

NEWS FROM MG



GROWER PROFILE **BRAEMARK VINEYARDS LTD**

BREAKING NEW GROUND

Working as an engineer for Rocket Lab seems like a world away from growing avocados, grapes, citrus and apples on the family orchard in Gisborne. However, when the previous four generations of your family have been growers, it seems to get into your blood.

That's the case for Sam Tietjen, who returned home to manage Braemark Vineyards.

A key to being a good grower is about being adaptable and it is this tradition that has been inherited from those who came before him. Early generations of the Tietjen family used the Gisborne property for cattle. Over time, as land was passed down, the way the land was used varied.

"My great-grandfather moved from the other side of Gisborne and brought this land," says Sam. "He slowly built and expanded and over time it got split up."

"This road is now full of Tietjens. Grandad had two brothers so it got divided up and now pockets have been passed on again with a number of my cousins in the area growing maize, kiwifruit, citrus, avocados and all sorts of stuff."

It was Sam's passion for making horticulture commercially viable that saw him take on the management of the family business five years ago.

"The reason I came home was to develop some of that bare land with some higher value products and give the orchard the legs for the future," says Sam.

"It was getting to the point where we needed to do something to invigorate the business or we were going to have to start selling blocks of land."

"I wanted to give it a real go. I felt that if I didn't, it would be a wasted opportunity."

"It's my brother, my dad and myself who are shareholders and we have two full timers, along with a number of casual and seasonal workers who help out."

Sam was determined to do things differently to ensure long-term success when he took on the day-to-day management.

His background working in the technology sector has given him a fresh perspective on the industry. That meant reviewing the land use and putting in place a plan to diversify from



Crops grown across 40Ha



Avocado, Grapes, Citrus & Apples

what was traditionally grapes grown for a local wine co-op, to a wider range of crops which would deliver long-term value.

"My old man was happy to step aside and has really supported anything we wanted to do. I think a lot of parents struggle to let go and that can hold back the children."

"We always had grapes and a bit of citrus. We introduced more citrus and what we did which was different is add Rockit apples and Avogrey Greenskin avocados."

While looking for new, high value products often involved a global search, Sam didn't need to go beyond the back paddock to source New Zealand's newest, and arguably best avocado varieties.

Developed over decades on the neighbouring property by David and Judi Grey, the Avogrey Greenskins are exclusively marketed by the MG Group, with the first season of commercial volumes from Braemark Vineyard being sold by MG in May 2024.

"We heard about the Avogrey varieties really early on through David and he was happy to share information about them."

"I tried the fruit and it was clear that it's different, so decided to give it a crack. We ordered trees in 2019, planted in November

↑ Sam Tietjen and MG Representative Michael Breitmeyer
← Braemark Vineyard Manager Sam Tietjen



2020 and have now just started moving volumes to market."

"We've adopted a growing system with smaller trees at a higher density which are in rows rather than grids."

"I love the product. It's just so consistent every time you eat it. Sometimes you can eat a Hass and there's some give around the outside, but when you cut in it's still firm in the middle. Avogreys ripen really evenly and the flavour is just great."

Sam and the team at Braemark Vineyards work closely with a number of the MG Procurement team, distributing the product throughout the MG Group's network of branches.

"We work with Mike Breitmeyer and Scott Mason with the avocados and put citrus through MG so also work a lot with Jamie Russ."

"They are great. There's definitely a camaraderie feel from MG. They're all mates and you get a good feel."

Introducing the latest food lover's superfruit...



"GREEN" IS THE NEW BLACK

Avogrey® Greenskin

A new Avogrey® Greenskin brand was launched to align with product from Braemark Vineyard hitting the market in May 2024.

A FRESH APPROACH TO GROWING



Crops grown across 4Ha



Figs, Strawberries & Passionfruit



↑ Seasons Farms Head Grower Virginia Campini and MG Representative Zach Zaloum



The past five years have been defined by many hours of hard work for the team at Season Farms, in Gordonton, just north of Hamilton. In that time, a four-hectare greenhouse operation has been built from scratch and grown to be New Zealand's largest producer of figs, which is the main crop grown undercover.

Season Farms is a wholly owned subsidiary of Gavins Limited, a cropping and agricultural contracting business which started out over 50 years ago. It originally grew maize for local farms, but has since expanded to include earthworks, transport, dairy goat farming, on-farm contracting services, stockfeed supply and now, growing high-value produce categories in a protected environment.

"The greenhouse business was something we established in 2018 to add another string to the bow," says Business Manager, Stefan Pollard. "While it helps diversify the overall business, a lot of it comes down to our owners, the Gavin family, who simply like to grow things."

