

PRODUCT DISCLOSURE STATEMENT

For an offer of Nominal Value Shares in Birchwood Packhouse Limited
Dated 21 September 2017

The issuer under this offer is Birchwood Packhouse Limited.

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 www.companiesoffice.govt.nz/companies/disclose. Birchwood Packhouse Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.



01 KEY INFORMATION SUMMARY

What is this?

This is an offer of Nominal Value Shares in Birchwood Packhouse Limited ("**Birchwood**"). The Nominal Value Shares give you a stake in the ownership of Birchwood. You could receive a return reflecting the performance of Birchwood through rebates or other distributions declared by the board of directors of Birchwood.

If Birchwood runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

About Birchwood

Birchwood is a niche grower owned co-operative providing orchard management services, packing and coolstorage facilities that handles fresh and coolstored kiwifruit. The Company is located in rural Katikati, was incorporated in 1987 and was registered in 1997 as a cooperative.

Purpose of this Offer

The main purpose of the offer is to facilitate the offer and allotment of Nominal Value Shares to Growers who are, or are intending to be, suppliers of kiwifruit to Birchwood.

Key Terms of Offer

Description of Shares

Nominal Value Shares in Birchwood.

Who this offer applies to

Suppliers of Kiwifruit to the Company.

Offer Price

The issue price for each Nominal Value Share is \$0.80 (Nominal Value). Any Nominal Value Shares surrendered will normally be surrendered in exchange for its Nominal Value, or if less, the amount paid up on the Nominal Value Share.

Intended Offer Opening Date

29 September 2017

Closing Date

This is a continuous offer of Nominal Value Shares. The offer therefore has no closing date, but Birchwood is not obliged to accept applications and can suspend offering Nominal Value Shares at any time.

No Fees or Charges

There is no entry, administration, termination or other charge payable in respect of the Nominal Value Shares.

Shareholding Quota

The Company has a Share Quota determined by the Board from time to time. The current Share Quota is one Nominal Value Share for each tray of Class 1 kiwifruit supplied to the Company by the Shareholder. The number of Nominal Value Shares required to be held by each Shareholder is assessed on a rolling 4 year average of actual production. The number of Nominal Value Shares required to be held by a new Shareholder is determined by the Company at the time of initial application for Nominal Value Shares, generally by reference to the historical production by that Grower or the relevant orchard.

For new Shareholders, the Company will issue the appropriate number of shares for their Share Quota. The initial Nominal Value Shares will be issued unpaid. The issue price for the Shares is payable when called by the Company. The Company's practice is to pay up the Nominal Value Shares from rebates by applying 100% of the value of all rebates paid to each Grower Shareholder towards payments of any amounts unpaid on their Nominal Value Shares. Once the Nominal Value Shares are fully paid up, rebates are payable in cash.

How you can get your money out

Birchwood does not intend to quote these Nominal Value Shares on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Nominal Value Shares.

When you no longer transact with the Company, you or the Company may require the surrender of all or any of your Nominal Value Shares.

The consideration payable by the company upon the surrender of each Nominal Value share shall be the lesser of;

- the nominal value of that Nominal Value Share on the date on which the surrender takes effect or, if less;
- the amount paid up on that Nominal Value Share.

Alternative consideration:

- The Board may also at any time determine that the amount to be paid on surrender of all or any Nominal Value Shares is to be an amount reflecting the proportional interest of the holder of this Nominal Value Shares in the shareholders' funds of the Company as at the date on which the surrender is to take effect.

The consideration owed by the Company for the surrender of Nominal Value Shares shall be payable at a date decided by the Board no later than 5 years after the surrender is accepted or deemed to take effect.

Nominal Value Shares are only transferrable when included in the sale and purchase of the property when the property owner or owners are registered Grower Shareholders.

Key drivers of returns

Birchwood considers the current and future aspects of its business that have, or may have, the most impact on its financial performance to be as follows:

1. Maintaining and increasing the volume of fruit processed in each year.
2. Controlling costs and protecting margins.
3. Market pay-out for Growers (e.g. from Zespri): If returns are insufficient, this will impact Growers' abilities to pay for post-harvest services and the growth of the industry, which in turn may affect competitor pressures on pricing for services.

