

ASX ANNOUNCEMENT

Notice of General Meeting and Proxy Form

Brisbane, 10 March 2023: Health and Plant Protein Group Limited (**ASX:HPP**) (**HPP**) advises that it will hold a General Meeting at 10:00am (Brisbane time) on Tuesday, 11 April 2023.

In accordance with ASX Listing Rule 3.17, HPP attaches a copy of the Notice of General Meeting and sample Proxy Form which are being sent to shareholders today.

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

ENDS

Investor enquires:

Albert Tse

Executive Chair

Health and Plant Protein Group Limited

Ph: (07) 3067 4828

About HPP

HPP, through its Royal Hawaiian Orchards® (RHO) and MacFarms® brands, is the largest vertically integrated orchard to retail macadamia nut processor and marketer in the USA. Macadamia nut contains rich nutrients and beneficial plant compounds, and HPP makes its products from wholesome and unmodified ingredients.



Health and Plant Protein Group Limited
ACN 010 978 800

Notice of General Meeting

Date: Tuesday, 11 April 2023

Time: 10.00am (Brisbane time)

Place: to be held virtually at <https://meetnow.global/MFLYKGC>

This is an important document that requires your attention

This Notice of Meeting and Explanatory Memorandum should be read in its entirety. If you are in doubt about how to deal with this document, please consult your legal, financial or other professional advisor.

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Important Information

Notice to persons outside of Australia

This document has been prepared in accordance with Australian law including the Corporations Act. These laws, disclosure requirements and accounting standards may be different to those in other countries.

Forward looking statements

Certain statements in this document relate to the future. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of HPP to be materially different from future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties, assumptions and other important factors include, among other things, the risks and considerations described in Section 7 of the Explanatory Memorandum. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected.

These statements reflect views only as of the date of this document. While HPP believes that the expectations reflected in the forward looking statements are reasonable, neither HPP nor any other person gives any representation, assurance or guarantee that the occurrence of an event expressed or implied in any forward looking statements in this document will occur.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Proposed Transaction which is not contained in this document. Any information which is not contained in this document may not be relied on as having been authorised by HPP or the Board in connection with the Proposed Transaction.

ASX

A copy of this document has been lodged with ASX pursuant to the ASX Listing Rules. Neither ASX nor any of its officers take any responsibility for the contents of this document.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this document.

Exchange rate

All AUD equivalent figures in this Notice of Meeting and Explanatory Memorandum are based on an exchange rate of US\$0.70 to A\$1.00.

Definitions

Capitalised terms in this document are defined in Schedule 1.

Enquiries

Enquiries in relation to this document can be directed to Albert Tse, Executive Chair at (07) 3067 4828.

Executive Chair's letter

Dear HPP Shareholders

I am pleased to invite you to a general meeting of Health and Plant Protein Group Limited ACN 010 978 800 (**HPP**) to consider the proposed sale of HPP's macadamia nut business to Hawaiian Host, LLC. (**Hawaiian Host Group**).

Overview of Proposed Transaction

On 23 February 2023, HPP announced that it and group company, HPP Group (Overseas) Holdings Pty Ltd, had entered into a Share Sale and Purchase Agreement for the sale of its wholly owned subsidiary, HPP America, Inc. (**HPP America**) to Hawaiian Host Group for cash consideration of US\$26.0 million (cA\$37.1 million),¹ subject to adjustments for net working capital and debt as at the completion date (**Proposed Transaction**).

The agreed purchase price is on an enterprise value basis and inclusive of HPP's US\$10 million (A\$14.3 million) loan facility with American AgCredit.

HPP America is the holding company of the HPP Group's primary operating entity, MacFarms LLC, which owns substantially all of the HPP Group's macadamia nut business assets, including:

- the Kapua Orchard and on-site processing facility in Hawaii (**Kapua Orchard**) – including all land, buildings, inventory, plant and equipment, equipment leases, statutory licences and related operating assets; and
- the brands (including Royal Hawaiian Orchards® and MacFarms®), business contracts, goodwill and intellectual property used in the macadamia nut business.

MacFarms LLC is also the employer of all US based employees of the HPP Group. It is expected that all US based staff will continue their employment following completion of the Proposed Transaction.

HPP Shareholder approval is required under ASX Listing Rule 11.2 for the disposal of HPP's main undertaking as a result of the Proposed Transaction. Accordingly, this meeting has been convened for the purposes of considering and, if thought fit, to approve the disposal of HPP's main undertaking for the purposes of ASX Listing Rule 11.2.

If approved by HPP Shareholders, and subject to satisfaction of various conditions precedent, the Proposed Transaction is expected to complete on Friday, 14 April 2023 (Hawaii time).