"Through the earthworks side of the business, we were involved in the construction of a greenhouse which piqued our interest. It ultimately sparked a conversation about developing a growing operation and, as we learnt more about it, the decision was made to give it go."

However, this is no ordinary set up. The high-tech greenhouses focus on producing high-value crops, with two hectares dedicated to figs, one hectare to strawberries and an additional hectare of passionfruit. By carefully controlling the conditions and the inputs, Season Farms achieve consistency in taste and quality, in an environmentally sustainable way.

"We strive for quality," says Stefan. "Our owners are all about producing the best fruit, which tastes good, looks good, and for us that's what we aim for."

A unique point-of-difference is the innovative growing practices, with the operation prepared to push the boundaries and challenge traditional ways for doing things. While producing strawberries undercover is becoming more common, growing figs indoors on a commercial scale is rare.

"Growing figs undercover is not usual," says Head Grower, Virginia Campini. "Worldwide,



there's very few figs grown this way. In Turkey and Mediterranean countries, where most of the world's figs are produced, they are grown outdoors."

"Last year we had a visit from some Italian growers, who had never seen figs grown this way and were amazed at what we're producing. They said a good yield for them was around 15 tonnes per hectare and we're achieving double that."

"Even with our strawberries, we're growing in a fully enclosed environment where most undercover growers are using tunnel systems. The aim here is to produce in windows where there's less volume in the market to achieve more value."

"Our passionfruit crop has been more of a challenge, but we're learning more and more each year."

Growing this way has been a steep learning curve, especially given the use of technology and innovative approach. However, the mindset of continuous improvement is what drives the business forward.

"We continue to do our research into growing systems, variety selection and the right balance of what we grow," says Stefan. "We're always looking to see what's happening around us, both nationally and internationally."

"We're really focused on improving year-on-year. One of the challenges is the time it takes to implement change because horticulture is such a long-game. It can be tough because with some of the bigger modifications, you have to wait a year before you can apply what you've learned."

"Figs have been an ongoing focus for us where early on we identified an opportunity, but we've also had to work hard to create the market. The first year was about getting to production levels that we could sustain, but now we are more established, we are pushing for higher quality and an increase in our production."

"Also, it's not easy to get good information about growing systems for figs so we've had to do a lot of our own research and development. That's where Virginia's background as an agricultural engineer plays an important role, who as well as overseeing staff and the cropping operation she has the ability to pinpoint what is needed to grow amazing plants."

The team at Season Farms are supported by MG Procurement Manager, Zach Zaloum, who helps coordinate supply through the MG branch network.

↑ Season Farms Business Manager Stefan Pollard with MG Representative Zach Zaloum

BEING ALERT TO THE LAWS OF COMPETITION

It is worth remembering that when you're having a conversation over a beer or a coffee where you chat about pricing, quotes, markets and tenders, you could be engaging in cartel conduct. This is something the Commerce Commission takes very seriously, so much so that if a breach occurs individuals can face jail time and companies can receive massive fines.



Competition is alive and well in the horticulture industry. It's a good idea to remind ourselves of the key areas we need to be alert to when doing business in a competitive marketplace.

Competition law is governed in New Zealand by the Commerce Act 1986 with the purpose being to promote competition in markets for the benefit of consumers. Cartel conduct, which occurs where competitors work together in order to avoid competing with each other, is of particular relevance to our industry. The Commerce Act makes cartel conduct unlawful and prohibits a range of other anti-competitive behaviour.

It is important that everyone in the industry is aware of what they can and cannot do when talking to their competitors. At the MG Group, all key staff are trained in this area, particularly focusing on the following four key areas.

1. Price fixing

This refers to a situation where competitors arrange to set or control prices for goods and services. At a basic level, it's when competitors agree a price to avoid competing with one another.

2. Output restriction

This often refers to a situation where competitors arrange to restrict or limit production or supply of goods or services, often in order to create an artificial shortage.