The key strategies and plans the Company has in place for these aspects of the business are as follows:

1. Looking to retain existing Growers and so maintain a stable client base by focusing on its performance in growing (where applicable), picking, packing and coolstoring Growers' fruit to seek to maximise the Growers return on their orchard.
2. Further increasing fruit processing volumes by increasing its client base and assisting existing Growers to increase production on their orchards.
3. Employing, developing and maintaining the best people: Birchwood continues to place a high value on its staff in a wide variety of roles in the business, in recognition of its belief that its staff are key to achieving the best possible results for its Growers and thereby maintaining its client base.
4. Continuing to place a strong emphasis on prudent control of costs.
5. Maintaining awareness of the Birchwood name in the Katikati growing community by distributing advice and information to all kiwifruit growers.

More information about the key drivers of returns, strategies and plans of Birchwood are provided in Section 2 of this PDS – *"BIRCHWOOD AND WHAT IT DOES"*, and in particular under the heading *"Current and future aspects of Birchwood business that may have the most impact on Birchwood financial performance"*.

Key risks affecting this investment

Birchwood considers that the most significant risk factors that could affect the returns received from holding Nominal Value Shares are:

#	Risk	Company's Assessment of Risk
1.	Birchwood's volume of fruit processed declines due to significantly lower fruit volumes supplied to the Company for packing and cooling.	<p>The volume of fruit supplied to Birchwood could decline due to a number of factors, including climatic factors, pests, and disease.</p> <p>If it were to occur then this could have a severe impact on the business and its profitability – particularly given the inability to foresee and so plan for a risk of this nature.</p> <p>The best way for Birchwood to mitigate this risk is strongly controlling fixed costs. If a liquidity issue arose for the business, the Company would look to retain returns, draw on existing facilities to cover any potential shortfalls, and may issue new shares or sell assets to reduce debt.</p>
2.	Lower price for Green kiwifruit Growers than other kiwifruit varieties	<p>Although it is the responsibility of Zespri as the industry's marketer, market returns affect the orchard gate return of Growers. If the orchard gate returns of Green kiwifruit drop significantly, then our Green kiwifruit Grower's ability to pay for our services would be impacted, which would affect the volume of Green kiwifruit supplied to the business for packing and cooling.</p> <p>Birchwood works closely with Zespri and industry organisations to mitigate and anticipate this risk to ensure the demand of Green kiwifruit in the export market and the profitable returns for our Growers of Green kiwifruit.</p>

This summary does not cover all of the risks of investing in the Nominal Value Shares. You should also read Section 7 of this PDS ("RISKS TO BIRCHWOOD'S BUSINESS AND PLANS") and the paragraphs contained under the sub-heading "Current and future aspects of BIRCHWOOD business that may have the most impact on BIRCHWOOD financial performance" in Section 2 of this PDS – "BIRCHWOOD AND WHAT IT DOES".

Where you can find Birchwood's financial information

The financial position and performance of Birchwood are essential to an assessment of this offer. You should also read Section 6 of this PDS ("BIRCHWOOD'S FINANCIAL INFORMATION").

In addition you should read the financial information relating to the Company contained on the Disclose Register (see www.companiesoffice.govt.nz/companies/disclose, in the document entitled "Information incorporated by reference in Product Disclosure Statement for an offer of Nominal Value Shares in Birchwood Packhouse Limited").

TABLE OF CONTENTS

	Section	Page
01	Key information summary	01
02	Birchwood and what it does	07
03	Purpose of the offer	14
04	Terms of the offer	14
05	Key features of Birchwood Nominal Value Shares	14
06	Birchwood's financial information	15
07	Risks to Birchwood's business and plans	16
08	Tax	18
09	Where you can find more information	18
10	How to apply	18
11	Contact information	19
12	Glossary	19

Letter from the chairman –

“ Opportunity to invest in a strong co-operative partnership by becoming a Grower Shareholder in Birchwood ”

Dear Investor

On behalf of the Directors of Birchwood, it is our pleasure to provide you with the opportunity to invest in shares in Birchwood, a company dedicated to the packing, coolstorage and other post-harvest management of kiwifruit in the Bay of Plenty.

Located just minutes south of Katikati and in the heart of prime orcharding country, Birchwood is a flourishing grower co-operative providing superior, cost-effective services to our Growers. An efficient, experienced management team gives you immediate access to the resources you need.

The purpose of this offer is to allow kiwifruit growers the opportunity to invest in the co-operative business of Birchwood where each Grower is treated as more than “just another customer”. Our performance responsibilities go beyond that of a normal packhouse because our Growers are the very people who own our organisation.

We have a long and proven track record of strong financial performance. Our unique Grower community is a tight-knit group who work together to share information, and strive for better results. As a Birchwood Grower shareholder you’ll never feel like another number lost amongst many others.

Read the PDS carefully, seek financial, investment, or other professional advice, and consider the risks presented in the PDS.

