

24 August 2020



Dear Shareholder

I write to update you on Company progress following on from the 2020 Kiwifruit harvest.

As far as extraordinary events go, the Covid-19 Global Pandemic will be one for the history books, and clearly has more chapters yet to unfold.

Apata navigated this harvest with resilience and agility, successfully harvesting all our Kiwifruit Growers' crops as well as a few late comers taking us slightly over our budgeted volume, albeit at a higher operating cost to satisfy bio security protocols.

I congratulate Apata staff and Growers for their effort and fortitude during this challenging time.

<i>million trays</i>	Industry 2020	Industry 2019	Industry 2018	Industry 2017	Apata Group 2020	Apata Group 2019	Apata Group 2018	Apata Group 2017
Hayward Conventional	67.81	69.44	83.34	65.85	6.49	6.06	7.00	5.32
Hayward Organic	2.77	2.82	3.56	2.79	0.94	0.86	1.10	0.89
SunGold Conventional	86.33	73.72	66.67	52.19	6.40	5.05	4.47	3.53
SunGold Organic	1.47	1.00	0.85	0.74	0.35	0.23	0.23	0.18
Hort16A				0.30				
Sweet Green	0.27	0.40	0.89	1.22	0.01	0.06	0.16	0.24
Total	158.65	147.38	155.31	123.09	14.19	12.26	12.96	10.16

Our supply-chain through to markets is mature and diverse, spread over many markets using a mix of reefer and container shipping and allowing us to continue sending fruit to market. We have seen across the world continued strong demand for fruit high in Vitamin C, with the marketing flexibility to adapt to preferred sales platforms such as on-line commerce.

Zespri's first formal forecast has just come out, a testament to just how resilient the Industry has been to this new environment, a stark contrast to many other Industries and Businesses.

Orchard Gate Return	2020/21 Forecast	2020/21 Forecast	2019/20 Return	2019/20 Return
	(per tray)	(per hectare)	(per tray)	(per hectare)
Hayward Conventional	\$6.66	\$67,849	\$6.67	\$67,295
Hayward Organic	\$9.56	\$60,789	\$9.88	\$63,734
SunGold Conventional	\$11.56	\$165,027	\$11.86	\$161,660
SunGold Organic	\$13.82	\$142,413	n/a	n/a
Sweet Green	\$9.65	\$54,122	\$7.66	\$43,550

Off the back of a very successful syndicated orchard development in Gisborne last year, we secured a large parcel of bare land in Edgecumbe with the intention of a further syndicated offer. NZ Covid category 4 lockdown coincided with the execution of this syndicated offer, so we halted the process

until the picture stabilised. We are now releasing the land in 2 stages – Stage 1 offer is due to close shortly with applications received expected to be significantly more than expectation. Our bank has supported our decision to carry this land for months longer than we anticipated, which is now validated as we see increasing investor appetite following the performance of this sector during these uncertain times. We have considerable interest in the balance of land, so expect the release of this to be a matter of timing and process, although likely we will carry land value on our books over the December 2020 year end.

Our continued work in automation in the packhouse proved useful this year, with the recent challenges of labour mobility fortifying our commitment in this space. Our trials have continued to prove their worth such that we now have a clear roadmap in rolling out automation technology in the next few seasons. Coolstores will be built at our Old Coach Road site over this period as processing volumes increase.

At a macro level the post-harvest sector remains with the challenge of investing up to \$750m in infrastructure to cater for the ever-increasing Gold crop, and we have our share of that challenge. None of this is new, so we continue to hold our strategic course of developing capacity.

2019/20 Avocado export program completed before NZ lockdown, with a welcome uplift in returns for Growers largely from increased yield. Quality in market was excellent this year, and markedly improved on previous year.

Orchard Gate Return	2019/20	2019/20	2018/19	2018/19
	Average (per tray)	Average (per hectare)	Average (per tray)	Average (per hectare)
Export	\$20.23		\$21.68	
Local	\$11.74		\$12.38	
Combined		\$45,961		\$34,664

2020/21 export program has just started, and we're quietly optimistic for our Growers. Crop estimate is 30% up on last season and will be entering a short Australian domestic supply.

Late September we'll embark on our second season of blueberry processing. The program remains small and immaterial to our financial results, however a great opportunity to apply our resource and expertise to yet another product group.

Looking ahead, we're holding a steady course for the remainder of this year, we're in good financial shape, and consider ourselves fortunate to be involved in the NZ Horticulture sector. The future remains in a state of flux and requires us to be alert and agile to respond to change, but if recent experience is anything to go by, we'll be well-placed to respond.

I wish you the best for the remainder of the year and will provide a further update before Christmas.

Best Regards



Graham Cathie
Chairman Apata Group Limited