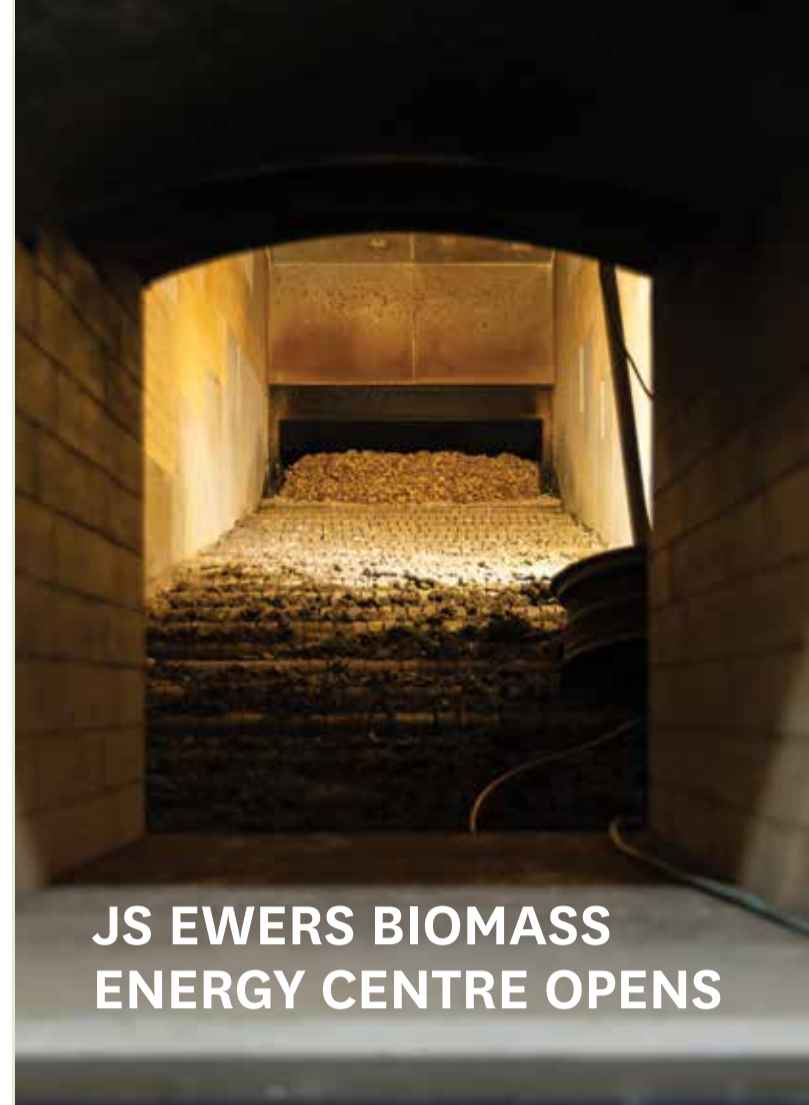
3. Allocating markets

This involves the division of a market for goods or services arranged by competitors within that market, usually on the grounds of geographic, demographic or other lines.

4. Bid rigging

Bid rigging, or collusive tendering, occurs when there is an agreement among some or all of the bidders as to which of them should win a bid prior to the auction or tender.

** This update is general in nature and not legal advice. Organisations are encouraged to seek advice if they have any further questions or have any concerns.*



JS EWERS BIOMASS ENERGY CENTRE OPENS

A state-of-the-art biomass plant, which will help reduce on-farm emissions by 98%, has been officially opened at Nelson growing operation, JS Ewers, which is a subsidiary business of the MG Group.

The new boiler, which runs on a wood residue sourced from local forests, will generate all the heating required for 12 hectares of glasshouse, which grow tomatoes, capsicums and eggplant, eliminating the need for burning coal.

The process, which took nearly five years, was complex, involving more than simply installing the biomass boiler. It was a staged approach, including an earlier project to establish a large ring-main system, which is a network of large pipes carrying hot water throughout the site, along with a buffer tank used to store two million litres of water. There was also the physical construction of the large boiler shed, the fuel storage and handling system, as well as the connection to the existing plant.

When speaking about the project, MG Group CEO, Peter Hendry said, "This project is not only a positive step forward for JS Ewers but for the industry more generally. A pleasing part of the project has been sharing our journey and learnings with other growers and hosting the likes of Tomatoes NZ and other interested growers on-site."



Recent allocation of funds from both the education round and contestable funding round reflected the MG Charitable Trust's strategy to prioritise education of people currently working in horticulture or about to enter the industry.

A broad range of grower specific opportunities have been offered across various tiers, from a place on the Rabobank Farm Manager programme for emerging leaders, through to high-level governance training for aspiring directors.



↑ Citrus NZ Conference delegates

In addition, the last contestable funding round supported:

Citrus NZ

Subsidised six places for growers to attend an international conference.

Women in Horticulture

Funding a Building Confidence Workshop.

Agribusiness in Schools

2024 primary industry funding partner.