Yours faithfully

Murray Goodhue

Chairman

Birchwood Packhouse Limited

02 BIRCHWOOD AND WHAT IT DOES

An overview of Birchwood's history

Birchwood is a Grower owned co-operative which provides orchard management services, packing and cool storage facilities to the kiwifruit industry. Located in rural Katikati, the company was incorporated in 1987 and was registered in 1997 as a co-operative. The co-operative philosophy has since then, been the benchmark applied when making decisions and in the management of the business.

In 2000, an overall increase in client base and volumes packed resulted in a new phase of development taking place. This led to a new grader acquisition, additional coolstore facilities and machinery. As part of Birchwood's strategic planning in 2004, the Directors recognised the company had reached a watershed in its development from increasing fruit volumes of the gold Hort16A variety. In response to the increase of fruit volumes, and to the developments within the industry, it sought out a cornerstone investor shareholder, DMS Progrowers Limited ("DMS"). Shareholders approved DMS taking a 25% share in the company in October 2007 – and the injection of capital has assisted with extensions and upgrades to the existing facility, and the construction of new coolstores in 2008 and 2010. Through their experience in the industry, DMS have been able to add value to Birchwood facilities, methodology and services.

The new Board currently consists of one DMS member, three Birchwood co-operative members and an independent chairman. This has brought a high level of expertise and knowledge to the business.

The strong co-operative partnerships between Birchwood and its client Growers proved extremely beneficial when Psa-V was discovered on a Bay of Plenty orchard in 2010. Since then there has been a shift in focus to assisting Growers with the on orchard challenges associated with growing a crop in a Psa environment.

Most Psa affected Growers progressively grafted to the new G3 gold variety from 2011 through to 2014 with the last Hort 16A crop packed through the packhouse in 2014. Crop volumes packed have increased incrementally since then, reaching record levels in 2016 when 1.78M trays were packed.

To further maximise Grower returns, Birchwood's focus has now shifted to developing a total service, from skilled orchard management, progressive packhouse systems through to modern coolstore facilities.

The Nature of Operations and the Main Activities of Birchwood

The kiwifruit services provided by Birchwood includes the following:

- Quality packing and coolstorage
- Full Harvest and Cartage
- Complete Orchard Management
- Orchard Advisory Service
- Access to Contract Workers

The Kiwifruit Industry

New Zealand's kiwifruit industry is regulated through 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 promoting and selling kiwifruit in overseas markets as well as driving innovation in new varieties and technology.

Current and future aspects of Birchwood's business that may have the most impact on Birchwood's financial performance

Volume of fruit Processed

Birchwood has relatively significant fixed costs and therefore the volume of fruit processed in any year is important. However, the business has historically enjoyed a stable Grower base and subject to the seasonal vagaries and risks to horticulture production, the business can expect relatively stable volumes from year to year.

Recently both the Industry and Birchwood have experienced significant growth in volume. This growth is in part driven by the recovery of the industry from the PSAv outbreak (PSAv had a particular impact on volumes in 2012 and 2013) and is therefore expected to level off in the near future. Another driver of growth over the 2015 and 2016 seasons has been unusually high yields/hectare for Green kiwifruit. Current estimates suggest that yields/hectare from 2017 on will be more in line with historical norms.

Outbreak of pest or disease

A further outbreak of pest or disease such as PSAv or something similar would detrimentally impact Birchwood's financial performance. Since the outbreak of PSAv, Birchwood and the kiwifruit industry more broadly, have become more equipped to mitigate the risk of PSAv and other diseases.

Strict border protection policies administered by the New Zealand Government and industry Crop Protection Programme including Kiwifruit Vine Health (KVH), aim to prevent and mitigate pest and disease incursion. If an incursion were to occur we would implement industry processes set by the New Zealand Government and KVH to prevent the incursion of the pest or disease from spreading. We would provide education and training to our staff to implement such processes, and inform Birchwood Growers of such processes and best practices to mitigate the supply of contaminated fruit to our pack and cool stores. Further, if an incursion were to occur Birchwood would take all steps available to it to control its fixed costs including those significant fixed costs.

Finally, the NZ kiwifruit industry is currently in a significant growth phase. This growth phase is expected to continue in the medium term. Such growth in terms of hectares under cultivation could potentially mitigate or absorb a reduction in per hectare production.

People

Employing, developing and retaining the best people for a wide variety of roles in the business is critical to the performance of the business.

Presently Birchwood has achieved a strong culture and team of motivated and effective people. Maintaining and improving this culture and our people's ability and performance is critical and a key focus for management. Birchwood continually endeavours to make itself the preferred place of employment in the NZ kiwifruit Industry. In this regard Birchwood believes its moderate size is an advantage.

