



VERITAS INVESTMENTS LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

29 October 2015

Notice is hereby given that the Annual Meeting of the Shareholders of Veritas Investments Limited for the year ended 30 June 2015 will be held at Regatta Room D, Pullman Auckland, Corner Princes Street and Waterloo Quadrant, Auckland 1010, on Thursday, 19 November 2015 commencing at 10:00am.

Important Dates:

- **Meeting time:** 10:00am, Thursday, 19 November 2015
- **Venue:** Regatta Room D, Pullman Auckland, Corner Princes Street and Waterloo Quadrant, Auckland 1010
- **Last date for receipt of Proxy Forms:** 10:00am, Tuesday, 17 November 2015 (being 48 hours before the commencement of the Annual Meeting of Shareholders)

AGENDA

A. Chairman's address

B. Shareholder questions (See Explanatory Note 1)

Consideration of any Shareholder questions submitted prior to the Annual Meeting of Shareholders (to the extent these questions have not already been addressed in the Chairman's address) and any Shareholder questions raised at the meeting.

C. Resolutions

To consider, and if thought fit, pass the following ordinary resolutions:

Resolution 1: Re-election of Michael Morton as a Director (See Explanatory Note 2)

That Michael Morton, who is eligible for election, be re-elected as Director.

Resolution 2: Election of John Moore as a Director (See Explanatory Note 2)

That John Moore, who is eligible for election, be elected as Director.

Resolution 3: Authority for the Board to fix the auditor's fees (See Explanatory Note 3)

That the Board be authorised to fix the fees and expenses of PwC as auditor.

Resolution 4: Approval of the Proposed Buyback (See Explanatory Note 4)

*That Shareholders approve the precise terms and conditions of the proposed acquisition by the Company of 1,000,000 ordinary shares in the Company held by Dirty Tree Pubs 1 Limited, Dirty Tree Pubs 2 Limited and Dirty Tree Pubs 3 Limited, including for the purposes of Rule 7.6.5 of the NZX Main Board Listing Rules and clause 4 of the Takeovers Code (Class Exemptions) Notice (No. 2) 2001, as further described in the Explanatory Notes accompanying the Notice of Annual Meeting of Shareholders dated 29 October 2015 (the "**Proposed Buyback**").*

Directors' recommendation to approve the Resolutions

The Board fully supports the Proposed Buyback and unanimously recommends that Shareholders vote in favour of Resolution 4.

Each Director has indicated that they will be voting the Shares they hold or control in favour of the Resolutions (to the extent permitted).

Voting

Voting entitlements for the Annual Meeting of Shareholders will be determined as at 10:00am on Tuesday, 17 November 2015. Registered shareholders at that time will be the only persons entitled to vote at the Annual Meeting of Shareholders and only the shares registered in those Shareholders' names at that time may be voted at the Annual Meeting of Shareholders.

If you are entitled to vote and wish to do so in person, you should attend the Annual Meeting of Shareholders and bring your Proxy Form with you to the meeting. A corporation may appoint a person to attend the meeting as its representative in the same manner as a proxy is appointed.

Proxies

A Proxy Form accompanies this Notice of Annual Shareholders' Meeting. Any Shareholder who is entitled to attend and vote at the Annual Meeting of Shareholders is entitled to appoint a proxy to attend the Annual Meeting of Shareholders and vote on his or her behalf. A proxy need not be a Shareholder of Veritas.

A Shareholder wishing to appoint a proxy can do so online in accordance with the instructions set out in the Proxy Form, or complete the accompanying Proxy Form and return it to Link Market Services. To be a valid appointment of a proxy, a completed Proxy Form must be submitted to Link Market Services by no later than 10:00am on Tuesday, 17 November 2015 (being 48 hours before the time of the holding of the Annual Meeting of Shareholders). Please see the Proxy Form for ways that you can return your completed Proxy Form to Link Market Services.

If you appoint a proxy, you may either direct your proxy how to vote for you or you may give your proxy discretion to vote as he or she sees fit. If you wish to give your proxy discretion, then you must mark the appropriate boxes to grant your proxy that discretion. If you do not tick any box for a particular resolution, or the form is otherwise unclear, then your instruction will be to abstain. If you mark more than one box on an item your vote will be invalid on that item. The Chair of the Annual Meeting of Shareholders and any Director appointed as a proxy intends to vote in favour of any discretionary proxies granted to him or her on Resolutions 1 to 3, and to abstain any discretionary proxies on Resolution 4.

Resolution requirements

In order for each Resolution to be passed, it must be approved by a simple majority of the votes of Shareholders who are entitled to vote and vote on the Resolution, in person or by proxy.

Voting restrictions

In accordance with clause 2 of Schedule 1 to the Takeovers Code (Class Exemptions) Notice (No 2) 2001:

- Michael Morton and WBM Trustees Limited as trustees of the Michael Morton Family Trust ("**Michael Morton Family Trust**");
- Dirty Tree Pubs 1 Limited (formerly Danny Doolans Limited), Dirty Tree Pubs 2 Limited (formerly O'Hagans Limited) and Dirty Tree Pubs 3 Limited (formerly The Better Bar Company Limited) (together, the "**BBC Vendors**"); and

- their associates (as defined in the Takeovers Code),

are not permitted to vote on Resolution 4.

If the Michael Morton Family Trust, the BBC Vendors or any of their associates is appointed as a proxy, that person will only be able to vote on Resolution 4 in accordance with the express instructions of the Shareholder who appointed him or her, as indicated on that Shareholder's Proxy Form. If no direction is given on Resolution 4, then the proxy holder will, and is deemed to be directed to, abstain from voting.

Presentation materials

Copies of presentation materials from the Annual Meeting of Shareholders will be available online shortly after the Annual Meeting of Shareholders concludes.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Tim Cook', with a stylized flourish at the end.

Tim Cook
Chairman
29 October 2015

EXPLANATORY NOTES

Note 1 – Shareholder questions

If you decide to vote online as per the instructions on the Proxy Form, you will be able to provide your questions as part of that process. Alternatively, please write your questions in the space provided on the Proxy Form and return it to Link Market Services as per the instructions on the Proxy Form.

Note 2 – Re-election of Michael Morton and election of John Moore as Directors

Under NZX Main Board Listing Rules (“Listing Rules”) 3.3.11 and 3.3.12, one Director of Veritas is required to retire from office at the 2015 Annual Meeting of Shareholders. Such Director is eligible for re-election at the Annual Meeting of Shareholders. The Director required to retire at the Annual Meeting of Shareholders is the Director who has been longest in office since his/her last election or deemed election.

Director Michael Morton is due to retire by rotation and, being eligible, has offered himself for re-election at the Annual Meeting of Shareholders. The Veritas Board does not consider that Michael Morton qualifies as an independent director.

A brief profile for Michael Morton is provided as follows:

Michael Morton – MBA (Massey)

Michael Morton has extensive management experience and over 12 years’ experience as CEO of the Mad Butcher business.

Michael’s first management position was Assistant Manager at Stallone’s Pizza Delivery Company; a South Island based pizza chain which later became Eagle Boys Pizza. He was later appointed Operations Manager of that company.

Michael next worked for PepsiCo as Assistant Manager of KFC and then Operations Manager, before moving to Restaurant Brands New Zealand Limited to become General Manager of the Pizza Hut business. In 2000, Michael left Restaurant Brands and joined the Mad Butcher Holdings Limited as CEO under Sir Peter Leitch’s ownership. In 2007, Michael completed the acquisition of the Mad Business Holdings Limited.

Since Michael joined the Mad Butcher business as CEO in 2000, the number of Mad Butcher stores throughout New Zealand has more than doubled to 36.

Following on from the successful acquisition of the Mad Butcher Holdings Limited by Veritas, Michael joined the Board of Veritas as continued his role as CEO of the Mad Butcher.

Under Listing Rule 3.3.6, any person who is appointed as a Director by the Directors shall retire from office at the next annual meeting of the issuer, but shall be eligible for election at that meeting. The Board of Directors appointed John Moore as an Independent Director with effect from 1 December 2014.

Director John Moore is due to retire, has offered himself for election at the Annual Meeting of Shareholders. A brief profile for John Moore is provided as follows:

John Moore – B.Com (Hons), LLB (Hons) (University of Queensland)

John is an experienced investment banker and corporate adviser who has worked in Australia, Hong Kong, Singapore and New Zealand.

John started his career with CS First Boston in Australia in 1993, before moving to Ord Minnett / Jardine Fleming, transferring to Hong Kong in 1997. Joining ABN AMRO in Hong Kong in 1997, he then had various roles in both Equity Capital Markets and Mergers & Acquisitions for ABN AMRO, including being responsible for NZ ECM (2001 – 2003) and holding senior positions in the group's investment banking operations in Asia between 2004 and 2009.

John has been based in New Zealand since 2009 and, from 2010 to early 2014, was Head of ECM for Craigs Investment Partners.

John has experience working with a range of New Zealand companies, including working on the IPOs of Freightways, Skellerup, Summerset, Moa, SLI Systems and the Fonterra Shareholders Fund, as well as transactions for Veritas (the acquisition of Mad Butcher Holdings and the associated equity raising), Goodman Property, Contact Energy and Arrium.

In May 2014, John established Miro Capital Advisory Limited, an advisory firm focused on providing capital markets advice to small and medium sized companies in New Zealand, both listed and unlisted. Miro Capital is an NZX Sponsor firm as well as being an accredited NXT Market Advisor. Miro Capital has worked on transactions for Pulse Energy, Moa, PowerbyProxi, Invivo Wines, Snakk Media, Cooks Global Foods and Martin Aircraft.

Note 3 – Authority for the Board to fix the auditor's fees

PwC is automatically reappointed as auditor under section 207T of the Companies Act 1993. Resolution 3 authorises the Board to fix the fees and expenses of PwC as Veritas' auditor for the ensuing year.

Note 4 – Approval of the Proposed Buyback

Background

On 28 November 2014, Veritas announced that the acquisition of the business and assets of The Better Bar Company group had been completed (the “**BBC Acquisition**”). As part of the BBC Acquisition, 6,964,286 new Veritas shares were issued to the BBC Vendors at \$1.12 per share, as part consideration for the BBC Acquisition.