A summary of the Share Sale and Purchase Agreement terms is set out in section 4 of the Explanatory Memorandum to this Notice of Meeting.

Background to Proposed Transaction

On 30 January 2023, HPP announced that it had entered into an agreement with MNP Holdings, LLC (**MNP Holdings**) to sell HPP America for cash consideration of US\$23 million (cA\$32.9 million) (**MNP Transaction**). The price was on a cash free debt free basis with a normalised level of working capital.

The MNP Transaction followed a strategic review of HPP's US assets and a competitive sale process under which HPP held discussions with interested parties (including Hawaiian Host Group) in relation to the future ownership of the Kapua Orchard and macadamia nut business.

Following the announcement, Hawaiian Host Group offered to purchase HPP America for a higher purchase price of US\$26 million (cA\$37.1 million) on a cash free debt free basis with a normalised level of working capital.

¹ All AUD equivalent figures in this Notice of Meeting and Explanatory Memorandum are based on an exchange rate of US\$0.70 to A\$1.00.

The HPP Board unanimously decided that the offer received from Hawaiian Host Group is superior to the MNP Transaction and represents the best available option for HPP to meet its near-term obligations and maximise shareholder value.

On 28 February 2023, HPP and MNP Holdings agreed to terminate the MNP Transaction and HPP paid MNP Holdings US\$500,000 (cA\$715,000) by way of liquidated damages.

Proposed Transaction rationale

HPP Directors unanimously recommend (in the absence of a superior proposal) that HPP Shareholders **vote in favour** of the Proposed Transaction, for the following reasons:

- **immediate debt reduction and working capital funding** – it will result in immediate debt reduction and provide cash for urgent working capital requirements;
- **no ongoing exposure to macadamia business risks** – if the Proposed Transaction does not proceed, HPP Shareholders will continue to be exposed to the commercial risks associated with HPP's macadamia nut business, including the tightening labour market in Hawaii, increased costs of production, falling global macadamia commodity prices, adverse environmental factors and challenging macroeconomic conditions;
- **reduce capital requirements** – it will reduce HPP's capital expenditure requirements – the Kapua Orchard requires significant capital expenditure which HPP is unable to provide in its current financial position;
- **certainty of value** – being all cash, the Proposed Transaction offers certainty of value to HPP Shareholders;
- **Proposed Shareholder Return**– it will result in surplus capital, which can be distributed to HPP Shareholders by way of a return of capital or share buy-back;
- **no superior proposal** – the Proposed Transaction is superior to the MNP Transaction and follows an extensive strategic review undertaken by HPP in relation to the future ownership of the Kapua Orchard and macadamia nut business and, at this time, no superior proposal exists;
- **majority shareholder support** – HPP's largest shareholder, AMD, (which, as at the date of this Notice of Meeting, holds 34.9% of HPP Shares) has notified the HPP Board that it intends to vote in favour of the Proposed Transaction, in the absence of a superior proposal;
- **further value opportunities** – following completion of the Proposed Transaction HPP Shareholders will retain exposure to a listed vehicle without any debts or liabilities, which is well positioned to identify potential opportunities to create shareholder value including by way of acquisitions, equity investments or strategic combination opportunities with a focus on the agribusiness and food sectors; and
- **external advice** – the HPP Board has obtained external commercial advice from BDO Australia in relation to the Proposed Transaction, which is consistent with the HPP Board's recommendation.

Net proceeds of sale, use of funds and Proposed Shareholder Return

At completion, approximately US\$3.9 million (cA\$5.6 million) will be withheld from the gross purchase price and held in escrow by the independent escrow holder, pending review by the US Internal Revenue Service (**IRS**) and confirmation of the US withholding tax payable by HPP under the US *Foreign Investment in Real Property Tax Act of 1980 (FIRPTA)*. HPP intends to lodge its application to the IRS for an assessment of US withholding tax shortly after this Notice of Meeting. In the ordinary course, HPP expects that the IRS will complete its review after completion, during Q2 CY 2023.

Based on external advice, HPP does not expect the US withholding tax payable in respect of the Proposed Transaction to be material because the Proposed Transaction will only result in a modest capital gain for US tax purposes. However, there is a risk that the IRS assessment of the withholding tax applicable to the Proposed Transaction may differ from HPP's assessment. If this occurs, withholding tax may be payable by HPP, up to a maximum amount of approximately US\$3.9 million (cA\$5.6 million), which would reduce significantly the total amount of the Proposed Shareholder Return to HPP Shareholders.

Subject to HPP's expected assessment of US withholding tax, following the Proposed Transaction, HPP expects to have capital in excess of what is required for its ongoing operations for the foreseeable future. Accordingly, HPP intends to return a significant portion of the net proceeds of the Proposed Transaction (after US withholding tax obligations, repayment of HPP's creditors including repayment of the American AgCredit facility and HPP's existing convertible note obligations to AMD and transaction costs) to HPP Shareholders.