Cost control

Controlling assets employed along with variable and fixed costs, as in any business, is important to Birchwood, especially given the significant level of assets associated costs.

Market payout to Growers

The returns for the fruit are primarily the responsibility of Zespri, the kiwifruit industry's marketer and are the risk of Growers. However, if returns are insufficient, this will impact the ability of Growers to pay for post-harvest services and the growth of the industry which may in turn affect competitor pressures on pricing for services.

Birchwood works closely with Zespri and industry organisations to mitigate and anticipate this risk.

Key Strategies and Plans***Volume of Fruit Processed***

Birchwood endeavours to provide excellent and consistent results and service for our Grower clients. By doing so and also through the provision of worthwhile financial shareholdings the Company seeks to preserve its Growers' loyalty and ongoing commitment.

Through such steps the Company also seeks to grow the business by attracting additional Growers.

Outbreak of pest or disease

If another incursion of an outbreak of pest or disease were to occur, Birchwood would take all practical steps to work closely with the relevant bodies and industry leaders to mitigate the spread of such a pest or disease. The Board and senior management would meet on a regular basis to adapt to the situation and implement a clear plan of direction based on information gathered from government and industry sources to respond to such an outbreak of pest or disease and to control the company's fixed costs.

You should read Section 7 of this PDS ("RISKS TO BIRCHWOOD BUSINESS AND PLANS") if there were a decline in the volume of fruit processed due to an outbreak of pest or disease.

People

Birchwood continually invests in its people to build a strong culture in the workplace, through continued training and competitive wage rates. The Company has strong focus on maintaining its management team and workers operating machinery and equipment by developing their careers while keeping a work life balance for those staff. The loss of such staff could have an adverse effect on the operation of the business.

Cost control

Costs are monitored on a daily basis by senior management and monthly by the Board of Directors. An annual budgetary process involving the Board of Directors ensures that all costs are reviewed and a relevant budget is in place at all times to help measure performance in this regard.

Capital Expenditure within Birchwood is mostly in the form of new equipment to meet industry changes and this expenditure is budgeted and programmed in the strategic plan and regularly updated. The upgrade of the wastewater system has been identified as one of the next large capital expenditure items. Birchwood have been involved in discussions with the Western Bay of Plenty District Council and planning has started to facilitate the new wastewater system.

Currently, the kiwifruit industry is in a growth phase from an increasing volume of kiwifruit in the industry. As long as the Company's facilities can continue to meet supply, the Company's control of its fixed costs will continue to be certain or improve with the increase in volume of kiwifruit packed and stored by the Company.

You should read Section 7 of this PDS ("RISKS TO BIRCHWOOD BUSINESS AND PLANS") if there were a decline in the number of fruit processed due to significantly lower volumes supplied to the Company.

