

News Release

29<sup>th</sup> August 2014

## **Veritas signs deal to buy Nosh Food Market**

Less than a week after Veritas Investments Limited (“Veritas”) announced that it had met profit forecasts and declared increased dividends, it has entered into a conditional agreement to purchase the Nosh Food Market business and assets (“Nosh”) from Nosh Management Limited as a going concern.

For Veritas this will be its third acquisition in 16 months after acquiring the Mad Butcher franchisor business in May 2013 and a 50% holding in Kiwi Pacific Foods in December 2013.

Nosh is a speciality food business that is owned and operated by Nosh Management Limited. Started in 2006, Nosh provides top quality fresh New Zealand and international produce from seven stores. The company has more than 130 staff and generates revenues of more than \$25 million per annum.

Five of the seven current stores are owned by Nosh Management Limited, with one part-owned and one operated as a franchise. Veritas will acquire all of Nosh Management Limited’s ownership and franchisor interests in these stores as part of the purchase. All Nosh staff are being offered ongoing employment by Veritas as part of the transaction.

The acquisition is conditional on Nosh Management Limited shareholder approval at a special meeting, as well as landlord and key supplier consents. Paul Lucas, who holds 88% of the shares in Nosh Management Limited, has undertaken to vote in favour of the transaction. The acquisition is expected to be complete in early September.

The acquisition and expected working capital requirements will be funded by a facility of up to \$5.0 million with ANZ Bank. The purchase price is confidential and is not material.

Veritas Chairman Mark Darrow says “Nosh is a highly desirable and complementary acquisition for us on a number of levels. Nosh is a great brand and fits perfectly into our food service and retail investment strategy. There is a food revolution occurring in New Zealand, encouraged by a plethora of cooking shows on television and a growing base of discerning consumers with a growing knowledge of food and an appetite for quality cuisine. Nosh is one of the best brands in this space.

Nosh has impressive revenues, and we see considerable potential for growth and innovation. Our plan is to invest more in the business and overhaul the underlying supply chain model, refresh the stores and work positively with staff to grow the brand and deliver an even better customer experience. We are confident we can add substantial value to the business.

Whether we further pursue the franchise model or a mixed ownership model will become clearer over time as we begin to operate the business.”

Veritas Director and Mad Butcher CEO Michael Morton adds, “Nosh is complimentary to the other food businesses in the Group and we can leverage off our existing procurement base and supplier relationships. There are undoubtedly synergies available and it gives us a number of exciting development opportunities across the Veritas Group.”

### **About Veritas Investments Limited**

Veritas Investments is an NZX-listed investment company focusing in the Food and Beverage sector. The shell company was formed in December 2011 and made its first acquisition of the Mad Butcher franchisor business in May 2013 through a reverse acquisition transaction. A further investment was made in December 2013 for 50% of Kiwi Pacific Foods Limited. Veritas continues to look for additional acquisitions in the food, beverage and franchise sectors.

### **About Nosh**

Nosh Food Market is a market-style concept in food shopping bringing together the authenticity and expertise of butchery, bakery, delicatessen, the greengrocer and more under one roof. Nosh focuses on quality fresh food and produce at affordable market prices appealing to modern household shoppers. It employs qualified, food-loving people, all experts in fresh produce who enhance the Nosh shopping experience. Nosh enjoys an exclusive distribution arrangement with leading UK grocer Waitrose which provides access to a wide range of exciting international food products including exclusive lines from chefs such as Heston Blumenthal and Delia Smith. Current Nosh stores are located in Glen Innes, Greenlane, Mt Eden, Ponsonby, Constellation Drive, Matakana and Mt Maunganui.

For further comment, please contact:

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