



## **BIRCHWOOD PACKHOUSE LIMITED**



## **INVESTMENT STATEMENT**

# Investment Statement

This is an Investment Statement for the purposes of the Securities Act 1978, prepared as at 13 August 2013, for Birchwood Packhouse Limited (“Birchwood” or “the Company”) which is a company incorporated under the Companies Act 1993, and registered under the Co-operative Companies Act 1996.

The purpose of this Investment Statement is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to acquire new Nominal Value Shares in Birchwood and to bring to the attention of prospective investors the fact that other important information about the Nominal Value Shares in Birchwood is available in other documents.

This Investment Statement relates to a Prospectus dated 13 August 2013 registered under the Securities Act 1978. The Prospectus contains further details of the Offer to which this Investment Statement relates.

Every applicant for Nominal Value Shares in Birchwood that did not receive a copy of this Investment Statement prior to applying for the shares may, within 10 working days of the date on which the Investment Statement is sent to it, withdraw its application by written notice to Birchwood.

## IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

## Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

	Page
What sort of investment is this?	5
Who is involved in providing it for me?	5
How much do I pay?	6
What are the charges?	6
What returns will I get?	7
What are my risks?	8
Can the investment be altered?	9
How do I cash in my investment?	10

Who do I contact with enquiries about my investment?	10
Is there anyone to whom I can complain if I have problems with the investment?	10
What other information can I obtain about this investment?	11

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus upon request.

### **The Financial Markets Authority regulates conduct in financial markets**

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>

### **Financial advisers can help you make investment decisions**

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check—

- the type of adviser you are dealing with;
- the services the adviser can provide you with;
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

## **Investment Statement & Prospectus**

### **Information about Birchwood Packhouse**

Birchwood Packhouse Limited is a niche post harvest operator providing packhouse 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.

In 2000, in response to an overall increase in the client base and as a consequence of the development of Zespri Hort 16A gold variety, a new phase of development took place. This led to a new grader acquisition, additional coolstore facilities and improvements in machinery.

In 2005 as part of Birchwood's strategic planning, the directors recognised the company had reached a watershed in its development. In response to this, and developments within the industry, it sought out a cornerstone investor shareholder – DMS Progrowers Limited, a successful industry leader. Shareholders approved DMS taking a 25% share in their company in October 2007 – and the injection of capital has assisted with extensions and upgrades to the existing facility. This also enabled two new state of the art 400,000 TE coolstores to be commissioned over the period of 2008 and 2010.

At present the Board consists of two DMS members, three Birchwood cooperative members and an independent chairman. This has brought a high level of expertise and knowledge to the business – and confidence for the future.

The strong partnership that exists between Birchwood and its client growers showed its paramount benefit when Psa-V was discovered on a Bay of Plenty orchard in 2010. Since then focus has been on assisting growers with the on orchard challenges associated with growing a crop in a Psa environment.

To maximise returns, focus has been placed on developing a total service, from skilled orchard management through to consultation, progressive packhouse systems and modern coolstore facilities.

As a co-operative, Birchwood provides the best opportunity for its growers into the future – together with transparency in an industry which is becoming increasingly complex. Orchard gate returns achieved in recent years demand the post harvest business offers the best possible price for its services – and grower shareholders stand to add to their returns by way of rebates on packing and efficiencies achieved by a lean management team. Birchwood is well positioned to meet any challenges that may arise in the future.

**1. WHAT SORT OF INVESTMENT IS THIS?**

1.1 The securities being offered are Nominal Value Shares in the capital of the Company, with a present nominal value of \$0.80 each. Nominal Value Shares are issued under the Co-operative Companies Act 1996. They carry the right to participate in any interim or annual rebate declared by the directors and, subject to the Co-operative Companies Act 1996 and the constitution of Birchwood, they can be surrendered at their nominal value. Nominal Value Shares are issued to parties who transact with Birchwood and are paid for in cash or from cash rebates otherwise payable to the shareholder by Birchwood. The total number of Nominal Value Shares on issue at any time carry 75% of the voting power of all shares on issue at that time. Nominal Value Shares are not freely tradable as they may only be held by other transacting shareholders.

1.2 Birchwood also issues a class of share known as Investor Shares, which are not the subject of this offer. Investor Shares enable investors who do not transact with the Company to contribute capital. The Investor Shares on issue at any time carry 25% of the voting power of all shares on issue at that time.

**2. WHO IS INVOLVED IN PROVIDING IT FOR ME?**

2.1 As at the date of this Investment Statement the issuer of the shares is Birchwood Packhouse Limited and the address of the issuer is 23 Rea Road, R D 2, Katikati 3178.