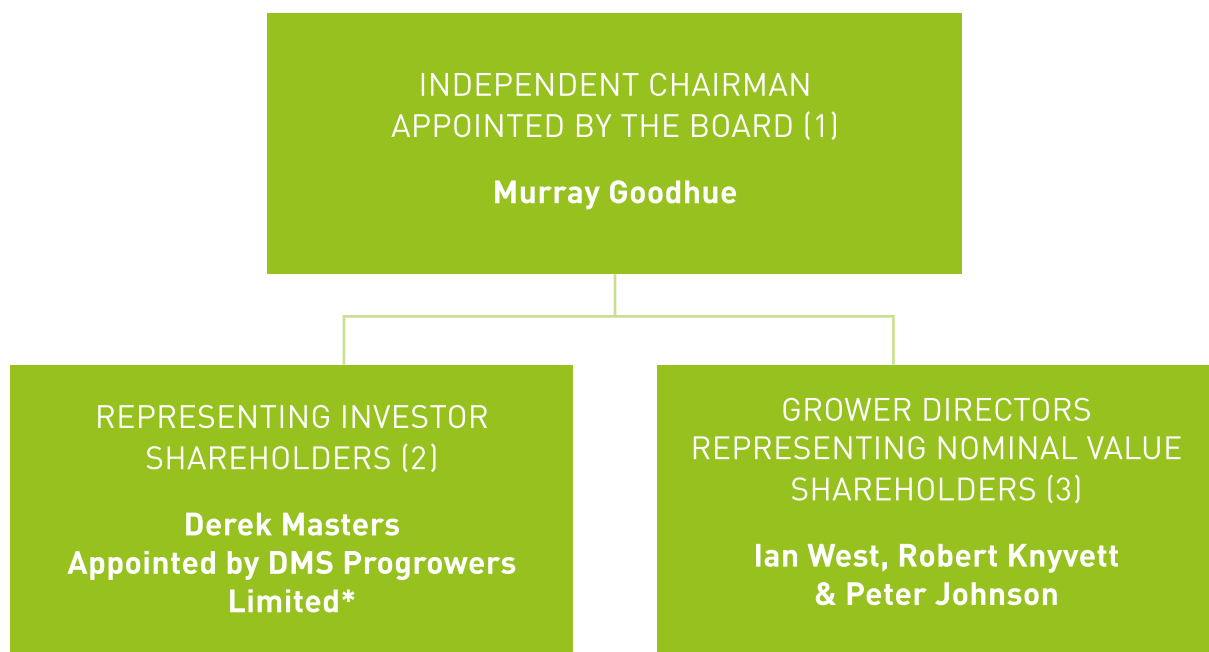
Market payout to Growers

Birchwood is a member of the G6 Kiwi Supply Group. G6 Kiwi Supply is our link to Zespri for the supply of your kiwifruit to Zespri and is also the conduit through which our bare trustee, Birchwood Nominees, receives your grower payments into the Birchwood Grower Pool. Karen Roche (General Manager) is a Director of G6 Kiwi Supply Limited. Through our business relationships and control of our costs, we strive to deliver the best orchard gate returns to our Growers in the industry.

Birchwood Packhouse Limited – Organisation Chart

Board of Directors

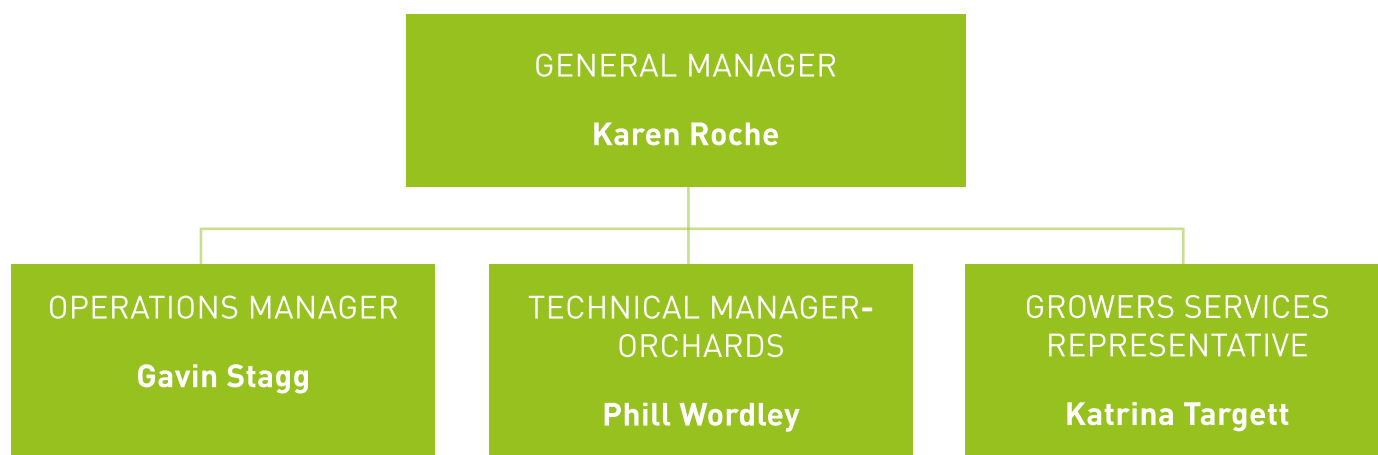
Birchwood's Board of Directors comprises five Directors in total and is structured as follows:



*Under the Constitution, DMS Progrowers Limited ("DMS") are entitled to appoint and remove from time to time not more than 2 directors from Birchwood. DMS currently has one vacant position on the board.

Management Team

The most significant members of Birchwood's Management are identified in the chart below:



Substantial Shareholdings in Birchwood

NAME	Legal Ownership	Class of Share	Percentage of Shares held	Number of Shares held
DMS Progrowers Limited ("DMS")	Registered Holder	Investor	25%	352,696
Andrew Scott and Karen Digglemann	Registered Holder	Nominal Value	6.24%	88,100

Issue of other equity securities

The share capital of the Company is made up of Nominal Value Shares and Investor Shares. As at the date of this PDS there are 352,697 Investor Shares in issue, representing 25% of the total share capital of the Company.