As announced on 7 May 2015, Veritas and the vendors of the Better Bar Company group agreed to effect certain purchase price adjustments, by a combination of cash and share buyback (the latter being subject to Shareholder approval).

Under the proposed share buyback (“**Proposed Buyback**”), 1,000,000 of the 6,964,286 Veritas shares that were issued to the BBC Vendors as part of the BBC Acquisition (“**Buyback Shares**”) will be repurchased by Veritas and cancelled. Subject to Shareholder approval, the Proposed Buyback will be effected for a total aggregate consideration of \$1.

Further explanation of the rationale of the Proposed Buyback is contained in section 3.1 on page 9 of KPMG's Appraisal Report, which accompanies this Notice of Annual Meeting of Shareholders as Appendix 1.

NZX Main Board Listing Rule 7.6.5

Under the NZX Main Board Listing Rules (“**Listing Rules**”), Veritas may only undertake the Proposed Buyback if it is approved in accordance with Listing Rule 7.6.5. Accordingly, Shareholder approval is sought for the precise terms and conditions of the Proposed Buyback.

In accordance with the Listing Rules, the precise terms and conditions of the Proposed Buyback are as follows:

Number of Shares to be acquired	1,000,000
Purpose of the Proposed Buyback	To effect the final purchase price adjustments for the BBC Acquisition
Acquisition price	Total aggregate consideration of \$1.00 for all of the 1,000,000 Buyback Shares
Parties from whom the Buyback Shares are to be acquired	Dirty Tree Pubs 1 Limited (formerly Danny Doolans Limited) as to 563,472 shares
	Dirty Tree Pubs 2 Limited (formerly O'Hagans Limited) as to 331,054 shares
	Dirty Tree Pubs 3 Limited (formerly The Better Bar Company Limited) as to 105,474 shares
Period of time within which the Proposed Buyback will be made	Subject to Shareholder approval, Veritas intends to effect the Proposed Buyback between 19 November 2015 and 19 November 2016.

The BBC Vendors are "Associated Persons" of Director Richard Sigley for the purpose of the Listing Rules. As Veritas intends to acquire 100% of the Buyback Shares from Associated Persons of Director Richard Sigley, Listing Rule 6.2.2(c) requires this Notice of Annual Meeting of Shareholders to be accompanied by an Appraisal Report prepared in accordance with the Listing Rules.

The Board has commissioned KPMG to prepare an Appraisal Report in accordance with the Listing Rules, and this report accompanies this Notice of Annual Meeting of Shareholders as Appendix 1.

KPMG's report concludes that having regard to the merits outlined in that report, "the consideration and the terms and conditions of the Buyback are fair to Veritas shareholders not associated with the BBC Vendors", and that "the information to be provided by Veritas to its shareholders is sufficient to enable shareholders to understand all the relevant factors and make an informed decision". Shareholders should consider the KPMG report in full to understand the context and information relied upon when KPMG reached its conclusions.

Takeovers Code and Takeovers Code (Class Exemptions) Notice (No. 2) 2001

A fundamental rule of the Takeovers Code is that subject to certain exceptions, a person who holds or controls 20% or more of the voting rights in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company. This rule applies whether or not this occurs because the holder acquires more shares, or because the code company cancels other shares.

Veritas is a code company. As at the date of this Notice of Annual Meeting of Shareholders, the Michael Morton Family Trust holds 34.72% of the Veritas shares on issue and therefore, the same percentage of the voting rights in Veritas.

Under clause 4 of the Takeovers Code (Class Exemptions) Notice (No. 2) 2001 (“**Exemption Notice**”), a shareholder is permitted to retain its increased voting rights if the buyback is approved by ordinary resolution. This is subject to the conditions in schedule 1 of the Exemption Notice, including the provision of a report from an independent adviser on the merits of the offer. The Board has commissioned an independent adviser’s report from KPMG for this purpose, which is attached as Annexure 1 to this Notice of Annual Meeting of Shareholders.

KPMG’s report concludes that having regard to the merits outlined in that report, the Proposed Buyback is “in the interests of Veritas shareholders not associated with the BBC Vendors and the Michael Morton Family Trust and the consideration and the terms and conditions of the Buyback are fair to Veritas shareholders not associated with the BBC Vendors”. Shareholders should consider the KPMG report in full to understand the context and information relied upon when KPMG reached its conclusions.

The Proposed Buyback, if approved by Shareholders and effected, will result in the Michael Morton Family Trust increasing its voting control in Veritas as follows:

	Before the Proposed Buyback	After the Proposed Buyback
Total number of Veritas shares on issue:	44,306,618	43,306,618
Number of shares held/controlled by the Michael Morton Family Trust:	15,384,615	15,384,615
Percentage of Veritas shares held/controlled by the Michael Morton Family Trust:	34.72%	35.52%
Maximum percentage of Veritas shares that the Michael Morton Family Trust and its associates could hold or control, in aggregate, if Veritas acquired the approved the Buyback Shares¹	-	35.52%
Increase in percentage of Veritas shares held/controlled by the Michael Morton Family Trust after the Proposed Buyback:	-	0.80%
Number Buyback Shares:	1,000,000	N/A
Buyback Shares represent the following percentage of all Veritas shares on issue:	2.26%	N/A

The \$1.00 aggregate consideration for the Proposed Buyback will be payable upon Veritas’ acquisition of the 1,000,000 shares subject to the Proposed Buyback.

The information in the table above, which is required by clause 3 of Schedule 1 to the Exemption Notice, is based on the following assumptions:

- that the number of voting securities in Veritas is the number of voting securities on issue on 28 October 2015;

¹ No associates of the Michael Morton Family Trust are also relying on the Exemption Notice.

- that there is no change in the total number of Veritas' voting securities on issue between 28 October 2015 and the date on which the Proposed Buyback is completed, other than as a result of the Proposed Buyback;
- that the Michael Morton Family Trust does not participate in the Proposed Buyback;
- that there are no associates of the Michael Morton Family Trust for the purposes of the Takeovers Code;
- that Veritas acquires all of the Buyback Shares under the Proposed Buyback; and
- all of the Buyback Shares are cancelled immediately upon acquisition by Veritas.

The increase in the Michael Morton Family Trust's voting control in Veritas that would result from the Proposed Buyback would, if approved by Shareholders, be permitted as an exception to rule 6(1) of the Takeovers Code in reliance on clause 4 of the Exemption Notice. In accordance with clause 2 of Schedule 1 to the Exemption Notice, the Michael Morton Family Trust, the BBC Vendors and their associates (as defined in the Takeovers Code) are not permitted to vote in favour of Resolution 4.

The Board believes it would not be appropriate for the Michael Morton Family Trust or other shareholders to be forced to sell down their existing shareholdings as a result of the Proposed Buyback.

The Directors of Veritas unanimously recommend approval of the Proposed Buyback, because:

- the aggregate consideration for 1,000,000 shares subject to the Proposed Buyback is \$1.00;
- the Proposed Buyback is being undertaken at effectively no cost to Veritas;
- every shareholder's proportional ownership and control in Veritas (other than the BBC Vendors) will increase (although not to a material extent);
- the Proposed Buyback is not likely to have an adverse effect on Veritas' share price;
- the Proposed Buyback is not likely to have an adverse effect on the liquidity of Veritas' shares;
- the 0.80% increase in the Michael Morton Family Trust's voting control in Veritas is not a meaningful increase in the Michael Morton Family Trust's control over Veritas; and
- immediately after the Proposed Buyback (the aggregate consideration for which is \$1.00), the Company will be able to pay its debts as they become due in the normal manner and the value of the Company's assets will exceed the value of the Company's liabilities.

KPMG's view on the key benefits of, and the key disadvantage associated with, the Proposed Buyback is set out in section 3.7 on page 15 of its independent adviser's report, which accompanies this Notice of Annual Meeting of Shareholders as Appendix 1.

Implications of failure to obtain Shareholder approval for the Proposed Buyback

If Shareholder approval is not obtained for Resolution 4, Veritas would not be permitted from undertaking the Proposed Buyback under the Listing Rules. If this occurs, the Board intends to call a special meeting of Shareholders within three months of the date of the Annual Meeting of Shareholders to seek Shareholder approval for the Proposed Buyback at that meeting. If, at that

special meeting of Shareholders, Shareholders do not approve the precise terms and conditions of the Proposed Buyback, then the Proposed Buyback will not occur.

Disclosure document for the purposes of the Companies Act

Under section 60(1)(b)(ii) the Companies Act, the board of a company may make an offer to acquire shares issued by the company if the offer is:

- an offer to one or more shareholders to acquire shares that is expressly permitted by the constitution; and
- made in accordance with the procedure set out in section 61 of the Companies Act.

Veritas' constitution permits Veritas to undertake a non-pro rata acquisition of its own shares in accordance with the Companies Act, subject to the Listing Rules.

Under the Companies Act, the Board may make an offer for the Proposed Buyback only if it has previously resolved:

- that the Proposed Buyback is in the best interest of Veritas;
- that the Proposed Buyback is of benefit to the remaining Shareholders;
- that the terms of the Proposed Buyback and the consideration offered for the shares are fair and reasonable to Veritas and the remaining Shareholders; and
- that it is not aware of any information that will not be disclosed to Shareholders:
 - which is material to an assessment of the value of the shares; and
 - as a result of which the terms of the offer and consideration offered for the shares are unfair to shareholders accepting the offer.

The Board passed a resolution to the above effect on 27 October 2015, and each Director signed a certificate as to matters set out in that resolution. The Board's reasons for voting in favour of that resolution were:

- the aggregate consideration for 1,000,000 shares subject to the Proposed Buyback is \$1.00;
- the Proposed Buyback is being undertaken at effectively no cost to Veritas;
- every shareholder's proportional ownership and control in Veritas (other than the BBC Vendors) will increase (although not to a material extent);
- the Proposed Buyback is not likely to have an adverse effect on Veritas' share price;
- the Proposed Buyback is not likely to have an adverse effect on the liquidity of Veritas' shares;
- the 0.80% increase in the Michael Morton Family Trust's voting control in Veritas is not a meaningful increase in the Michael Morton Family Trust's control over Veritas; and
- immediately after the Proposed Buyback (the aggregate consideration for which is \$1.00), the Company will be able to pay its debts as they become due in the normal manner and the value of the Company's assets will exceed the value of the Company's liabilities.

