

21 June 2018

EVE to Acquire Leading Australian Organic Tea Tree Oil Producer

Highlights

- EVE has entered a binding share purchase deed to acquire 100% of leading organic tea tree oil producer Jenbrook Pty Ltd for cash consideration of \$2.864m together with paying \$272,040 and issuing 30,226,666 shares to extinguish management loans
- Jenbrook is one of Australia's largest organic tea tree oil producers supplying both local and international markets with high quality tea tree oil and hydrosol
- Acquisition includes its plantation assets and a 49% holding in rapidly growing US distribution business Naturally Australian Products LLC, a prominent natural oils distributor in the USA
- Strong revenue generating, Jenbrook reported revenues of \$2.1 million for FY17 from its tea tree products, with a further unaudited contribution of US\$1.5 million from its subsidiary NAP
- Expands EVE's medicinal products portfolio and provides exposure to established businesses with rapidly growing revenue bases
- The Naturally Australian Products acquisition facilitates direct distribution access to the U.S. market for all of EVE's portfolio of products and allows EVE to capture 49% of the distributors margin
- Shareholder Meeting to be held to approve transaction under Listing Rule 11.1.2

EVE Investments ("EVE" or the "Company") (ASX:EVE) is pleased to announce that it plans to acquire 100% of NSW organic tea tree oil producer Jenbrook Pty Ltd ("Jenbrook") for a cash consideration of \$2.864 million, from Jenbrook founder and sole shareholder, Bryan Easson. EVE will further pay \$272,040 and issue 30,226,666 shares to extinguish management loans.

Jenbrook is an established, Certified Organic tea tree farm in the Northern Rivers Region of NSW Australia. It owns 100% of *Jendale*, a 1,147 acre old growth tea tree plantation, along with 100% of *Robyndale* a 1,000 acre plantation used in the production of organic tea tree oil for distribution throughout the U.S. and Europe. In addition, Jenbrook has a 49% holding in distributor, Naturally Australian Products LLC., a preeminent distributor of natural extracts and oils into the United States.

Through its two tea tree plantations, Jenbrook harvests and sells tea tree oils, extracts and products to its 49% subsidiary, Naturally Australian Products and to third party international customers. It reported unaudited revenues of \$2.1 million for the financial year 2017 from its tea tree products, with a further unaudited contribution of US\$1.5 million from the 49% owned NAP.

Strategic Rationale

By acquiring Jenbrook, EVE will enter into the global organic essential oil, hydrosol and botanical extract market that is growing at 11% CAGR¹. As a leading producer, Jenbrook currently sells 100% of its annual production and targets a material increase in production over the next 12-24 months. Securing a substantial stake in NAP, EVE can benefit across the entire supply chain ensuring maximum exposure to this growing global demand.

This acquisition is expected to bring strong operational synergies with EVE's existing investment in Meluka Health and will provide an important strategic advantage by securing a vertically integrated supply chain for its unique organic raw honey products.

In addition, it provides benefits that directly flow through to EVE via the Joint Opportunities Term Sheet ("Term Sheet") announced to the ASX on 3 May 2018. The Term Sheet provides the opportunity for The Hydroponics Company Limited ("THC") to grow medicinal cannabis on the Robyndale plantation and supply Meluka Health with cannabis for use in the production of a cannabis honey. This Term Sheet is subject to definitive agreements being executed by early July, unless extended. THC will also be responsible for obtaining any necessary regulatory or statutory approvals required for the use of the Jenbrook property for medicinal cannabis purposes.

The acquisition also secures key personnel including Bryan Easson, the founder of Jenbrook who is an innovative farmer and therapeutic goods manufacturer with over 30 years experience. Mr Easson is also a natural therapy specialist responsible for developing numerous innovative techniques, which have been successfully commercialised both within Australian and globally. As founder of NAP, Robyn Ingersole brings 20 years experience in start-up and growth acceleration for businesses in essential oils, natural remedies and cosmetic products industries. Their valuable experience in the sector will contribute towards rapid growth for EVE Investments.

About Jenbrook

The **Robyndale plantation** is a 1,000 acre organically farmed tea tree plantation that produces raw tea tree oil and extracts that are then distributed in the U.S. by Naturally Australian Products. It also supplies organic tea tree products to third party international customers. Robyndale is situated at the heart of the 'Bungawalbyn Valley Basin', an area designated as the 'origin of the tea tree species'.



Image 1 – Bryan Easson inspecting the tea tree crops on the Robyndale Plantation

¹ <https://www.technavio.com/report/global-organic-essential-oils-market-2017-2021>

The **Jendale plantation** is a 1,147 acre organic natural growth tea tree plantation which is harvested to solely produce a high potency tea tree oil. The raw materials from this plantation are used in conjunction with a patented extraction technique that accelerates the aging process of the oil to produce concentrated, active, therapeutic compounds, which are almost exclusively solely sold to Naturally Australian Products. Jendale is used as the primary harvesting location for Meluka Honey's Bees and its botanical species are the basis for the unique honey products it produces.

