant to the Grower Loyalty Share Scheme (“Scheme”) described in the explanatory notes;
- (b) make the loans required pursuant to the Scheme, and described under the heading “Loan” in the explanatory notes, to fund the issue price of the shares referred to in (a).

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*Growers who intend to participate in the Grower Loyalty Share Scheme may not vote for this resolution. These growers include directors Fred Hutchings, Martyn Brick, John Burke and Ratahi Cross. If you do vote for the resolution you will be ineligible to receive shares under the scheme*

# Questions