Under Birchwood's constitution, where Birchwood issues new Nominal Value Shares to Grower Shareholders, Birchwood may issue and DMS shall subscribe (pro-rata) for that number of Investor Shares being one third of the number of the new Nominal Value Shares so issued, at the same price and terms as the corresponding Nominal Value Shares.

Also, the Investor Shares to DMS are redeemable under the Companies Act. Under Birchwood's constitution, where Birchwood accepts the surrender of Nominal Value Shares from Grower Shareholders, then Birchwood shall redeem (pro-rata) that number of Investor Shares being one third of the number of the Nominal Value Shares so surrendered, at the same price and terms as the corresponding Nominal Value Shares.

Investor Shares do not have a par or nominal value and rank equally with Nominal Value Shares.

At any meeting of shareholders, the holder or holders of Investor Shares present in person or by proxy shall always carry 25% of the voting power of all shares on issue, notwithstanding the number of shares on issue in any particular class at any one time. The votes of those investor shareholders shall be divided proportionately within the amounts paid up on shareholding held to make up that 25% of the total voting block.

Investor Shares carry the right to participate in any annual dividends declared by the directors of the Company, the quantum of which shall be determined as 25% of the aggregated economic value of annual distributions including rebates.

Investor Shares carry the right to receive 25% of surplus assets upon liquidation.

Rights on liquidation

If Birchwood is put into liquidation, the assets (if any) available for distribution among the shareholders, after payment of creditors, must be distributed as follows:

- (a) 75% to the holders of Nominal Value Shares, which must be divided proportionately amongst them in proportion with the amounts paid up on their shares; and
- (b) 25% to the holders of Investor Shares or shareholders.

Rebates and dividends

The board may distribute the operating surplus (if any) and also any operating surplus from previous years, after deduction of all appropriate costs, expenses and other items, between Nominal Value Shareholders and Investor Shareholders as follows:

- (a) By way of annual rebate among Nominal Value Shareholders in proportion to the actual amount of coolstore, grading and packing charges paid by each Nominal Value Shareholder to the Company during that particular period; and/or
- (b) By way of dividend to Nominal Value Shareholders; and/or
- (c) By way of dividend to Investor Shareholders;

Provided that the aggregated amount of any distribution declared by the Board must be split between the two classes of shareholders in the proportion of 75% to Nominal Value Shareholders and 25% to Investor Shareholders.

The practice adopted by the Board over the past several years has been to solely declare a rebate to Nominal Value Shareholders and a dividend to Investor Shareholders. It has not been the usual practice of the Board to declare a dividend to Nominal Value Shareholders.

Option to acquire securities

All of the Investor Shares are held by DMS. DMS has a Share Subscription Agreement for Investor Shares with Birchwood that provides DMS with a first right of refusal to the issue of Investor Shares, except where the issue will not have the effect of diluting the rights attached to the Investor Shares held by DMS.

Employees' remuneration and other benefits

For the year ended 31 December 2016, the number of employees (including former employees) whose remuneration exceeded \$100,000 were nil.

For the year ended 31 December 2016 the Directors' remuneration fees paid were as follows:

NAME	FEE
MG Goodhue	\$15,000
PM Johnson	\$4,200
RB Knyvett	\$4,200
IT West	\$4,200
QJ Moore	\$4,200
DA Msters	\$4,200

03 PURPOSE OF THE OFFER

The main purpose of the offer is to facilitate the offer and allotment of Nominal Value Shares to Growers who are, or who are intending to be, suppliers of kiwifruit to Birchwood. An offer to you will be based on your production and seasonal volume of crop to determine your shareholding quota in the Company.

There is no specific intended use of the funds raised under the offer. Funds will be used as generic funds (including for working capital requirements and ongoing investment in infrastructure) rather than for specific activities. The use of funds raised under the offer will not change depending on the total amount that is raised.

04 TERMS OF THE OFFER

The terms of the Offer are set out in the Key Information Summary on page 1.

The terms of the Nominal Value Shares are also governed by the Constitution of Birchwood, a copy of which may be viewed at www.business.govt.nz/companies or www.companiesoffice.govt.nz/companies/disclose.

05 KEY FEATURES OF BIRCHWOOD NOMINAL VALUE SHARES

Classes of Shares: The shareholding of the Company is divided into two classes, Nominal Value Shares and Investor Shares. The key features of Birchwood's Nominal Value Shares are as set out in the following table, and further as set out more in the Constitution of Birchwood, a copy of which may be viewed at www.business.govt.nz/companies or www.companiesoffices.govt.nz/companies/disclose.

