

NZX Release

14 December 2016

Veritas Investments Market Update

As announced on 9 September 2016, Veritas Investments Limited has entered into a committed term sheet with ANZ in relation to the group's banking facilities, the terms of which have since been formalised by the group's entry into a revised facility agreement in October 2016.

The revised ANZ facility agreement contains a number of undertakings and milestones for the group, including some which relate to the future of Nosh Group Limited, the operating company of the Nosh supermarket business. As previously disclosed, Veritas has been undertaking a number of initiatives to improve Nosh's sales and profitability, and embarked upon a strategy to franchise the 6 stores that are currently under company ownership. This was one of a number of options that the Board has investigated in connection with the future of Nosh, and one that attracted a strong level of response and interest from potential franchisees.

Notwithstanding this, Veritas is required under the revised ANZ facility to deliver to ANZ by 15 January 2017 either an unconditional contract for the sale of Nosh, or a proposal to close and wind down Nosh. Veritas is also required to close and wind down Nosh by 31 March 2017, if it cannot be sold by that date.

Given the time available before 15 January 2017, the Board cannot be certain that a sale of Nosh can be agreed by that date. The Board therefore proposes to investigate the proposal to close and wind down Nosh by 31 March 2017, as part of its strategic plan for the group.

The sale or closure of the loss-making Nosh business would result in non-cash asset write-downs and one-off expenditure related to the sale or closure, although the amount of that expenditure cannot be quantified at this stage. From a go-forward perspective, although the sale or closure of Nosh will result in lower revenue for the group, it is likely to have a positive effect on the group's overall earnings.

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About Veritas Investments Limited

Veritas Investments is an NZX Main Board-listed investment company focusing in the Food and Beverage, Franchise and Hospitality sectors. 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. In September 2014 Veritas acquired the Nosh Food Market business. In November 2014 Veritas acquired The Better Bar Company group business.

www.veritasinvestments.co.nz