2.2 The names and addresses of the directors of the issuer are as follows:

Murray Gilbert Goodhue	40 Myers Street, Tauranga
Paul Robert Jones	65 School Road, Pongakawa, RD 6, Te Puke
Robert Berners Knyvett	11 Potu Road, RD 1, Katikati
Quintan John Moore	60 Stableford Drive, Pyes Pa, Tauranga
Ian Trevor West	208 Walker Road East, RD 2, Katikati

2.3 The names and address of the Company may change. The names of the directors may change if directors resign, retire or are removed from office, or if new directors are appointed. The current name and address of the Company and the current names of the directors at any particular time can be obtained from the Company by visiting, writing to, or calling the Company at:

The Issuer  
Birchwood Packhouse Limited  
Tel: 07 549 1679  
Fax: 07 549 0181

Address: 23 Rea Road, R D 2, Katikati 3178

or from the Registrar of Companies by viewing the public file in relation to the Company on the Companies Office website at [www.companies.govt.nz](http://www.companies.govt.nz).

2.4 Birchwood carries on business as a kiwifruit packing and coolstore co-operative. The Company also operates managed and leased kiwifruit orchards and arranges logistics services. Birchwood has been carrying on these activities since 1987.

### 3. **HOW MUCH DO I PAY?**

3.1 Birchwood is registered under the Co-operative Companies Act 1996. Under its constitution, the shares have a nominal value of \$0.80. This is subject to change, by special resolution of the shareholders of the Company. At the date of issue of this Investment Statement, the nominal value of the shares is \$0.80, and that is the amount that must be paid by a subscriber.

3.2 The amount payable on each Nominal Value Share is payable upon call by Birchwood. The actual amount of any call is at the sole discretion of the directors of Birchwood. The practice traditionally adopted by Birchwood for payment of the amounts unpaid on shares has been to deduct 100% of the gross amount of any rebates and dividends payable to the holders of Nominal Value Shares, and apply that amount towards the amount unpaid on the shares. The directors reserve the right to alter this practice from time to time as they see fit.

3.3 When you apply for Nominal Value Shares, you are required to provide information about your supplies of kiwifruit from your orchard during the past three seasons, with an estimate of the fruit to be supplied during the next season. Based on this information, Birchwood will determine the number of shares you are required to subscribe for. At the date of preparation of this Investment Statement, you will be required to subscribe for one Nominal Value Share for every tray of class 1 kiwifruit supplied from your orchard, based on an average of the last three seasons and the estimate for the next season. Details of how to apply, and who to pay, can be found on the Application Form distributed with this Investment Statement.

3.4 In accordance with Birchwood's constitution, further Nominal Value Shares may be allotted to or surrendered from a transacting shareholder over time, depending on the number of trays of qualifying kiwifruit supplied by that shareholder to Birchwood in the future.

### 4. **WHAT ARE THE CHARGES?**

4.1 There are no charges payable by the subscriber to the Company, or to anyone associated with the Company, in connection with the issue of the shares, except for the issue price. No commission or brokerage is payable in relation to the issue of Nominal Value Shares.

4.2 In accordance with the Company's constitution, a transacting shareholder will be charged for the cost of picking, grading, packing, coolstorage, transport and the like for its kiwifruit. The amount of those charges will be specified in a

contractual agreement between the transacting shareholder and the Company setting out the terms on which those services are to be provided.