Nominal Value	Shall have a nominal value of \$0.80 cents.
Voting Rights	At any meeting of shareholders, the holders of Nominal Value Shares present in person or by proxy shall always carry 75% of the voting power of all Shares on issue, notwithstanding the number of Shares on issue in any particular class at any one time. The votes of those Grower Shareholders shall be divided proportionately with the amounts paid up on shareholding held to make up that 75% of the total voting block.
Rights of Distributions	Shall give the holders the right to participate in any annual rebate declared by the directors of the Company, and the right to participate in any annual dividends declared by the directors of the Company.
Rights to Surplus assets upon liquidation	Shall carry the right to receive 75% of surplus assets upon liquidation.
Surrender and Redemption of Shares	The provisions of the Co-operative Companies Act apply to the surrender of Nominal Value Shares.

Rebates and other distributions

For information on Birchwood's rebate and dividend policy see section 2 of the PDS (Issue of other securities - Rebates and dividends).

Neither rebates nor dividends are guaranteed. Rebates and dividends are at the discretion of the directors of the Company and will be declared only after meeting appropriate solvency requirements. The Constitution also requires the Board to set aside from the Company's revenue (prior to declaration of any rebates or dividends) appropriate costs, expenses and other items, as well as appropriate amounts to meet contingencies, as the Board considers necessary or desirable.

Details of payment of rebates and dividends by Birchwood since 1 January 2014 can be found on the offer register at www.companiesoffice.govt.co.nz/companies/disclose, in the document entitled "Information incorporated by reference in Product Disclosure Statement for an offer of Nominal Value Shares in Birchwood Packhouse Limited.

06 BIRCHWOOD'S FINANCIAL INFORMATION

A table providing key financial information about Birchwood (contained in a document entitled "Information incorporated by reference in Product Disclosure Statement for an offer of Nominal Value Shares in Birchwood Packhouse Limited") and full financial statements are available on the Disclose Register at www.companiesoffice.govt.nz/companies/disclose.

If you do not understand this financial information, you can seek advice from a financial adviser or an accountant.

07 RISKS TO BIRCHWOOD'S BUSINESS AND PLANS

Introduction:

Before making an investment you should consider the risks for that investment including their likelihood and the impact they may have on your investment.

This Section 7 describes risks associated with an investment in Birchwood's Shares. For further information on risks associated with this investment, please refer to "1 – KEY INFORMATION SUMMARY" under the subheading: "Key risks affecting this investment".

Specific risks associated with an investment in Birchwood's Nominal Value Shares including our assessment of their significance of these risks, their likelihood and potential impact, and any steps we have taken or can take to mitigate them are as follows:

Risk	Assessment of Risk Comments	Steps Taken to Mitigate Risk
<p>1. Birchwood's volume of fruit processed declines due to significantly lower fruit volumes supplied to the Company for packing and cooling.</p>	<p>Likelihood: Low Impact: High</p> <p>The volume of fruit supplied to the Company for processing could decline due to factors, including climatic factors, pests, and disease.</p> <p>If lower fruit volumes were to occur the impact would be significant to the Company as our operating activities would decline, and our ability to pay for our fixed costs and share redemptions would diminish.</p> <p>The Company's break-even point is approximately 700,000 trays per annum. If our fruit volumes did fall below our break-even point accumulatively over several years, our ability to meet existing obligations arising from financial liabilities, credit facilities and payment of redeemable shares would impact the Company's liquidity.</p> <p>The arrival of <i>Pseudomonas syringae</i> pv <i>actinidiae</i> (PSA v) in New Zealand is an example that affected the Company's fruit volumes in past years.</p> <p>Also, our fruit volumes per year are susceptible to change because of seasonal climatic issues, such as hail, frost and dry or cold weather.</p>	<p>If an event were to occur that would lower our fruit volumes significantly Birchwood would take all steps available to it to control its fixed costs including those significant fixed costs in the business.</p> <p>Also, the Company continually evaluates its liquidity on a going basis. If a liquidity issue arose for the business, the Company would look to retain returns, draw on existing facilities to cover potential shortfalls, and may issue new shares or sell assets to reduce debt.</p> <p>Currently, Birchwood is experiencing a high growth phase in the number of G3 gold kiwifruit packed and cooled through the business as Green kiwifruit Growers are grafting or planting to the G3 gold variety in the wake of higher returns for that variety.</p> <p>This growth phase is expected to continue in the medium term. Such growth in terms of hectares under cultivation could potentially mitigate or absorb a reduction in fruit volumes.</p>

If we were to lose Zespri (the industry's Single Point of Entry (SPE) and marketer) as an SPE, this would have an initial impact on our fruit volumes as well.