HPP estimates that the funds available to return to HPP Shareholders will be between approximately A\$6.5 million and A\$9.2 million (equivalent to approximately A\$0.053 and A\$0.075 per share)².

The exact method of returning the proceeds to HPP Shareholders remains under consideration by the HPP Board, however, it is likely to be completed by way of an equal return of capital or an equal access off-market share buy-back (or combination of both) (**Proposed Shareholder Return**). Shareholder approval is required for each of these corporate actions.

Accordingly, HPP is seeking approval from HPP Shareholders to undertake an equal return of capital to shareholders (under Resolution 2) or an equal access, off-market share buy-back (under Resolution 3), as determined by the HPP Board in the best interests of shareholders having regard to all the circumstances.

The amount of capital to be returned to shareholders will be determined by the HPP Board having regard to fluctuations in the exchange rate and the amount of cash available to be distributed to HPP Shareholders and HPP's financial position following completion of the Proposed Transaction.

Consequences for HPP following the Proposed Transaction and Proposed Shareholder Return

Following completion of the Proposed Transaction and Proposed Shareholder Return, HPP will be a listed vehicle without any debts or liabilities, which is well positioned to identify potential opportunities to create further shareholder value, including by way of acquisitions, equity investments or strategic combination opportunities with a focus on the agribusiness and food sectors.

HPP is also seeking shareholder approval to consolidate its issued share capital following the Proposed Transaction and Proposed Shareholder Return, by converting every 25 HPP Shares into 1 HPP Share (**Share Consolidation**), to provide HPP with a more appropriate and effective capital structure for the rationalised business.

HPP Board recommendation

The HPP Board believes that the Proposed Transaction, Proposed Shareholder Return and Share Consolidation are in the best interests of HPP Shareholders (in the absence of a superior proposal), and unanimously recommends that HPP Shareholders approve the transactions by voting in favour of all resolutions.

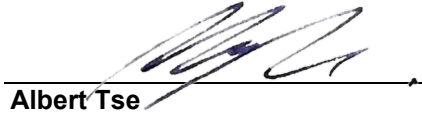
In the absence of a superior proposal which is unmatched by Hawaiian Host Group, each of the HPP Board members who hold or control shares in HPP intend to vote their shares in favour of the Proposed Transaction, Proposed Shareholder Return and Share Consolidation.

² Based on the assumptions set out in Section 5.2(a) and subject to HPP's expected assessment of US withholding tax.

Further information

Further details of the resolutions are set out in the Notice of Meeting and Explanatory Memorandum. Your vote is important and I encourage you to vote either at the meeting to be held virtually at 10.00am (Brisbane time) on Tuesday, 11 April 2023 or by completing the Proxy Form enclosed with this Notice of Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Albert Tse', is written over a horizontal line.

Albert Tse
Executive Chair
Health and Plant Protein Group Limited

Notice of General Meeting

Notice is given that an extraordinary general meeting of the shareholders of HPP will be held on Tuesday, 11 April 2023 commencing at 10.00am (Brisbane time) as a virtual meeting via an online platform at <https://meetnow.global/MFLYKGC>.

HPP Shareholders and their authorised proxies, attorneys and corporate representatives may participate in the General Meeting online. HPP Shareholders will not be able to attend the General Meeting in person.

To join the General Meeting you will need a desktop or mobile/ tablet with internet access. You must log into the General Meeting through your desktop or mobile/ tablet with your SRN/ HIN number and your password. The General Meeting link is <https://meetnow.global/MFLYKGC>. Shareholders who participate in the General Meeting via the online platform will be able to listen to the General Meeting, cast an online vote and ask questions both online and orally through the online platform.

This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum. Please note terms contained in this Notice of Meeting have the same meaning as set out in Schedule 1 of the Explanatory Memorandum accompanying this Notice of Meeting. A Proxy Form also accompanies this Notice of Meeting.

Agenda

Resolution 1 – Disposal of main undertaking

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, HPP Shareholders approve the Proposed Transaction and authorise HPP to dispose of its main undertaking on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'

HPP will disregard any votes cast in favour of this resolution by or on behalf of Hawaiian Host Group or any of its associates, or any other person who will obtain a material benefit as a result of the Proposed Transaction (except a benefit solely by reason of being a holder of ordinary securities in HPP) or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this resolution, in accordance with directions given to the proxy or attorney to vote on this resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on this resolution, in accordance with a direction given to the Chair to vote on this resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this resolution; and
 - (ii) the holder votes on this resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2 – Return of capital