Before an offer is made pursuant to the Proposed Buyback, Veritas is required to send to each Shareholder a disclosure document that complies with section 62 of the Companies Act ("**Disclosure Document**"). That Disclosure Document accompanies this Notice of Annual Meeting of Shareholders as Annexure 2.

The Companies Act prohibits the Board from making an offer for the Proposed Buyback if before the making of the offer:

- the Board ceases to be satisfied that the Proposed Buyback is in the best interests of Veritas and of benefit to remaining Shareholders;
- the Board ceases to be satisfied that the terms of the Proposed Buyback and the consideration offered for the shares are fair and reasonable to Veritas and remaining Shareholders;
- the Board becomes aware of any information that will not be disclosed to Shareholders:
 - which is material to an assessment of the value of the shares; and
 - as a result of which the terms of the offer and consideration offered for the shares are unfair to shareholders accepting the offer.

Subject to Shareholder approval being obtained for Resolutions 4 and 5, the Board will advise the market prior to undertaking the Proposed Buyback.

NZX review and approval

NZX has reviewed and approved this Notice of Annual Meeting of Shareholders under Listing Rule 6.1. NZX accepts no responsibility for any statement in this Notice of Annual Meeting of Shareholders.

DIRECTORY

VERITAS INVESTMENTS LIMITED

Ground Floor, Building B
95 Ascot Avenue
Greenlane
Auckland 1051

SHARE REGISTRAR

Link Market Services Limited

Level 7, Zurich House
21 Queen Street
Auckland 1142

SOLICITORS

Harmos Horton Lusk Limited

Level 37, Vero Centre
48 Shortland Street
Auckland 1140

AUDITORS

PwC

PwC Tower
188 Quay Street
Auckland 1140

ANNEXURE 1

**KPMG'S INDEPENDENT ADVISER'S AND APPRAISAL REPORT
ON THE PROPOSED BUYBACK**



cutting through complexity

Veritas Investments Limited

Independent Adviser's and
Appraisal Report on the
proposed Buyback of Veritas
shares from interests associated
with Veritas Director Richard Sigley

October 2015

kpmg.co.nz



Statement of independence

KPMG confirms that it:

- a) Has no conflict of interest that could affect its ability to provide an unbiased report; and
- b) Has no direct or indirect pecuniary or other interest in the Buyback considered in this Report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this Report.

KPMG has satisfied the Takeovers Panel and the NZX, on the basis of the material provided to the Panel and NZX, that it is independent under the Takeovers Code and NZX Listing Rules for the purposes of preparing this Report.



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The Directors of Veritas Investments Limited not associated with Richard Sigley
Ground Floor
Building B
95 Ascot Avenue
Greenlane
Auckland 1051

9 October 2015

Dear Directors,

Independent Adviser's and Appraisal Report on the merits of the proposed buyback of Veritas shares from interests associated with Veritas Director Richard Sigley

Veritas Investments Limited ("Veritas") has, subject to shareholder approval, entered into an agreement with the vendors of The Better Bar Company ("BBC Vendors") to buyback 1,000,000 of the 6,964,286 Veritas shares issued to the BBC Vendors as part consideration for the acquisition of The Better Bar Company businesses, for a total consideration of \$1 ("the Buyback"). If the Buyback is approved the shares will be acquired by Veritas and then immediately cancelled. The Buyback involves shares held by the BBC Vendors who are associated with Veritas Director Richard Sigley and triggers provisions of the NZX Listing Rules that require the Buyback to be approved by an ordinary resolution of the shareholders of Veritas not associated with the BBC Vendors.

Michael Morton and WBM Trustee Limited as trustees of the Michael Morton No.2 Family Trust (together, the "Michael Morton Family Trust") hold 34.72% of Veritas shares on issue and therefore have 34.72% of the voting rights in Veritas. The Buyback, if approved by shareholders and effected, will result in the Michael Morton Family Trust increasing its voting control in Veritas to 35.52% by virtue of the reduction in the total number of Veritas shares on issue following the cancellation of the bought-back shares. This increase in voting control triggers provisions of the Takeovers Code Approval Order (2000) ("Takeovers Code"), that prohibit such an increase in control. An exemption to the rule is available under the Takeovers Code (Class Exemptions) Notice (No 2) 2001 if, among other things, the Buyback is approved by way of an ordinary resolution of Veritas shareholders.

Veritas intends to seek shareholder approval for the Buyback at its next Annual General Meeting, on 19 November 2015. The provisions of the NZX Listing Rules and the Takeovers Code (Class Exemptions) Notice (No 2) 2001 require that the Notice of Annual Meeting be accompanied by an Appraisal Report and an Independent Adviser's Report respectively.

The Directors of Veritas have requested that KPMG prepare an Appraisal Report and an Independent Adviser's Report on the merits of the Buyback to assist Veritas shareholders (not associated with the BBC Vendors and the Michael Morton Family Trust) in assessing the Buyback. To avoid duplication KPMG has combined the requirements of both reports into one single report.

Yours sincerely

Simon Wilkins
Partner
Deal Advisory

Alexa Preston
Consultant
Deal Advisory

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Glossary

BBC	The Better Bar Company
BBC Acquisition	Veritas' acquisition of the business and assets of BBC
BBC Vendors	Dirty Tree Pubs 1 Limited (formerly Danny Doolans Limited), Dirty Tree Pubs 2 Limited (formerly O'Hagans Limited) and Dirty Tree Pubs 3 Limited (formerly The Better Bar Company Limited)
Board	The Board of Directors of Veritas
Buyback	The proposed buyback of 1,000,000 Veritas shares from the BBC Vendors for aggregate consideration of \$1
Class Exemptions	Takeovers Code (Class Exemptions) Notice (No 2) 2001
Company	Veritas Investments Limited
DPS	Dividends per share
EPS	Earnings per share
Interests associated with Richard Sigley	Richard Christopher Guy Sigley, Geoffrey Eamon Tuttle, Philip James Clark and all of their associated persons and entities (which include the BBC Vendors)
KPF	Kiwi Pacific Foods
Mad Butcher	The Mad Butcher franchisor business
Michael Morton Family Trust	Michael Morton and WMB Trustee Limited as trustees of the Michael Morton No.2 Family Trust
Nosh	Nosh Food Markets
NZX	New Zealand Stock Exchange
Report	This Independent Adviser's and Appraisal Report prepared by KPMG in relation to the Buyback
Takeovers Code	New Zealand Takeovers Code Approval Order (2000)
Veritas	Veritas Investments Limited

Opinion Summary

Shareholders are being asked to vote on a resolution (Resolution 4 in the Notice of Annual Meeting) to approve the Buyback for the purposes of the NZX Listing Rules and the Takeovers Code (Class Exemptions) Notice (No 2).

The key benefits of the Buyback to shareholders of Veritas not associated with the BBC Vendors or the Michael Morton Family Trust are:

- the Buyback is being undertaken at effectively no cost to Veritas;
- earnings per share and dividends per share will slightly increase as a result of the Buyback due to the decrease in the number of Veritas shares on issue by 1,000,000 shares;
- every shareholder's proportional interest in Veritas (other than the BBC Vendors) will increase, albeit only to a small degree;
- the impact on Veritas' share price is, on balance, likely to be either neutral or slightly positive; and
- the liquidity of Veritas (i.e. the ability of Veritas shareholders to easily buy and sell shares in Veritas without materially effecting the price) may be positively impacted, although not to any meaningful extent.

The key disadvantage associated with the Buyback is the increase in the Michael Morton Family Trust's voting control in Veritas from 34.72% to 35.52%. In our opinion this level of increase in voting control will not result in a meaningful increase in its ability to exercise control over Veritas.

In our opinion, having regard to the above merits of the Buyback, we consider that the Buyback is in the interests of the shareholders of Veritas not associated with the BBC Vendors or the Michael Morton Family Trust. Also, for the purposes of the NZX listing rules, our opinion is that the consideration and the terms and conditions of the Buyback are fair to Veritas shareholders not associated with the BBC Vendors.

1. Introduction

1.1 Overview of Veritas

Veritas Investments Limited ("Veritas" or "the Company") is an investment company listed on the New Zealand Stock Exchange ("NZX") Main Board. It currently holds investments in The Mad Butcher, Kiwi Pacific Foods ("KPF"), Nosh Food Market ("Nosh") and The Better Bar Company ("BBC"). For the year ended 30 June 2015 Veritas achieved EBITDA of \$8.1 million and NPAT of \$3.3 million. A summary of the operations and results of each business is outlined below.

1.1.1 Mad Butcher



Veritas acquired 100% of The Mad Butcher business in May 2013. The business comprises the brand, franchise system and franchisor rights for The Mad Butcher franchisees, which are represented at 40 locations across New Zealand. From time to time Veritas acquires Mad Butcher stores from exiting owners and holds them for sale until a suitable owner operator is found to purchase the store. Veritas currently owns five Mad Butcher stores, four of which are listed as 'held for sale' in the financial statements.

The Mad Butcher franchise was purchased from interests associated with Michael Morton, who subsequently became a Director of Veritas. Half of the \$40 million purchase price was satisfied by issuing 15,384,615 new shares in Veritas to the Michael Morton Family Trust, which resulted in the Michael Morton Family Trust controlling 41.7% of Veritas' voting rights immediately following the transaction. The Michael Morton Family Trust currently holds 34.72% of the shares in Veritas having been diluted following the acquisitions of BBC and KPF (both of which involved the issue of new shares in Veritas as part consideration), described in further detail below.

The Mad Butcher contributed revenue of \$12.1 million and EBITDA of \$6.4 million to Veritas in the year ended 30 June 2015.

1.1.2 Kiwi Pacific Foods

Veritas acquired 50% of KPF, a manufacturer and supplier of meat patties, in December 2013 for \$3.4 million. The acquisition involved the issue of 434,783 new Veritas shares. Veritas' joint venture partner in KPF is Antares Restaurant Group Limited, which holds the Burger King franchise in New Zealand. As part of the acquisition, Veritas assumed the right to manage the operations of KPF. The business' main customer is Burger King although KPF also supplies meat patties to other customers.