The potential impact of such events on the business and its profitability could be significant, particularly given the difficulty in predicting and therefore planning for such occurrences.

We mitigate our risk in respect of pest and disease by following the protection policies and programs set by the New Zealand Government and Kiwifruit Vine Health (KVH). We educate and train our staff to implement such policies and programs, and pass on best practice advice to our Growers to mitigate the supply of contaminated fruit to our pack and cool storage facilities.

Birchwood strongly supports the current SPE structure, and through engagement with our Growers and shareholders, we will continue to help ensure this structure remains.

2. Lower price for Green kiwifruit Growers than other kiwifruit varieties

The price of Green kiwifruit may not be sustainable to the business.

Likelihood: Moderate

Impact: Moderate

Although it is the responsibility of Zespri as the industry's marketer, market returns affect the orchard gate return of Growers. Birchwood has significant fixed costs. If the price for Green kiwifruit remains low compared to G3 gold kiwifruit, there may be no or little margin in profitability for Green kiwifruit Growers in the foreseeable future.

If the orchard gate returns of Green kiwifruit drop significantly, then our Green kiwifruit Grower's ability to pay for our services would be impacted, which would affect the volume of Green kiwifruit supplied to the business for packing and cooling.

Birchwood works closely with Zespri and industry organisations to mitigate and anticipate this risk to ensure the demand of Green kiwifruit in the export market and the profitable returns for our Growers of Green kiwifruit.

08 TAX

Tax can have significant consequences for investments.

If you have any queries relating to the tax consequences of investing in the Nominal Value Shares, you should obtain professional advice on those consequences.

09 WHERE YOU CAN FIND MORE INFORMATION

Offer register

Further information relating to Birchwood and the Nominal Value Shares (including the Company's constitution and financial statements) is available on the Disclose Register at www.companiesoffice.govt.nz/companies/disclose. A copy of such information is available on request to the Registrar at this email address: registrar@fspr.govt.nz. The website for the Disclose register is: www.companiesoffice.govt.nz/companies/disclose.

Further information relating to Birchwood is also available on the public register at the Companies Office of the Ministry of Business, Innovation and Employment. This information can be accessed on the Companies Office website at www.companiesoffice.govt.nz/companies under Birchwood company number 329595.

Further information about Birchwood is also available free of charge on its website, <http://www.birchwoodpackhouse.co.nz/>.

You will receive annual reports and annual audited financial statements for BIRCHWOOD and other communications as and when required to update you on progress. You will also receive a notice stating the availability of such communications and how to obtain copies.

The information referred to in the paragraph above will be made available to you, free-of-charge, upon written request to Birchwood (see the contact details in Section 11).

10 HOW TO APPLY

You should read this PDS carefully before applying for Shares.

Applications to subscribe for Nominal Value Shares should be made by completing the shareholder application form available at www.birchwoodpackhouse.co.nz

If you are not able to access the shareholder application form online, you may contact Birchwood on 07 549 1679 or info@birchwoodpackhouse.co.nz and the Company will send you a copy.

Completed forms can be returned to the Company by post or email. Please see the contact information below in Section 11.

11 CONTACT INFORMATION

Contact details of the Company

Birchwood Packhouse Limited

23 Rea Road

R D 3

KATIKATI 3178

Phone +64 7 549 1679

Email: info@birchwoodpackhouse.co.nz

Web (BIRCHWOOD PACKHOUSE LTD) <http://www.birchwoodpackhouse.co.nz>

12 GLOSSARY

TERM

MEANING

Nominal Value Shares

Nominal Value Shares in Birchwood issued under the terms of the Co-Operative Companies Act 1996 and the Constitution.

Board

The board of directors of Birchwood Packhouse Limited.

Investor Shares

Investor Shares in Birchwood issued under the Companies Act.

Companies Act

Companies Act 1993 (as may be amended or replaced from time to time).

Constitution

Birchwood Packhouse Limited's constitution.

Co-Operative Companies Act

Co-Operative Companies Act 1996 (as may be amended or replaced from time to time)

Birchwood or the Company

Birchwood Packhouse Limited.

Disclose Register

The online register for offers of financial products under the Financial Markets Conduct Act.

Director

A director of Birchwood Packhouse Limited.

Growers

A grower supplying Kiwifruit to the Company.

Offer Register

The register containing information on this offer in this PDS available at www.companiesoffice.govt.nz/disclose.

PDS

This Product Disclosure Statement.