



ASX ANNOUNCEMENT

SALE OF GINGER DIVISION TO QUEENSLAND'S HIMSTEDT FAMILY

- *Total consideration c\$13 million subject to customary adjustments*
- *All Ginger Division staff offered opportunity to transfer to new owners*
- *Net proceeds to increase working capital and reduce debt*
- *Post-sale focus on the macadamia business and opportunities in adjacent health and protein food products*

06 August 2020

Buderim Group Limited (ASX:BUG) (**Company**) announces that it has entered into binding agreements with the Queensland-based Himstedt Family (**Himstedt**) to sell the Company's combined ginger and tourism business assets (**Ginger Division**) for total consideration of c. \$13 million subject to customary adjustments (**Transaction**).

The sale is expected to be completed in September 2020 subject to satisfaction of customary conditions precedent including Fiji regulatory approval. The net cash proceeds generated by the sale will be applied to debt reduction and working capital as the Company focuses its resources on expanding the macadamia business and adjacent opportunities.

The Ginger Division assets include:

- The Ginger Factory – the Company's tourist attraction and facility at Yandina, Queensland - including all land, plant and equipment, and related operating assets;
- the brands (including 'Buderim Ginger' and 'The Ginger Factory'), goodwill and intellectual property used in the ginger and tourism businesses; and
- subsidiaries Frespac Ginger (Fiji) Pte Ltd (which conducts the business and activities in Fiji) and Ginger Head Quarters Pty Ltd.

Following the announcement on 15 June 2020, the Company received a number of competing proposals. The Company engaged with all interested parties, and has subsequently entered into the Transaction with the Himstedt Family. Mr Peter O'Keeffe did not participate in the Company's engagement with other bidders due to his conflict as a nominee of Global Foods.

All staff currently employed by the Company with exclusive roles in the Ginger Division will be offered on-going employment by the buyer. Upon completion of the Transaction, the Company's CEO, Mr Andrew Bond, will also transfer with the Ginger Division but has agreed to join the Buderim Group Board as a non-executive director.

Chairman Guy Cowan said "We are very pleased to agree a Transaction with the Himstedt Family that delivers optimal value for our shareholders. At the same time, it is comforting to see that the new owner



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is a renowned family in the food business who will undoubtedly further build on the success of the Ginger Division.”

Commenting on the Transaction, Tom Himstedt said “We are pleased to become the next custodian of this iconic Queensland business, and we are excited by the prospects of its potential. We hope that with the knowledge and skills of the existing Buderim Ginger team and our interest in delivering great products, we will together create an exciting new chapter. We look forward to furthering the long standing grower and customer relationships, as well as being an integral part of the Sunshine Coast community.”

“The Transaction will enable the Company to drive actions consistent with its long term business plan to become a dominant player in branded macadamia products and to explore other potential opportunities in health and plant based protein food product markets,” said Mr Cowan.

The Himstedt Family is one of the most respected families in the food business in Queensland. Following acquisition of Queen Fine Foods in 1978 and until its sale in 2015, the Himstedt Family built the business into an innovative food ingredient branded business.

Transaction – commercial terms

Under the Transaction, the total consideration value is c. \$13 million comprising cash and the assumption of employee entitlements and equipment leases, subject to customary adjustments for net debt and working capital and the outcome of transferring employees.

Completion of the Transaction is conditional on no material adverse property public record searches of the Yandina land within 14 days and obtaining Fiji regulatory approvals (from Investment Fiji, Reserve Bank of Fiji and Fiji CGT tax clearance).

Subject to satisfaction of these conditions, the target completion date is 30 September 2020. As the sale includes the Company's current IT systems, the buyer has agreed to provide access to and use of the IT systems for 6 months after completion to assist the Company transition to its new systems.

As the Transaction does not involve a shareholder with over 10% interest in the Company or a significant change to the nature or scale of its business, no shareholder approval is required for the Transaction to proceed.

The Transaction is otherwise on terms and conditions which are customary for transactions of comparable size, nature and type including provisions as to purchase price adjustments for working capital and net debt, seller representations and warranties and qualifications, limitations and exclusions for warranty liability, tax indemnities in relation to the subsidiaries being sold and restrictions on the Company competing with the businesses sold and interfering with staff and customers for up to 3 years from completion.

This announcement has been authorised for release to the ASX by the Board.

END



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EDITORS NOTES

About the Company

Starting as a small Ginger Growers Cooperative in 1941, the Company today is a long-standing and proudly successful Australian business. It is Australia's leading ginger processor and marketer of confectionary ginger products and through MacFarms in Hawaii is the largest vertically integrated orchard to retail macadamia nut processor and marketer in the USA. The Company's public face is the renowned and highly awarded tourism attraction, The Ginger Factory, located on Queensland's Sunshine Coast.

About Himstedt Family

The Himstedt Family is one of the most respected families in the food business in Queensland. Following acquisition of Queen Fine Foods in 1978 and until its sale in 2015, the Himstedt Family built the business into an innovative food ingredient branded business.



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