Veritas' share of KPF's EBITDA for the year ended 30 June 2015 was \$0.7 million.

1.1.3 Nosh Food Market



Veritas acquired 100% of Nosh, a chain of specialty food stores, on 28 August 2014 for \$1.3 million. For financial reporting purposes Veritas made a gain on acquisition at the time of the purchase as the net assets were valued at \$1.7 million. The discounted purchase price reflected the distressed state of the business at the time of the acquisition.

Nosh generated revenue of \$18.9 million and an EBITDA loss of \$1.2 million for the 10 months from acquisition date to 30 June 2015.

1.1.4 The Better Bar Company



BBC operates 11 public bars across Auckland and Hamilton. Its brands include O'Hagans, Danny Doolans and The Cav. Veritas acquired the BBC business for an equity value of \$31.2 million on 28 November 2014. The net liabilities of BBC at the date of acquisition were \$1.3 million. The purchase price was satisfied by a combination of cash and new shares in Veritas.

BBC contributed \$15.1 million of revenue and \$3.0 million of EBITDA for the seven months ended 30 June 2015.

1.2 Major shareholders of Veritas

Veritas currently has 44,306,618 shares on issue. The three largest Veritas shareholders and their associates hold 64.36% of Veritas:

Veritas – major shareholders		
	Number of shares	% of voting rights
Michael Morton Family Trust	15,384,615	34.72%
BBC Vendors (including interests associated with Richard Sigley)	6,964,286	15.72%
Collins Asset Management	6,166,684	13.92%
Total shares held by major shareholders	28,515,585	64.36%

Source: NZX Company Research

Both Michael Morton and Richard Sigley are Directors of Veritas. Michael Morton is the former owner and current CEO of The Mad Butcher and Richard Sigley is a former owner and Chairman of BBC.

1.3 Background to the Buyback

In November 2014, Veritas acquired the business and assets of the Better Bar Company group of businesses from Dirty Tree Pubs 1 Limited (formerly Danny Doolans Limited), Dirty Tree Pubs 2 Limited (formerly O'Hagans Limited) and Dirty Tree Pubs 3 Limited (formerly The Better Bar Company Limited) ("BBC Vendors"). The consideration for the acquisition (the "BBC Acquisition") totalled \$31.2 million which comprised:

- \$23.4 million cash (of which \$3 million was retained by Veritas for a period of 60 days to be used to deal with any purchase price adjustments necessary under the Sale and Purchase Agreement post completion); and
- \$7.8 million of new Veritas shares (6,964,286 million shares issued at \$1.12 per share) issued to the BBC Vendors. The BBC Vendors are all associated with Richard Sigley, a current Director of Veritas. At the time of issue the new shares were subject to a "Lock up" period. The effect of the Lock up period is that the BBC Vendors have undertaken not to sell, transfer or otherwise dispose of their Veritas shares. The restriction on sale is subject to expiry such that, following consultation with the Veritas Board, one third of the shares are able to be sold, transferred or otherwise disposed of following the public release of Veritas' preliminary results for the years ending 30 June 2015, 30 June 2016 and 30 June 2017.

In addition to the consideration paid, Veritas assumed \$6.9 million of debt relating to the BBC businesses. The rationale for the acquisition was to cement Veritas' position as a significant operator in the New Zealand food, beverage and franchise sectors.

On 7 May 2015, Veritas and the BBC Vendors agreed to effect certain purchase price adjustments, through a combination of cash payment and a buyback of shares (the latter being subject to shareholder approval). The adjustments are based on the net assets of the business at completion, and the earnings performance of the business. The adjustments have been agreed between Veritas and the BBC Vendors and formally documented. The adjustments will result in a \$1.94 million reduction in the purchase price for BBC comprised of a \$0.82 million cash payment to Veritas from the retention amount and Veritas shares with an aggregate issue price of \$1.12 million to be bought back by Veritas (subject to shareholder approval) for an aggregate purchase price of \$1.

Under the Buyback, 1,000,000 of the 6,964,286 Veritas shares issued to the BBC Vendors at completion of the BBC Acquisition, will be repurchased by Veritas for an aggregate consideration of \$1, subject to shareholder approval. The shares subject to the Buyback are a portion of the third tranche of shares subject to the "Lock up" that were due to become unrestricted following the release of Veritas' preliminary results for the year ending 30 June 2017.

IN NOVEMBER 2014,
VERITAS ACQUIRED THE
BUSINESS AND NET
ASSETS OF THE BETTER
BAR COMPANY FOR
\$31.2 MILLION

THE PURCHASE PRICE
ADJUSTMENTS FOR THE
BBC ACQUISITION TOTAL
\$1.94 MILLION

As at the date of this document the Michael Morton Family Trust holds 34.72% of Veritas shares on issue and therefore has 34.72% of the voting rights in Veritas. The Buyback, if approved by shareholders and effected, will result in the Michael Morton Family Trust increasing their voting control in Veritas to 35.52% by virtue of the accretive effect of the reduction in Veritas' shares on issue.

The only outstanding condition required to be met before the Buyback can proceed is the approval of Veritas shareholders to the Buyback for the purposes of the NZX Listing Rules and the Takeovers Code (Class Exemptions) Notice (No 2) 2001 ("Class Exemptions"). Veritas intends to seek shareholder approval for the Buyback at its next Annual General Meeting, on 19 November 2015. Shareholders will be asked to vote on the following resolution with regard to the Buyback:

Resolution 4: "That Shareholders approve the precise terms and conditions of the proposed acquisition by the Company of 1,000,000 ordinary shares in the Company held by Dirty Tree Pubs 1 Limited, Dirty Tree Pubs 2 Limited and Dirty Tree Pubs 3 Limited, including for the purposes of Rule 7.6.5 of the NZX Main Board Listing Rules and clause 4 of the Takeovers Code (Class Exemptions) Notice (No. 2) 2001, as further described in the Explanatory Notes accompanying the Notice of Annual Meeting of Shareholders..."

For the avoidance of doubt shareholder approval is not being sought in relation to the purchase price adjustment for the BBC Acquisition, the terms of which have been agreed between the parties and formally documented. The scope of this Report covers the Buyback only and does not include an assessment of the rationale for the purchase price adjustment or its merits.

If the Buyback is approved the shares will be acquired by Veritas and then immediately cancelled. Subject to shareholder approval Veritas intends to effect the Buyback between 19 November 2015 and 19 November 2016. If the Buyback is not approved the Buyback will not proceed and Veritas will not receive the \$1.12 million reduction in the purchase price of BBC that comprises the Buyback.

The Buyback must be approved by an ordinary resolution of the shareholders of Veritas (subject to certain voting restrictions imposed by the Class Exemptions). The Notice of Annual Meeting containing the proposed resolution to approve the Buyback must be accompanied by a report from an independent adviser that complies with rule 18 of the Takeovers Code and an Appraisal Report that complies with Rule 1.7 of the NZX Listing Rules.

2. Purpose and scope of the Report

2.1 Purpose and scope

The Directors of Veritas have engaged KPMG (“KPMG”, “us” or “we”) to prepare an Independent Adviser’s Report and an Appraisal Report to comply with the Takeovers Code and NZX Listing Rules respectively in respect of the Buyback. To avoid duplication KPMG has combined the requirements of both reports in a single report.

The purpose of the Report is to outline the merits of the Buyback and to assist shareholders not associated with the BBC Vendors and the Michael Morton Family Trust in forming an opinion about whether or not to vote in favour of the proposed Buyback.

KPMG is independent of Veritas, the BBC Vendors and their associates (including Richard Sigley) and the Michael Morton Family Trust, and has no interest in, or involvement with, the outcome of the Buyback. KPMG has received approval from both the Takeovers Panel and NZX to prepare the required Independent Adviser’s and Appraisal Report respectively.

There are various legal requirements regarding this Report contained in the Takeovers Code and the NZX Listing Rules which are outlined in the Regulatory Requirements section below.

A copy of this Report will accompany the Notice of Annual Meeting to be sent to Veritas shareholders containing the shareholder resolution on the Buyback. This Report is for the benefit of the shareholders of Veritas other than the BBC Vendors, the Michael Morton Family Trust and their associates. The Report should not be used for any purpose other than as an expression of KPMG’s opinion as to the merits of the Buyback and as to whether the consideration and the terms and conditions of the Buyback are fair (with reference to the NZX Listing Rules) to the shareholders of Veritas not associated with the BBC Vendors.

The decision of each shareholder as to whether or not to vote in favour of the Buyback is a matter for each shareholder having considered all factors relevant to them, and their own preference either for or against the Buyback.

This Report should be read in conjunction with the Qualifications, Declarations and Independence section outlined in Appendix 2. All the Appendices to this Report form part of, and should be read in conjunction with, the main body of the Report.

2.2 Regulatory Requirements

2.2.1 Takeovers Code requirements

The Takeovers Code seeks to protect the interests of shareholders in respect of matters pertaining to the control of a ‘code company’. Veritas meets the definition of a ‘code company’ and is therefore bound by the rules contained in the Takeovers Code.

The fundamental rule of the Takeovers Code prohibits a person from becoming, together with its associates, the holder or controller of more than 20% of the voting rights in a code company or, where a person, together with its associates, already holds or controls 20% or more of the voting rights in a code company, from increasing the percentage of voting rights they hold or control. There are, however, a number of exceptions to this fundamental rule.

The Buyback involves the acquisition of a selected parcel of shares and its immediate cancellation. This will have the effect of increasing the proportionate control of each shareholder of Veritas whose shares are not subject to the Buyback by virtue of there being less Veritas shares on issue in total. The Michael Morton Family Trust currently holds 34.72% of the voting rights in Veritas. If the necessary shareholder approvals to undertake the Buyback are forthcoming the Michael Morton Family Trust’s voting control in Veritas will increase by 0.8% to 35.52%. This increase in voting control falls within an exemption to the fundamental rule of the Takeovers Code contained in Clause 4 of the Class Exemptions which sets out a general exemption for share buybacks.

