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Implementation of Manuka Plantation Strategy for Comvita

Comvita Limited (CVT:NZX) has agreed to provide improved Manuka cultivars to plant approximately 1,650 hectares of North Island hill country for an investment partnership arranged and managed by MyFarm Investments Limited. Under the arrangement, the Comvita apiary business (Kiwi Bee) will harvest the honey from the plantation for 25 years on commercial terms. It will also receive the value of 20% of the carbon credits that may arise from the Manuka plantation.

This Agreement with MyFarm is our first large scale plantation using third party New Zealand capital to buy and own the land with Kiwi Bee as the apiarist. Comvita's capital contribution is limited to the costs of planting and establishing the Manuka using Comvita's high performing Manuka cultivars. This model of using Comvita's Intellectual Property and third-party capital to buy the land, we expect to replicate to the extent of an additional 2,000 hectares or 2.4 million Manuka plants each year for the next few years, provided we can find suitable hill country farms in the 'right' locations in order to establish the plantations.

After over 12 years of improvement of selected Manuka cultivars by Comvita and trialing different establishment techniques 'in the field', we now feel sufficiently confident that we can produce the required financial return for certain hill country that justifies the retirement of land from farming into Manuka. This strategy was briefly outlined in our statement to the market on 21 August this year, as follows:

"We have addressed potential constraints in supply by investing heavily for over 10 years in breeding programmes for the Manuka plant. Already, we can state that we have a number of Manuka 'crosses' that can flower for longer, and/or flower later and produce higher levels of DHA – the precursor in Manuka nectar that gives Manuka honey its unique properties or "UMF" activity.

Comvita has established 12 seed nurseries in different geographic/climatic areas that contain much of Manuka's genetic potential. We have been actively testing the agronomics of growing Manuka in large scale plantations and have completed significant field testing. We are starting to see some excellent outcomes from this breeding programme to the point where we are confident in our ability to secure our future increased supply requirements through plantations. Over the last two winters, we have already planted (using improved 'crosses') circa 2,000 ha of land jointly owned by Comvita

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or land over which we have long term leases. This genetic improvement programme and large-scale plantations will be an ongoing feature of our business.”

Comvita believes that the productivity gains from “farming” Manuka on this scale and this intensity will be game changing for the industry. From an environmental perspective this is also ground breaking and could result in a fundamental change in land use for some central North Island hill country farms. The partnership with MyFarm is the next stage of development in our Manuka plantation strategy by the use of ‘third party’ capital to help fund our future growth demands for high UMF Manuka honey.

Myrtle Rust

Comvita has publically stated in the past that it viewed the possible incursion of myrtle rust into New Zealand Manuka as a very low commercial risk. In support of this view, Comvita has now received the results of a trial conducted by the Australian Department of Agriculture and Fisheries involving over 50 Comvita sourced seedling cultivars which tested their susceptibility to myrtle rust.

In summary, under severe greenhouse testing conditions in Queensland Australia, the majority of the seedlings performed very well. In general, the population tested was quite resilient to myrtle rust and has enough diversity to further develop naturally resistant populations over time. We will incorporate the findings of this research into our current genetic improvement programme of cultivars. This Comvita instigated research programme is extremely good news for the New Zealand Manuka honey industry.

Ends

For further information:

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About Comvita (www.comvita.co.nz)

Comvita (NZX:CVT) is a global natural health company committed to the development of innovative products, backed by ongoing investment in scientific research.

Disclosure: Neil Craig is a Chairman of Comvita and also a Director of MyFarm