**5. WHAT RETURNS WILL I GET?**

- 5.1 Returns on the shares are generally in the form of rebates, based on the quantity of fruit processed by Birchwood for the transacting shareholder. Birchwood may also pay a dividend on Nominal Value Shares, either in addition to or instead of a rebate.
- 5.2 The amount of any rebate is determined by the board, and is traditionally calculated on the number of trays of Class 1 kiwifruit packed by the transacting shareholder with Birchwood in the relevant season.
- 5.3 No particular amount of returns is promised in relation to the shares. The amount of any rebates will be determined by the success of the business operations of Birchwood. The returns will depend on a number of factors, including the solvency of Birchwood, requirements for capital and operating conditions, as well as those referred to below under the heading "What are my Risks". Any rebates will reflect the level of profits earned by the Company on transactions with shareholders who supplied kiwifruit to the Company. Rebates are generally paid late in the year following the season to which they apply but more recently have been aligned to the year of supply.
- 5.4 Birchwood is legally liable to pay any rebates or dividends if and when declared. Birchwood does not guarantee the return of capital or the amount of returns (if any) in relation to investment arising from this offer.
- 5.5 The maximum value of Nominal Value Shares is fixed at \$0.80 by the constitution of Birchwood. This nominal value cannot increase, unless another party is prepared to purchase the share for an amount higher than its nominal value. The board does not consider this to be likely. In the opinion of the board, there is no established market for the sale of Nominal Value Shares. The value of Nominal Value Shares may decline if the value of the Company's assets is reduced to a level at which Nominal Value Shares would not be paid in full on a liquidation. The nominal value of Nominal Value Shares can also be altered by special resolution of the Company. Further information is set out below under the heading "What are my Risks". The board commissioned Telfer Young to carry out a market valuation of the Company's assets in February 2013. A valuation dated 18 February 2013 valued the Company's assets at \$3,300,000 plus GST (if any). This represents a drop of \$850,000 from the previous market valuation prepared by Telfer Young on 4 October 2010. This drop in value is largely attributed to the effects the vine disease Psa-V has had on the kiwifruit industry.
- 5.6 The returns to holders of Nominal Value Shares may be affected by the right attaching to Investor Shares to participate in any dividends declared by the Company to the extent of 25% of the aggregated economic value of annual distributions by the Company including rebates.

5.7 New Zealand taxes may affect returns to holders of Nominal Value Shares. Wherever possible, dividends paid by the Company will have the maximum available imputation credits attached.

5.8 The above comments and descriptions are of a general nature only. They do not constitute legal advice. Persons considering the purchase, ownership or disposition of shares should consult their own tax advisers.

## 6. **WHAT ARE MY RISKS?**

6.1 Birchwood carries on business in the kiwifruit industry. Any factor affecting the industry's volumes will have an impact on Birchwood. The principal risks of the money paid by applicants for the shares not being recovered in full by the applicant are:

- a. The presence of *Pseudomonas Syringae* PV *Actinidae* ("Psa") will have a significant impact on kiwifruit volumes;
- b. Domestic climatic conditions may have an adverse effect on Birchwood's business activities as these conditions will affect kiwifruit volumes, quality and size;
- c. Anything that affects volume i.e. competitor behaviour;
- d. Fluctuations in national and international kiwifruit volumes, which are key determinants of profitability;
- e. Market access. The Company assumes the continued marketing monopoly of Zespri Group Limited in all export kiwifruit markets except Australia. Any change to current legislation governing the marketing of New Zealand kiwifruit could impact the kiwifruit industry as a whole and the returns growers receive;
- f. Price of materials and labour. Any significant increase in pricing could impact the Company's profit.
- g. If Birchwood's operation and financial performance is worse than expected, the underlying value of the Company could be reduced. In relation to Nominal Value Shares, it is possible that in future the nominal value, and therefore the amount payable by the Company upon surrender, could be reduced by amendment to the constitution of the Company by special resolution of the shareholders;
- h. You are unable to surrender your Nominal Value Shares because the Company is in financial difficulties;
- i. The Company is placed in receivership or liquidation. If this occurs you may receive nothing, or less than your original investment;
- j. You may not receive any return on your investment.

- 6.2 The principal risks of not receiving a return as referred to in the paragraph headed "What returns will I get?" are:
- a. the risks referred to in clause 6.1 above;
  - b. if the directors of the Company determine that the Company will not meet the solvency test (as defined in the Companies Act 1993) after the directors have resolved to pay a dividend;
  - c. if the directors resolve not to pay any dividend;
  - d. if a shareholder does not meet calls on shares; or
  - e. if, in the event of a liquidation of the Company, there are no assets available to pay a dividend.

6.3 The board may allot to any transacting shareholder additional Nominal Value Shares in accordance with clauses 3.3 and 3.4 of the constitution of the Company to cause such transacting shareholder to hold their required share quota as prescribed by the board. In such cases the board may deduct from any moneys payable to the transacting shareholder by the Company such amount as is necessary to pay for the additional shares allotted.

6.4 You will not be liable to pay any money to any person as a result of the insolvency of the Company, provided your Nominal Value Shares are fully paid up. If your shares are not fully paid up, you may be required to pay up the balance outstanding. All creditors of the Company will rank ahead of shareholder claims if the Company is liquidated. After all such creditors have been paid, the remaining assets will be available for distribution amongst the shareholders. The amount available for distribution is paid as to 75% to the holders of Nominal Value Shares (each ranking equally with each other) and as to 25% to the holders of Investor Shares (each ranking equally with each other).