THE TAKEOVERS CODE
REQUIRES APPROVAL OF
THE BUYBACK FROM
SHAREHOLDERS NOT
ASSOCIATED WITH THE
MICHAEL MORTON
FAMILY TRUST OR THE
BBC VENDORS DUE TO
THE INCREASE IN THE
MICHAEL MORTON
FAMILY TRUST’S VOTING
CONTROL IN VERITAS
FROM 34.72% TO 35.52%

There are a number of conditions that need to be satisfied in order to meet the requirements for the share buyback exemption including, among other things:

- the buyback must be approved by ordinary resolution of the shareholders of the Company;
- the person relying on the Class Exemption and that person's associates are not permitted to vote in favour of any resolution concerning the buyback;
- in the case of a non-pro rata buyback, the seller and their associates (in this case the BBC Vendors and their associates, including Richard Sigley) are not permitted to vote in favour of the buyback resolution; and
- the Notice of Meeting containing the proposed resolution to approve the buyback must be accompanied by a report from an independent adviser on the "merits" of the buyback having regard to the interests of those persons who may vote to approve the buyback.

In order to comply with the buyback exemption under Clause 4 of the Class Exemptions the Buyback must be approved by an ordinary resolution of the shareholders of Veritas. Neither the Michael Morton Family Trust nor the BBC Vendors and their associates (including Richard Sigley) are eligible to vote on the resolution pertaining to the Buyback. The Notice of Meeting outlining the resolution will be sent to shareholders accompanied by this Report on the "merits" of the Buyback.

The term "merits" is not explicitly defined either in the Takeovers Code itself or in any other statute pertaining to securities law or commercial law in New Zealand. Whilst the Takeovers Code does not prescribe a meaning of the term "merits", it suggests that it includes both positive and negative aspects in respect of a transaction.

Accordingly, the term "merits" encompasses a wide range of issues associated with the Buyback. In assessing the merits of the Buyback we have considered the following factors:

- the rationale for the Buyback;
- the terms and conditions of the Buyback;
- the financial impact on Veritas of the Buyback;
- the impact on Veritas' share price;
- the impact on the Michael Morton Family Trust's control of Veritas;
- the impact on the liquidity of Veritas shares if the Buyback proceeds;
- the benefits and disadvantages for Veritas shareholders of the Buyback proceeding; and
- the implications for shareholders if the Buyback does not proceed.

2.2.2 NZX Listing Rule requirements

Veritas is also seeking approval for the Buyback under NZX Listing Rule 7.6.5, which permits Veritas to undertake the proposed Buyback subject to shareholder approval (by way of an ordinary resolution) of the precise terms and conditions of the Buyback.

The BBC Vendors, whose shares are subject to the Buyback, are Associated Persons of Veritas Director Richard Sigley for the purpose of the Listing Rules (as defined in Listing Rule 1.8). As Veritas intends to acquire 100% of the Buyback shares from Associated Persons of one of its Directors (Richard Sigley), Listing Rule 6.2.2(c) requires the Notice of Meeting to be accompanied by an Appraisal Report from an independent, appropriately qualified person (who has been approved by the NZX) prepared in accordance with the Listing Rules which require the report to:

THE NZX LISTING RULES
REQUIRE SHAREHOLDERS
NOT ASSOCIATED WITH
THE BBC VENDORS TO
APPROVE THE BUYBACK
BY WAY OF ORDINARY
RESOLUTION

- be addressed to the Directors of Veritas other than Richard Sigley;
- be expressed to be for the benefit of the shareholders of Veritas not associated with the BBC Vendors;
- state whether or not in the opinion of KPMG the consideration and the terms and conditions of the Buyback are “fair” to Veritas shareholders not associated with the BBC Vendors;
- state whether or not in KPMG’s opinion the information to be provided by Veritas to its shareholders is sufficient to enable holders to understand all the relevant factors, and make an informed decision;
- state whether KPMG has obtained all information which it believes desirable for the purposes of preparing the report, including all relevant information which is or should have been known by any director of Veritas and made available to the directors;
- state any material assumptions on which KPMG’s opinion is based; and
- state any term of reference which may have materially restricted the scope of the report.

2.3 Information relied upon

Appendix 1 details the information we have received and relied upon in completing this Report.

2.4 Qualifications, declarations and independence

Appendix 2 details our statements regarding qualifications, declarations and independence.

3. Merits of the Buyback

3.1 Rationale for the Buyback

Veritas has entered into an agreement with the BBC Vendors to effect certain adjustments to the purchase price of the BBC Acquisition. The reasons for, and merits of, the purchase price adjustments are outside the scope of this Report. The sole subject of the Report is the Buyback and its consequences and, accordingly, we have not evaluated the merits of the purchase price adjustment.

The proposed Buyback involves the acquisition of 1,000,000 Veritas shares for aggregate consideration of \$1 and is intended to facilitate a reduction in the consideration paid for the BBC Acquisition. The 1,000,000 shares were issued at \$1.12 per share and have a current market value of \$0.47 per share based on the closing price for Veritas shares on 5 October 2015. Veritas is acquiring shares that have an issue value of \$1.12 million and a current market value of \$470,000 for a total of \$1, which will add value to all shareholders other than the BBC Vendors. The Buyback represents a \$1.12 million reduction in the purchase price of the BBC Acquisition. KPMG considers that the rationale for the Buyback is sound.

Shareholders should note that if the Buyback does not proceed there will not be any replacement mechanism to reduce the purchase price for the BBC Acquisition.

3.2 Terms and Conditions of the Buyback

Share buybacks involve a company purchasing its own shares from a shareholder or multiple shareholders. Typically the shares are cancelled immediately following the buyback. The Buyback being contemplated by Veritas is a non-pro rata buyback, meaning that only specific shareholders' securities are subject to the Buyback. The shares to be bought back are currently held by the BBC Vendors and were originally issued in part consideration for the BBC Acquisition. The Buyback is part of an agreement between Veritas and the BBC Vendors to reduce the original purchase price paid for the BBC Acquisition. If the Buyback is approved Veritas will purchase 1,000,000 shares from the BBC Vendors for total consideration of \$1.00 (i.e. 0.0001 cents per share). The acquisition price for the Buyback shares of 0.0001 cents per share compares very favourably with the current market value of those shares of 47 cents per share as at 5 October 2015. The shares subject to the Buyback were originally issued at \$1.12 per share and represented \$1.12 million of the consideration paid for the BBC Acquisition. Purchasing the shares back for a total of \$1 effectively reduces the consideration paid for the investment by \$1.12 million.

The key terms of the Buyback are:

- the Buyback is an offer to a specific group of shareholders for a pre-determined number of shares;
- Veritas will acquire 1,000,000 shares for a total consideration of \$1.00 (i.e. 0.0001 cents per share) from the BBC Vendors;
- the shares acquired under the Buyback will be cancelled immediately after the Buyback;
- the Buyback will be undertaken in respect of the shares issued as consideration for the BBC Acquisition; and
- the Buyback is subject to approvals discussed in Section 1.3 of this Report.

Under the Companies Act, the Board may only undertake the Buyback if it has previously resolved that:

- the Buyback is in the best interest of Veritas;
- the Buyback is of benefit to the remaining shareholders of Veritas;
- the terms of the Buyback and the consideration offered for the shares are fair and reasonable to Veritas and the remaining shareholders; and

- it is not aware of any information that will not be disclosed to shareholders which is material to an assessment of the value of the shares and as a result of which the terms of the Buyback and the consideration offered for the shares are unfair to shareholders accepting the offer.

In our opinion, the consideration and the terms and conditions of the Buyback are fair to Veritas shareholders not associated with the BBC Vendors.

3.3 Financial impact of the Buyback on Veritas

3.3.1 Financial Performance

Given the low cost associated with the Buyback (\$1 in total), the Buyback does not directly affect the financial performance of Veritas (summarised in the profit and loss statement below). There have been some costs incurred in putting the Buyback to a shareholder vote and complying with the relevant legal requirements, however, these will be incurred regardless of whether or not the Buyback proceeds. The incremental costs associated with undertaking the Buyback are estimated by Veritas to be negligible.

Due to the decrease in the number of shares on issue following the cancellation of the shares bought back, the remaining shareholders will have a greater proportional interest in Veritas and therefore be entitled to a larger proportion of Veritas' earnings. To illustrate this we have calculated Veritas' earnings per share ("EPS") and dividends per share ("DPS") for the year ended 30 June 2015 as if the Buyback shares were bought back effective 30 June 2015. We have summarised the effect on these key ratios below holding all other factors constant (labelled as "Post-Buyback Pro-forma EPS" and "Post-Buyback Pro-forma DPS").

Veritas – Summary profit and loss statement	
Year ended 30 June NZ\$m	2015
Revenue	45.7
Operating expenses	(38.3)
EBITDA	7.4
Depreciation & amortisation	(1.1)
Net interest	(1.1)
Share of JV profit	0.4
Other expenses	(1.0)
Profit before tax	4.6
Tax expense	(1.3)
Net profit after tax	3.3
<i>Other information & ratios</i>	
Dividends paid (NZ\$m)	2.8
Year end shares (number of shares ('000))	44,307
Post-Buyback Pro-forma year end shares (number of shares ('000))	43,307
EPS (cents/share)	7.53
Post-Buyback Pro-forma EPS (cents/share)	7.70
DPS (cents/share)	6.30
Post-Buyback Pro-forma DPS (cents/share)	6.45

Source: Veritas Annual Reports, KPMG analysis

Note: EPS is calculated as net profit after tax divided by ordinary shares on issue at year end. DPS is calculated as dividends paid divided by ordinary shares on issue at year end. Post-Buyback Pro-forma EPS & DPS are calculated using ordinary shares on issue assuming that the proposed 1,000,000 shares to be bought back were bought back effective 30 June 2015.

THE BUYBACK WILL HAVE LITTLE OR NO EFFECT ON THE FINANCIAL POSITION AND PERFORMANCE OF VERITAS, HOWEVER IT DOES INCREASE EACH NON-PARTICIPATING SHAREHOLDER'S PROPORTIONAL INTEREST IN THE EARNINGS AND NET ASSETS OF VERITAS

EPS is a measure of each shareholder's proportionate share of a company's earnings. As a shareholder you do not necessarily have immediate access to the earnings of the Company, however a higher EPS would generally result in a more favourable market price for a listed security (if all other important metrics remained constant). If the Buyback shares were bought back effective 30 June 2015 EPS for the year ended 30 June 2015 would have been 0.17 cents per share higher.