Naturally Australian Products LLC (www.napproducts.com) is a U.S. registered and based marketing and wholesale distribution business that sells essential oils, carrier oils and hydrosols to an established and growing North American customer base. Founded in 2013 and based in California, Naturally Australian Products is currently undergoing a strong growth phase in an exciting and rapidly growing market segment.



Image 2 – Founders Bryan Easson and Robyn Ingersole on the Robyndale Plantation

Details of the proposed Jenbrook acquisition:

The Company has entered into a Share Purchase Deed with Bryan Easson, Robyn Ingersole and Meluka Health Pty Ltd, for the 100% purchase of Jenbrook. Bryan Easson is the owner of Jenbrook and has the benefit of a management loan. Robyn Ingersole works within the Jenbrook business and has the benefit of a management loan. Meluka Health Pty Ltd is a party as it has agreed to a standstill in respect of existing options it has over some assets of Jenbrook. Meluka Health is currently held as to 50% by EVE.

On completion of the Deed, EVE will pay the sole shareholder, Mr Easson, \$2.864m in exchange for 100% of the shares in Jenbrook. A refundable deposit of \$135,000 was paid on execution of the Deed, which was executed on 19 June 2018, and will be deducted from the \$2.864m at settlement.

At completion and in order to extinguish management loans, EVE will further pay \$272,040 and issue 30,226,666 shares to Bryan Easson and Robyn Ingersole at a deemed issue price of 0.9 cents per share.

At completion, EVE, as a 100% shareholder of Jenbrook, will assume responsibility for bank debt facilities held by Jenbrook as well as various Chattel Loans. These debt facilities total approximately \$700,000 and are used as working capital for the business of Jenbrook and Naturally Australian Products.

Conditions Precedent

Completion of the transaction is subject to the following Conditions Precedent:

- Release or discharging of encumbrances on the Jenbrook Shares (if any);
- Consent from Jenbrook's bank regarding the release and replacement of security interests to the satisfaction of both parties;
- Consent or waiver being received by Jenbrook from Chattel Loan holders to enter into the Deed and replace guarantees; and
- No material breach of any Seller or Buyer warranties occurring.

Additionally, the ASX has advised the Company that shareholder approval under ASX Listing Rule 11.1.2 is required to complete the transaction. The Company will distribute a Notice of Meeting in due course for their consideration at an upcoming General Meeting of the Company.

The conditions precedent are required to be met within 75 days of execution of the Deed (by 3 September 2018).

Management of Jenbrook and Naturally Australian Products

On completion, Jenbrook and Naturally Australian Products will appoint Mrs Robyn Ingersole, a current employee of both companies, to act as Chief Executive Officer of each company.

Further, Mr Bryan Easson, the current shareholder in Jenbrook, will be retained on an initial 1 year term to act as a consultant to Jenbrook.

Seller Loan

At completion a loan of \$272,000 will be provided to Jenbrook by the existing management for working capital. This loan will be interest bearing at a commercial rate of interest and be payable within 12 months from completion.

If completed, the revised company structure and assets would be as below. The transaction will result in no changes to the Board or management of EVE.