The Agribusiness in Schools programme is delivered nationally and aims to prepare the best and brightest students for careers in the primary sector. The MG Trust's partnership will increase the exposure for horticulture, with the programme committing to delivering a higher amount of sector based content.

NEXT CONTESTABLE FUNDING ROUND

Funding applications are welcome from industry bodies, growing operations, individuals, community groups or anyone in New Zealand with an active interest in enhancing the horticulture sector in New Zealand. The next funding round will take place in June 2024.

Deadline for applications: 31 May 2024

www.mggroup.co.nz/mgtrust

STANDPOINT.



WEATHERING THE STORM

In recent times there has been a lot for business owners to deal with from the pandemic, weather events and labour challenges to navigating inflation and more recently it's been rising operational costs and an increase in the cost of living.

We're in a period of market uncertainty which leads to consumers tightening their purse strings. This is understandable, as families want to shore up their finances because they don't know what might be around the corner.

Generally good growing conditions in recent months have also contributed to higher volumes in the market which has added fuel to the fire, putting pressure on returns across a wide range of categories. This has been particularly acute in the past three months, with good post-Christmas trading quickly turning into a challenging market.

Despite recent strong supply and fresh produce representing good value, soft demand is certainly contributing to the conditions with a strain on the basket of everyday Kiwis.

The MG Group is not immune, as we incur additional costs associated with more stock moving through the business for less value. We are also grappling with how to manage operational expenditure and deliver the same high level of service while being even more efficient.

Rising costs and difficult market conditions are exactly the reasons that the teams across MG are committed to delivering the best service we can and believe that working closely together is the logical response in such a market. The ability to realise fair returns relies on good planning, on-farm execution and prompt delivery. Our sales representatives, key account managers and procurement staff are committed to working more closely to provide advice related to business planning and growers are encouraged to reach out at any time.

MG also continues to contribute to industry messaging, including media commentary about the benefits of fresh produce and local value by focusing on seasonal fruit and vegetables.

However, the best thing we can do for growers is to remain focused on execution every single day and that is what we intend to do.



CELEBRATING SUCCESS

Everyone across the MG Group was really pleased to have been recognised by Foodstuffs New Zealand, winning the "Here For NZ" partnership award at their annual supplier event held at Te Pae in Christchurch on Thursday 4 April 2024.

The national award is presented to the supply partner which most closely aligns with their Here for NZ social priorities which include making healthy food accessible, supporting communities, looking after people and operating in an environmentally sustainable way.

When presenting the 2024 trophy, Foodstuffs outlined the initiatives which contributed to the MG Group being selected, which included the work of the MG Charitable Trust, the Good Bunch programme which is driven in partnership with Dole NZ and the Salvation Army and the meaningful sustainability projects delivered by the teams across the MG Group.

It was very humbling to receive the national partnership award which acknowledges the work we're doing above and beyond simply providing a good service to growers and customers.

What makes this award extra special is that we didn't put ourselves forward - Foodstuffs took the time to seek out the MG Group as a winner and learn about the initiatives and projects our teams have delivered in this space.

As a co-operative, being community minded, looking after people and focusing on long-term sustainability is engrained in what we do, with one of our key strategies being to ensure the business is well positioned for the benefit of future generations.

® Together.Stronger.

Peter Hendry
CEO



100 Stories for 100 Yrs

Last year we had the pleasure of marking 100-years of operating in New Zealand.

As part of the centenary celebrations, we produced a book called "100 Stories for 100 Years". It is an interesting collection of short stories which capture the history, the ups and downs, the risks taken over the years and the many personalities that have shaped the MG Group.

Market Gardeners Limited shareholders who attended the 100-year celebration received a copy on the night.

Shareholders who did not attend the event, and would like a copy, can order by emailing the following address:

mg100year@mgroup.co.nz



TREASURY STOCK

Strong shareholder interest in MG Group treasury stock

In response to shareholder feedback and a general desire to enhance the liquidity of shares in Market Gardeners Limited (trading as the MG Group), the Board introduced the offer of treasury stock shares.

From time to time, such as when an MG Group shareholder retires, shares are surrendered. Rather than cancelling those shares, the Board resolves to hold a portion as treasury stock and offer them to shareholders who are current producers. This enables the MG Group to preserve its working capital and equity, while also providing an opportunity for shareholders to add to their shareholding if they choose.

The first issue of treasury stock occurred in December last year was oversubscribed.

The MG Group has performed well and has produced strong returns in recent years and it is believed this contributed to the strong response and the MG Group Board is considering when the next treasury stock issue will occur.

The treasury stock policy can be found on the MG Group website.