DPS is a measure of the dividend yield on the Company's shares. If the Buyback shares were bought back effective 30 June 2015 DPS would have been 0.15 cents per share higher (assuming all dividends were paid at year end). Veritas' stated dividend policy is to pay out 60%-70% of net profit after tax subject to performance, outlook and capital and liquidity requirements. Therefore, future dividends will reflect both an individual's shareholding percentage and the earnings of Veritas.

The effects of both changes are relatively immaterial, but they are positive for Veritas shareholders not associated with the BBC Vendors or the Michael Morton Family Trust.

3.3.2 Financial Position

Veritas – Summary Balance Sheet	
As at 30 June NZ\$m	2015
Cash and cash equivalents	3.6
Other current assets	7.7
Investment in joint venture	4.2
Intangible assets	30.8
Other non-current assets	10.1
Total assets	56.4
Current liabilities	12.2
Non-current liabilities	31.0
Total liabilities	43.2
Net assets	13.2
Share capital	34.3
Retained earnings	(21.1)
Total equity	13.2
<i>Other information & ratios</i>	
<i>Year end shares (number of shares ('000))</i>	<i>44,307</i>
<i>Post-Buyback Pro-forma shares on issue (number of shares ('000))</i>	<i>43,307</i>
<i>Net assets per share (cents)</i>	<i>29.7</i>
<i>Post-Buyback Pro-forma net assets per share (cents)</i>	<i>30.4</i>

Source: Veritas Annual Reports, KPMG analysis

The Buyback, if approved, will have an immaterial effect on Veritas' financial position with net assets decreasing by only \$1.00. Net assets per share is a measure of each shareholder's interest in the net assets of Veritas for each share held by that shareholder. Holding all factors constant other than decreasing Veritas shares on issue by 1,000,000 shares, net assets per share as at 30 June 2015 would have been 0.7 cents per share higher at 30.4 cents per share compared with the actual net assets per share of 29.7 cents at the same date, in the absence of the Buyback.

As with EPS and DPS, the effect of the Buyback on net assets per share is relatively immaterial, but it is positive.

3.4 Impact on the Veritas share price

Share prices can be affected by a variety of factors, many of which may move or change simultaneously. Some of these factors include investors' view on overall economic and market conditions, the current performance of the share issuer, investors' current views on the market that the issuer operates within, recent announcements from the issuer and the liquidity of the market for the shares. Given the complexity it is not possible to predict with any certainty the effect of the Buyback on Veritas' share price or guarantee that other factors will not simultaneously affect the share price.

As discussed above, the Buyback does not change the underlying financial performance or position of Veritas. In the absence of a change to the financial performance or position of Veritas, there is no reason to assume the total value of Veritas should change as a direct result of the Buyback.

Market capitalisation is calculated as the current share price multiplied by total shares on issue, it is considered to be an estimation of the value of a company by the market. To illustrate the potential effect of the Buyback on Veritas shares, we have:

- calculated Veritas' market capitalisation using current shares on issue and the market price per share at a point in time (5 October 2015);
- assumed that the market capitalisation remains the same but the Buyback occurs, decreasing the number of shares on issue by 1,000,000; and
- calculated the share price inferred from leaving market capitalisation unchanged and reducing the shares on issue. The results are outlined in the table below:

Veritas – Market capitalisation calculation pre and post Buyback			
NZ\$	Shares on issue	Market capitalisation ⁽¹⁾	Implied share price
Pre Buyback	44,306,618	20,824,110	0.47
Post Buyback	43,306,618	20,824,110	0.48

Note: (1) Closing price on 5 October 2015

Source: NZX Company Research

The market capitalisation as at 5 October 2015 was \$20.8 million based on the closing share price for Veritas shares of \$0.47 per share. Holding all else constant, a reduction of 1,000,000 Veritas shares on issue should result in a marginally improved share price of \$0.48 per share, a \$0.01 per share increase.

3.5 Impact on the liquidity of Veritas

Share liquidity refers to how easily shares can be traded. There are two features that characterise the liquidity of an investment. Firstly, a liquid stock is one that can be sold quickly as there is likely a willing buyer at the current market price. Secondly, a large quantity of liquid stocks can be traded without materially affecting the market price for the shares.

Veritas has a significant cornerstone shareholder and number of substantial shareholders who are not currently active sellers of Veritas shares. The Michael Morton Family Trust holds 34.72% of Veritas shares on issue, the BBC Vendors hold 15.72% of the Veritas shares on issue with the majority of these shares being subject to selling restrictions, and Collins Asset Management holds 13.92% of Veritas. These three shareholders control approximately 64% of Veritas between them. Of the remaining shares, a further 2% is held or controlled by the Directors and management of Veritas who are unlikely to regularly trade their shares, leaving a remaining 'free float' of 34% of all shares.

HOLDING ALL ELSE
CONSTANT, A REDUCTION
OF 1,000,000 VERITAS
SHARES ON ISSUE
SHOULD RESULT IN A
MARGINALLY IMPROVED
SHARE PRICE

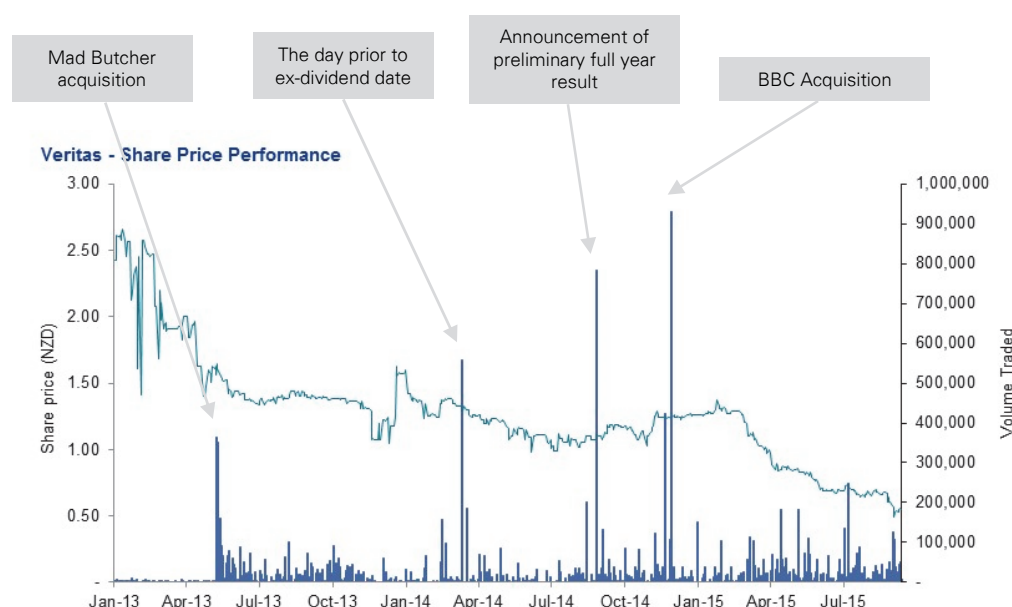
The following table shows our estimation of the “free float” of Veritas shares:

Estimated free float		
	Pre Buyback	Post Buyback
Shares on issue	44,306,618	43,306,618
Michael Morton Family Trust	(15,384,615)	(15,384,615)
BBC Vendors	(6,964,286)	(5,964,286)
Collins Asset Management	(6,166,684)	(6,166,684)
Management	(635,000)	(635,000)
Free float	15,156,033	15,156,033
<i>Free float percentage</i>	<i>34.2%</i>	<i>35.0%</i>

The table below shows the volume of Veritas shares traded since the BBC Acquisition on 28 November 2014 (excluding the shares issued as part of the BBC Acquisition) when compared with the total Veritas shares on issue and the “free float” shares:

Estimated free float						
Time period	Low	High	VWAP	Volume	Total	Free float
One month	0.48	0.69	0.57	686,688	1.5%	4.5%
Three months	0.48	0.75	0.66	2,112,785	4.8%	13.9%
Six months	0.48	1.10	0.75	3,963,376	8.9%	26.2%
Post BBC acquisition	0.48	1.33	0.86	5,112,627	11.5%	33.7%

The Veritas share price compared with the volume of shares traded is shown in the graph below. Traded volumes of Veritas shares have been relatively consistent since the BBC Acquisition, however the price has declined significantly. This appears to have been largely in response to negative media coverage in relation to Mad Butcher franchisees financial difficulties combined with poorer than expected performance of recently acquired businesses.



THE BUYBACK WILL HAVE A NEGLIGIBLE, BUT SLIGHTLY POSITIVE IMPACT ON VERITAS' LIQUIDITY

As is evident from the tables and chart above the liquidity of Veritas shares is low (although the free float is relatively well traded) regardless of whether or not the Buyback takes place. The 1,000,000 Veritas shares subject to the Buyback represent only 2.26% of the total Veritas shares on issue (44 million) and are not from the free float shares. Therefore, the Buyback will have a negligible, but slightly positive impact on Veritas' liquidity.

3.6 Impact on the Michael Morton Family Trust's control over Veritas

The level of control that any individual shareholder (or group of shareholders) can exercise is important to the remaining shareholders as a controlling shareholder may have the ability to block or significantly influence the outcome of shareholder votes. A controlling shareholder is also generally able to secure Board representation and therefore may influence the day-to-day operations of a company and its strategic direction.

The Michael Morton Family Trust is the largest shareholder in Veritas and currently controls 34.72% of the voting rights. At this shareholding level the Michael Morton Family Trust does not exercise outright control over Veritas but:

- is able to significantly influence the outcome of ordinary resolutions of Veritas shareholders (those requiring the approval of 50% of shareholders) which generally cover matters such as the appointment and removal of auditors and directors, and setting the level of auditor's and directors' remuneration;
- can block special resolutions of Veritas shareholders (those requiring the approval of 75% of shareholders) which generally cover matters such as altering or revoking a company's constitution, approving a major transaction or putting the company into liquidation. It should be noted that shareholders not associated with the Michael Morton Family Trust would still be able to exert significant influence on the outcome of a special resolution (i.e. in a situation where remaining shareholders were opposed to a matter requiring a special resolution); and
- may not acquire further shares in Veritas without the approval of Veritas shareholders or without making a full or partial takeover offer for Veritas.