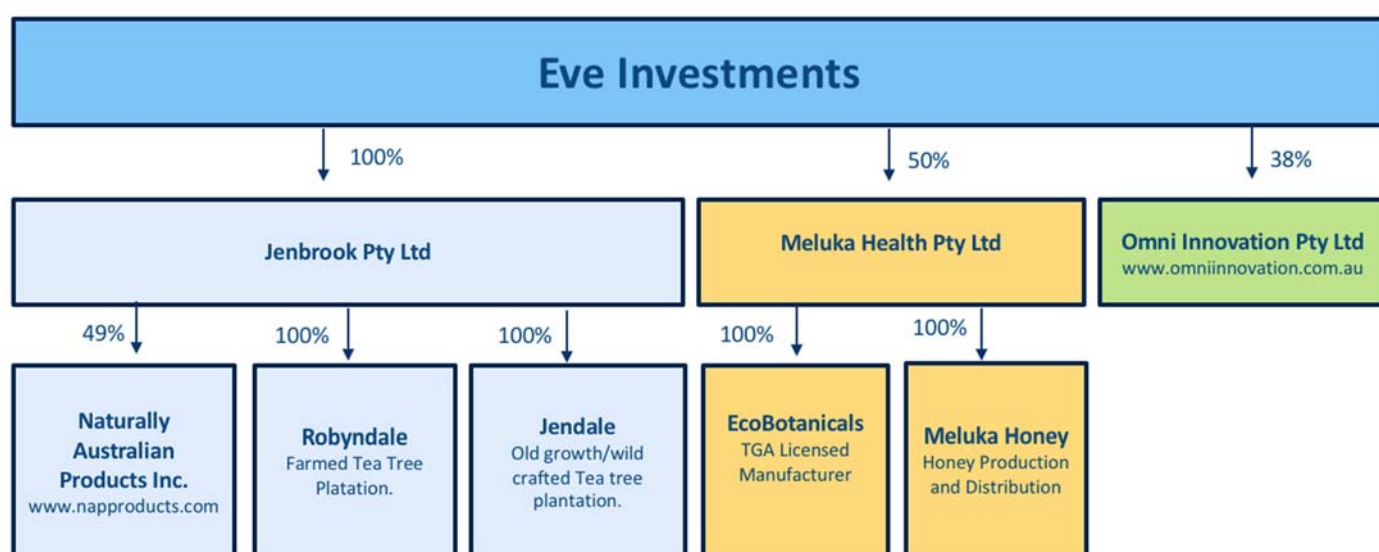


Image 3: Organisational structure on completion of the Share Purchase Deed

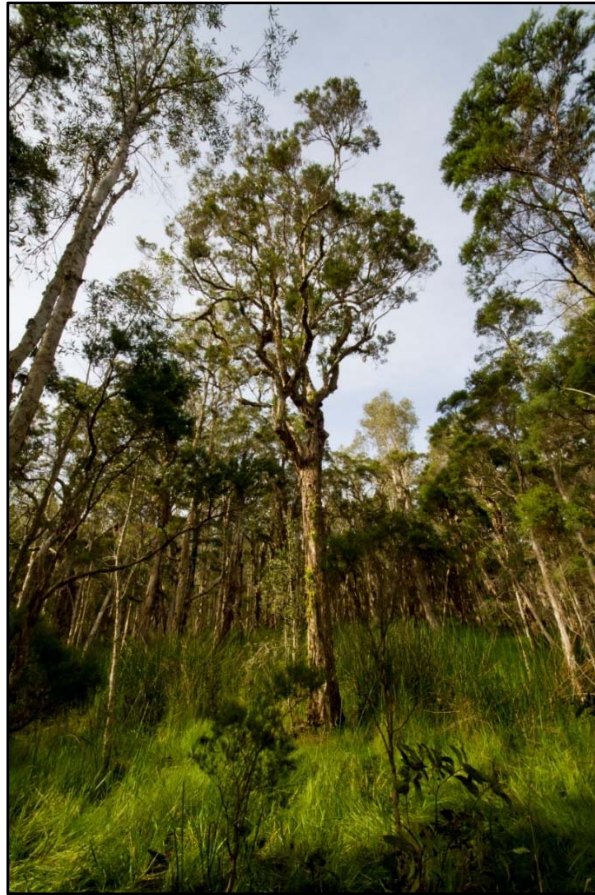


Image 4: A Mother Tea Tree on Jendale identified to be over 1,000 years old.

EVE's Investment Director Ben Rohr commented: *"The acquisition of Jenbrook will be an important step for EVE in terms of establishing a revenue base with tremendous growth opportunities and importantly it creates a strong working synergy with Meluka Honey and the opportunities being pursued with THC. By having ownership of the Jenbrook assets, EVE can exercise greater control over expansion plans for the Jendale plantations whilst EVE's shareholding in NAP will assist with accelerated sales growth for both the Jenbrook and Meluka Honey suite of products."*

For further information:

Ben Rohr
Investment Director
+ 61 8 6465 5500
benr@eveinvestments.com.au

About EVE Investments

EVE Investments invests in technology companies with a focus on the medical nutrition sector. The Company's investment strategy has a three-pronged approach.

1. To invest in businesses that are in the early growth phase with the aim to support their expansion programs.
2. To identify products that have unique medicinal properties and a global reach application.
3. Preference for natural organic products that have demonstrated medicinal benefits.

For further information, please visit www.eveinvestments.com.au and follow us on Twitter [@EVEInvestments](https://twitter.com/EVEInvestments)

About Meluka Health Pty Ltd

Meluka Health Pty Ltd (“Meluka Health”) is a wellness and nutrition company that develops and sells its naturally derived, organic and ecologically pure products created using its old growth Australian Melaleuca tea tree plantation which are acclaimed for their medicinal activity. Meluka Health is currently focused on producing high quality organic medicinal honey and the development of a bee health tonic.

About Jenbrook Pty Ltd

Jenbrook Pty Ltd (“Jenbrook”) is a certified organic tea tree farm in the Northern Rivers Region of Northern NSW Australia. Jenbrook has long term distillation which is carried out to ensure all compounds are extracted to a maximum level to meet the company's high standards and specifications. The Jenbrook group was established to create valuable resources unique to the Northern Rivers of NSW, namely tea tree Melaleuca alternifolia oil.