## 7. **CAN THE INVESTMENT BE ALTERED?**

7.1 The investment is a share in a company, and accordingly its terms can be altered by a special resolution of all the members of the Company which alters the constitution of the Company, or by a special resolution of the holders of shares of the same class, which can alter the terms of issue of the shares in that class.

7.2 The board may issue shares that rank as to voting or distribution rights, or both, equally with or in priority to any existing shares in the Company. Any such issue will not be treated as an action affecting the rights attached to existing shares in the Company, unless the terms of issue of those new shares expressly provide otherwise.

7.3 The amount payable in respect of each share cannot be changed, but the amount payable in respect of further shares which may be issued to the subscriber to bring the subscriber up to the required share quota can be

amended by a special resolution of shareholders to alter the nominal value of shares as set out in the constitution.

## **8. HOW DO I CASH IN MY INVESTMENT?**

8.1 The shares can be sold, as set out in clause 15 of the constitution of the Company. The shares will not be listed on any stock exchange. In the opinion of the Company, there is a limited market for the sale of shares.

8.2 Under the constitution of the Company, and under the Co-operative Companies Act 1996, if the subscriber ceases to be a transacting shareholder of the Company, the Company can by agreement with the subscriber accept a surrender of the subscriber's shares. Where the subscriber has not been a transacting shareholder for a period of five years or such other period as may be determined by the board of the Company, or has disposed of or changed the use of the subscriber's property with the result that the subscriber does not have the capacity to be a transacting shareholder, the subscriber can require the Company to accept a surrender of the shares. The amount payable in respect of each share upon surrender will generally be the nominal value of the share at the time or, if it is less, the amount paid up on the share. However, if the payment of nominal value would cause the Company to fail the solvency test under the Companies Act 1993, the constitution sets out a special procedure for determining the consideration.

8.3 The consideration owed by the Company for the surrender of the 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.

## **9. WHO DO I CONTACT WITH MY ENQUIRIES ABOUT MY INVESTMENT?**

9.1 Enquiries about the shares should be made to:

Birchwood Packhouse Limited  
23 Rea Road, RD 2  
Katikati 3178  
Phone: (07) 549 1679  
Fax: (07) 549 0181  
Email: [enquiries@birchwoodpackhouse.co.nz](mailto:enquiries@birchwoodpackhouse.co.nz)

The contact person is Karen Roche, General Manager.

## **10. IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?**

10.1 Complaints about the investment can be made to:

Birchwood Packhouse Limited  
23 Rea Road, RD 2  
Katikati 3178  
Phone: (07) 549 1679  
Fax: (07) 549 0181  
Email: [enquiries@birchwoodpackhouse.co.nz](mailto:enquiries@birchwoodpackhouse.co.nz)

The contact person is Karen Roche, General Manager.

10.2 There is no statutory supervisor and no approved dispute resolution scheme to whom complaints about the shares can be made.

**11. WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?**

11.1 Other information about the shares and about Birchwood is contained in and referred to in a prospectus dated 13 August 2013 and in financial statements registered on the public register at the Companies Office of the Ministry of Economic Development and available online for inspection at [www.companies.govt.nz](http://www.companies.govt.nz). A copy of the prospectus, and of the most recent financial statements of Birchwood, can be obtained, free of charge, from Birchwood (at the address set out in paragraph 9.1 above), or from the Registrar of Companies. A copy of the prospectus is enclosed with this Investment Statement.

11.2 As a shareholder of Birchwood, the subscriber will be provided with an annual report under the Companies Act 1993. The annual report will include the financial statements for the Company.

11.3 The following further information will be available upon request, as required by the Companies Act 1993:

- Certificate of incorporation of the company;
- Constitution;
- Share register;
- Full names and residential addresses of the directors;
- Registered office and address for service;
- Minutes of all meetings and resolutions of shareholders;
- Copies of written communications to all shareholders during the preceding ten years, including annual reports and financial statements;
- Certificates given by directors under the Companies Act 1993;
- Interest register of the Company.

11.4 The information set out in the preceding clause should be requested from Birchwood, at the address set out in paragraph 9.1 above. If a subscriber requires a copy of or an extract from a document which is available for inspection, the Company may require the subscriber to pay a reasonable copying and administration fee, as prescribed by the Company.

## **12. GLOSSARY**

12.1 In this Investment Statement the following words have the following meaning:

“\$” means New Zealand Dollars

“Application Form” means the application form attached to this Investment Statement which applicants must complete and lodge to subscribe for shares.

“board” means the board of directors of Birchwood Packhouse Limited.

“Company” or “Birchwood” means Birchwood Packhouse Limited.

“shares” means the shares offered under the registered prospectus to which this Investment Statement relates.