Michael Morton is also CEO of The Mad Butcher, Veritas' largest investment, and, accordingly, is responsible for setting the strategic direction of The Mad Butcher, managing the day-to-day operations of that business and directing the overall financial performance of The Mad Butcher. He is also an Executive Director of Veritas and therefore has influence over the group at a Board level.

The Michael Morton Family Trust already has significant influence as a shareholder of Veritas. The Buyback, if approved, and subsequent cancellation of shares will result in the Michael Morton Family Trust's voting control in Veritas increasing by 0.8% to 35.52%:

Effect of share buyback	Pre Buyback	Post Buyback
Total shares on issue (000s)	44,307	43,307
Shares held by the Michael Morton Family Trust (000s)	15,385	15,385
<i>Percentage of Veritas' voting rights</i>	<i>34.72%</i>	<i>35.52%</i>

This level of increase in shareholding will not materially increase the Michael Morton Family Trust's ability to exert control over Veritas.

All shareholders in Veritas whose shares are not subject to the Buyback will experience an increase in their proportional Veritas shareholding. The table on page 15 shows the effect of the Buyback on the control percentages of the top 10 shareholders of Veritas at 5 October 2015.

THE INCREASE IN THE MICHAEL MORTON FAMILY TRUST'S VOTING CONTROL IN VERITAS FROM 34.72% TO 35.52% WILL NOT MATERIALLY INCREASE ITS ABILITY TO EXERT CONTROL OVER VERITAS.

Buyback – effect on top 10 Veritas shareholder's control				
Shareholder	Pre Buyback		Post Buyback	
	Holding	Control	Holding	Control
Michael Morton Family Trust	15,384,615	34.7%	15,384,615	35.5%
BBC Vendors	6,964,286	15.7%	5,964,286	13.8%
Collins Asset Management	6,166,684	13.9%	6,166,684	14.2%
New Zealand Central Securities Depository Limited	4,268,893	9.6%	4,268,893	9.9%
Ambrosia Trustees Limited	1,538,462	3.5%	1,538,462	3.6%
Bruce Blake	659,296	1.5%	659,296	1.5%
Timothy Cook	635,000	1.4%	635,000	1.4%
Laphroaig Trustee Company (NZ) Limited	600,000	1.4%	600,000	1.4%
Simon Wallace & Sievwrights Trustee Services (No 4) Limited	500,000	1.2%	500,000	1.2%
Richard Kroon	272,629	0.6%	272,629	0.6%
Other shareholders	7,316,753	16.5%	7,316,753	16.9%
Total ordinary shares on issue	44,306,618	100.0%	43,306,618	100.0%

Of note, immediately before the Buyback, the two cornerstone Veritas shareholders associated with Directors of Veritas (namely the Michael Morton Family Trust and the BBC Vendors) hold a combined shareholding of 50.44% of the total Veritas shares on issue. If the Buyback is approved and undertaken the combined proportional shareholding of these two shareholders will decrease to below 50%, thereby reducing their ability to pass ordinary resolutions of shareholders (those requiring the approval of a simple majority of shareholders) outright in the event they wished to act in concert with regard to a specific matter.

3.7 Benefits and disadvantages for shareholders

The key benefits of the Buyback for shareholders of Veritas not associated with the BBC Vendors or the Michael Morton Family Trust are:

- the Buyback is being undertaken at effectively no cost to Veritas;
- the EPS and DPS will slightly increase as a result of the Buyback due to the decrease in the number of Veritas shares on issue by 1,000,000 shares;
- every shareholder's proportional interest in Veritas (other than the BBC Vendors) will increase, albeit only to a small degree;
- the impact on Veritas' share price is, on balance, likely to be either neutral or slightly positive; and
- the liquidity of Veritas (i.e. the ability of Veritas shareholders to easily buy and sell shares in Veritas without materially effecting the price) may be positively impacted, although not to any meaningful extent.

The key disadvantage associated with the Buyback is the increase in the Michael Morton Family Trust's voting control in Veritas from 34.72% to 35.52%. In our opinion this level of increase in voting control will not result in a meaningful increase in its ability to exercise control over Veritas.

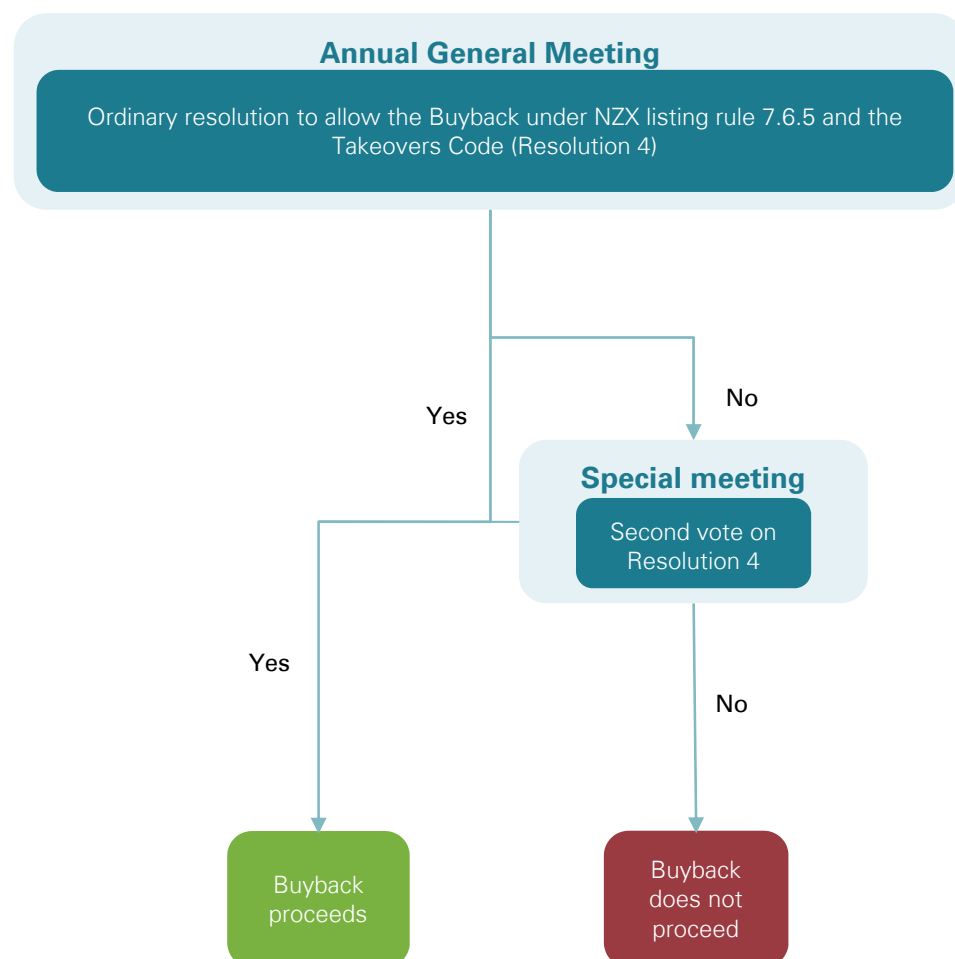
IN ORDER FOR THE BUYBACK TO PROCEED THE RESOLUTION MUST BE APPROVED BY A SIMPLE MAJORITY OF SHAREHOLDERS THAT ARE NOT ASSOCIATED WITH THE BBC VENDORS OR THE MICHAEL MORTON FAMILY TRUST

3.8 Implications if the Buyback is not approved by shareholders

Shareholders are being asked to vote on a resolution (Resolution 4) to approve the Buyback at the upcoming Annual Meeting of Shareholders.

Neither the Michael Morton Family Trust, and its associates, nor the BBC Vendors, and its associates, are permitted to vote on the resolution to approve the Buyback.

The flow chart below depicts the possible outcomes of the shareholder vote on the resolution pertaining to the Buyback:



IF THE RESOLUTION TO ALLOW THE BUYBACK IS NOT APPROVED THE BUYBACK WILL NOT PROCEED AND THERE WILL BE NO FURTHER ADJUSTMENT TO THE PURCHASE PRICE PAID FOR THE BBC ACQUISITION

Veritas has stated that if the requisite approval is not obtained at the Veritas Annual General Meeting in November 2015, then it may seek to obtain approval at a special general meeting to be held within three months after the Annual General Meeting.

If the ordinary resolution is not passed at either the Annual General Meeting or, where necessary, a subsequent special general meeting, the Buyback will not proceed and there will be no further adjustment to the purchase price paid for the BBC Acquisition. In effect Veritas will not receive the \$1.12 million reduction in the purchase price of BBC that comprises the Buyback.

3.9 Voting on the Buyback

Voting either for or against the Buyback is a matter for individual shareholders based on their own personal circumstances and views on value, future market conditions, risk, investment profile and other matters. Shareholders will need to consider these factors and their consequences and consult their own professional advisers if necessary.

3.10 Conclusion

In our opinion, having regard to the merits outlined above the Buyback is in the interests of Veritas shareholders not associated with the BBC Vendors and the Michael Morton Family Trust. Also, for the purposes of the NZX listing rules, our opinion is that the consideration and the terms and conditions of the Buyback are fair to Veritas shareholders not associated with the BBC Vendors.

In our opinion the information to be provided by Veritas to its shareholders is sufficient to enable shareholders to understand all the relevant factors and make an informed decision. KPMG has obtained all information which it believes desirable for the purposes of preparing this Report, including all relevant information which is or should have been known by any director of Veritas and made available to the directors.

Our opinion is based on the following key assumptions:

- that the number of voting securities in Veritas is 44,306,618;
- that there is no change in the total number of Veritas voting securities on issue between the date of this Report and the date on which the Buyback is completed, other than as a result of the Buyback;
- that the Michael Morton Family Trust does not participate in the Buyback;
- that there are no associates of the Michael Morton Family Trust for the purposes of the Takeovers Code;
- that Veritas acquires all of the Buyback shares under the Buyback; and
- all of the Buyback shares are cancelled immediately upon acquisition by Veritas.

Appendices

Appendix 1 – Information relied upon

In completing the Report we have received and relied upon the following information.

Non-public information

- Sale and Purchase agreement for the Better Bar Company business (“BBC SPA”) dated 3 November 2014
- Lock Up Deed between Veritas Investments Limited and Danny Doolans Limited, O’Hagans Limited and The Better Bar Company Limited dated 28 November 2014
- Variation and Implementation Agreement regarding adjustments to the BBC SPA dated 7 May 2015
- Deed of Amendment dated 3 September 2015
- Draft Notice of Annual General Meeting for 19 November 2015
- NZX Company Research database
- Capital IQ
- Various discussions with Veritas management

Public information

- Veritas news release – 7 November 2014
- Veritas news release – 10 November 2014
- Veritas news release – 25 November 2014
- Veritas news release – 28 November 2014
- Veritas news release – 7 May 2015
- Veritas Annual Report for the year ended 30 June 2014
- Veritas Audited Financial Statements for the year ended 30 June 2015
- Veritas website

Appendix 2 – Qualifications, declarations and independence

Qualifications

This Report has been prepared by KPMG. KPMG provides advisory services in relation to mergers and acquisitions, independent appraisal reports, valuations and other corporate advisory services.

The people responsible for preparing the Report were Simon Wilkins, Partner (BA, ACA) and Alexa Preston, Consultant to KPMG (BBus, CA). Simon Wilkins and Alexa Preston each have significant experience in valuations, preparing independent adviser's and appraisal reports and advising on mergers and acquisitions. Justin Ensor, Partner (BCom, PGDip Applied Finance & Investment, CA) and Tim Henderson, Manager (BCom, CA) assisted in the preparation of this Report.

Report restrictions

The Report is based upon financial and other information provided by Veritas. The statements and opinions expressed in this Report have been made in good faith and on the basis that all relevant information for the purposes of preparing this Report has been provided by Veritas' management and that all such information is true and accurate in all material aspects and not misleading by reason of omission or otherwise.

Although the information provided has been evaluated through analysis, enquiry and review for the purposes of forming the opinion stated, KPMG has not undertaken a due diligence investigation nor has it audited or verified in any way any financial information provided. The major assumptions inherent in this information were reviewed by KPMG and are believed to be reasonable in the circumstances.

Accordingly, neither KPMG nor its partners, employees or agents, accept any responsibility or liability for the information provided to it being inaccurate, incomplete, unreliable or not soundly based or for any errors in the analysis, statements and opinions provided in this Report resulting directly or indirectly from any such circumstances or from any assumptions upon which this Report is based proving unjustified.

It is understood that the financial information provided to KPMG was prepared in accordance with generally accepted accounting principles in New Zealand. Any forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions, many of which are beyond the control of management. The actual future results can be significantly more or less favourable. KPMG in no way guarantees or otherwise warrants the achievability of future profits, cashflows or dividends.

This Report is for the benefit of the shareholders of Veritas (other than the BBC Vendors, the Michael Morton Family Trust and their associates). The Report should not be used or relied upon for any purpose other than as an expression of KPMG's opinion as to the merits of the Buyback and as to whether the consideration and the terms and conditions of the Buyback are fair (in relation to the NZX listing rules) to the shareholders of Veritas not associated with the BBC Vendors. KPMG expressly disclaims any liability to any Veritas shareholder who relies, or purports to rely, on the Report for any other purpose and any other party who relies, or purports to rely, on the Report for any purpose whatsoever.

Our Report was prepared on 9 October 2015 based on the information available at the time. KPMG has no obligation to update our Report or revise the information contained therein due to events and transactions occurring subsequent to the date of our Report.

Declarations

KPMG provided a draft of this Report to the Independent Directors of Veritas to confirm the factual accuracy of the Report. There was no alteration to the conclusion as a result of issuing the draft Report.

Independence

KPMG does not have at the date of this Report, and has not had, any relationship with Veritas, the Michael Morton Family Trust or the BBC Vendors and their associates that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to this transaction.

KPMG will receive a fee for the preparation of this Report. This fee is not contingent on the conclusions of this Report or the outcome of the voting in respect of the Buyback. We will receive no other benefit from the preparation of this Report.

Consents

We consent to the issuing of this Report in the form and context in which it is to be included in the Notice of Annual Meeting to be sent to Veritas shareholders. Neither the whole nor any part of this Report, nor any reference thereto may be included in any other documentation without our prior written consent as to the form and context in which it appears.

Indemnity

Veritas has agreed to indemnify KPMG to the maximum extent permitted by law, against any and all costs, expenses or liabilities we incur to any person:

- in relation to any claim against us by a third party arising from or connected with any breach of Veritas' obligations to us; and
- by relying on any information provided to KPMG by Veritas or on Veritas' behalf and which is false, misleading or incomplete.

ANNEXURE 2

DISCLOSURE DOCUMENT RELATING TO THE PROPOSED BUYBACK

Sections 61(5) and 62 of the Companies Act 1993

Date: 29 October 2015

To: All shareholders of Veritas Investments Limited ("**Company**")

This disclosure document sets out the information that the Companies Act 1993 ("**Companies Act**") requires the Company to provide to its shareholders, in relation to its proposed buyback of 1,000,000 shares from Dirty Tree Pubs 1 Limited, Dirty Tree Pubs 2 Limited and Dirty Tree Pubs 3 Limited ("**Buyback**"). The details of the Buyback are outlined in the Notice of Annual Meeting of Shareholders of the Company dated 29 October 2015.

Nature and terms of the offer

The terms of the Buyback are as follows:

Number of Shares to be acquired	1,000,000 (" Buyback Shares ")
Purpose of the Proposed Buyback	To effect the final purchase price adjustments for the acquisition of the business and assets of the Better Bar Company group.
Acquisition price	Total aggregate consideration of \$1.00 for all of the 1,000,000 Buyback Shares.
Shareholders from whom the Buyback Shares will be acquired (together, the "BBC Vendors")	Dirty Tree Pubs 1 Limited (formerly Danny Doolans Limited) as to 563,472 shares.
	Dirty Tree Pubs 2 Limited (formerly O'Hagans Limited) as to 331,054 shares.
	Dirty Tree Pubs 3 Limited (formerly The Better Bar Company Limited) as to 105,474 shares.
Period of time within which the Proposed Buyback will be made	<p>Subject to Shareholder approval, the Company intends to effect the Proposed Buyback between 19 November 2015 and 18 November 2016.</p> <p>It is intended that the Buyback will be completed on 20 November 2015, subject to the Company's compliance with the requirements of the Companies Act.</p>
Cancellation of Buyback Shares	The Buyback Shares will be cancelled upon their acquisition.

Nature and extent of any relevant interest of directors in the Buyback Shares

Director Richard Sigley has a relevant interest (as defined in section 146 of the Companies Act) in the Buyback Shares, because he is a trustee of the Marakesh Trust, which owns:

- 50% of the shares in Dirty Tree Pubs 1 Limited (the holder of 563,472 shares in the Company);

- 50% of the shares in Dirty Tree Pubs 2 Limited (the holder of 331,054 shares in the Company); and
- 40% of the shares in Dirty Tree Pubs 3 Limited (the holder of 105,474 shares in the Company).

No other director of the Company has a relevant interest in the Buyback Shares.

Board authorisation

In accordance with the requirements of the Companies Act, the Buyback was approved by the Board of Directors of the Company subject to approval by ordinary resolution of shareholders, on 27 October 2015. The full text of the Board resolution approving the Buyback is as follows:

1. The Buyback is in the best interest of the Company.
2. The Buyback is of benefit to the shareholders to whom the buyback offer is not made.
3. The terms of the Buyback and the consideration offered for the shares are fair and reasonable to the Company and the remaining shareholders to whom the buyback offer is not made.
4. It is not aware of any information that will not be disclosed to shareholders:
 - (a) which is material to an assessment of the value of the shares; and
 - (b) as a result of which the terms of the offer and consideration offered for the shares are unfair to shareholders accepting the offer.
5. The directors' conclusions set out in paragraphs 1 to 4 above are based on the directors' satisfaction of the following:
 - (a) the aggregate consideration for 1,000,000 shares subject to the Buyback is \$1.00;
 - (b) the Buyback is being undertaken at effectively no cost to Veritas;
 - (c) every shareholder's proportional ownership and control in Veritas (other than the BBC Vendors) will increase (although not to a material extent);
 - (d) the Buyback is not likely to have an adverse effect on Veritas' share price;
 - (e) the 0.80% increase in the Michael Morton Family Trust's voting control in Veritas is not a meaningful increase in the Michael Morton Family Trust's control over Veritas; and
 - (f) immediately after the Buyback (the aggregate consideration for which is \$1.00), the Company will be able to pay its debts as they become due in the normal manner and the value of the Company's assets will exceed the value of the Company's liabilities.
6. The Board is satisfied on reasonable grounds (as set out in the certificate completed by the directors of the Company) that the Company will satisfy the solvency test under section 4 of the Companies Act (as modified by section 52(4) of the Companies Act) immediately after the payment and acquisition of shares in the Buyback.
7. Upon completion of the Buyback, the shares will be cancelled and the share register of the Company updated accordingly.
8. The Company undertake the Buyback subject to approval of shareholders by ordinary resolution at the Company's Annual Meeting of Shareholders on 19 November 2015,

In accordance with the Companies Act, the Board will not proceed with the Buyback if:

- it is no longer satisfied that the Company will satisfy the solvency test set out in the Companies Act after the Buyback;
- the Board ceases to be satisfied that:
 - the acquisition in question is in the best interests of the Company and is of benefit to the shareholders to whom the buyback offer is not made; or
 - the terms of the offer and the consideration offered for the shares are fair and reasonable to the Company and the shareholders to whom the buyback offer is not made; or
- the Board becomes aware of any information that will not be disclosed to shareholders:
 - which is material to an assessment of the value of the shares; or
 - as a result of which the terms of the offer and consideration offered for the shares would be unfair to shareholders accepting the offer.