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That, subject to the passing of Resolution 1 and completion occurring under the Share Sale and Purchase Agreement, the issued share capital of HPP be reduced by up to A\$9.2 million in accordance with sections 256B and 256C of the Corporations Act and that capital reduction is to be effected, subject to the Board's discretion, by HPP paying each HPP Shareholder the amount of up to \$0.075 per HPP Share on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'

Resolution 3 – Equal access off-market share buy-back

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That, subject to the passing of Resolution 1 and completion occurring under the Share Sale and Purchase Agreement, for the purposes of section 257C(1) of the Corporations Act and for all other purposes, HPP Shareholders authorise and approve an off-market share buy-back of up to a total of 122,820,737 HPP Shares (representing 99.9% of HPP's issued share capital as at the date of this Notice of Meeting) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'

Resolution 4 – Share consolidation

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That, subject to the passing of Resolution 1 and either Resolution 2 or Resolution 3 (or both), for the purposes of section 254H of the Corporations Act and for all other purposes, and with effect from the first trading day after completion of the Proposed Shareholder Return (or such other subsequent date that is notified to ASX by HPP) the issued share capital of HPP be consolidated on the basis that every 25 HPP Shares held by a HPP Shareholder be consolidated into 1 HPP Share and that any resulting fractions of a HPP Share be rounded up to the next whole number.'

By order of the Board

Albert Tse

Executive Chair

Health and Plant Protein Group Limited

Dated 10 March 2023

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the assistance of HPP Shareholders in relation to business to be conducted at an extraordinary general meeting to be held on Tuesday, 11 April 2023 commencing at 10.00am (Brisbane time) as a virtual meeting via an online platform at <https://meetnow.global/MFLYKGC>. This Explanatory Memorandum should be read with, and form part of, the accompanying Notice of Meeting.

The purpose of this Explanatory Memorandum is to provide HPP Shareholders with all information known to HPP which is material to a decision on how to vote on the resolutions in the accompanying Notice of Meeting.

This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual HPP Shareholders or any other person. Accordingly, it should not be relied on solely in determining how to vote on the resolutions and HPP Shareholders should seek their own financial or legal advice.

Eligibility to vote

The Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the General Meeting will be as it appears in the register at 7pm (Sydney time) on Sunday, 9 April 2023. Accordingly, those persons are entitled to vote at the General Meeting.

How to vote

If you are eligible, you may vote by attending the General Meeting in person or by proxy or attorney. A member who is a body corporate may appoint a representative to attend and vote on its behalf.

Voting by proxy

To vote by proxy, please complete, sign and return the enclosed Proxy Form in accordance with the following instructions. If you require an additional Proxy Form, HPP will supply it on request.

A member who is entitled to vote at the General Meeting, may appoint one proxy if the member is only entitled to one vote or one or two proxies if the member is entitled to more than one vote. A proxy need not be a member of HPP. Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.

The Proxy Form must be signed by the member or the member's attorney. Proxies given by a corporation must be executed in accordance with the Corporations Act and the constitution of that corporation.

To be effective, the Proxy Form and the power of attorney or other authority (if any) under which it is signed or a certified copy, must be received by HPP at least 48 hours before the time for holding of the General Meeting or any adjourned meeting (or such lesser period the Directors permit):

- **By mail** c/- Computershare Investor Services, GPO Box 242, Melbourne, Victoria 3001.
- **Online** by scanning the QR code or by visiting www.investorvote.com.au and entering the control number found on the front of your accompanying Proxy Form. Intermediary Online subscribers (Institutions/ Custodians) may lodge their proxy instruction online by visiting www.intermediaryonline.com.
- **By facsimile** to 1800 783 447 (within Australia) or + 61 3 9473 2555 (outside Australia).

Any Proxy Form received after this deadline including at the General Meeting will be treated as invalid.

A person appointed as proxy may vote or abstain from voting as he or she thinks fit except where the proxy holds a Directed Proxy Form or the proxy is required by law or HPP's constitution to vote in a certain manner or abstain from voting.

If you appoint the Chair as your proxy and have not directed him how to vote, you are expressly authorising the Chair to cast your undirected Proxy Form in favour of all of the resolutions.

Resolution 1 – Disposal of main undertaking

1 Overview of Proposed Transaction

1.1 Background

It was announced at the 2020 HPP Annual General Meeting that HPP would undertake a strategic review of its Kapua Orchard in Hawaii. The purpose of the strategic review was to identify capital expenditure and other investment opportunities for the Kapua Orchard and to understand the outcomes of those opportunities, relative to alternatives that could deliver the most optimal shareholder value.

On 28 July 2021, HPP announced that significant capital investment was required to optimise the Kapua Orchard, and that HPP was seeking a partner with expertise in these areas to co-investment in the asset.

On 26 October 2021, HPP announced the appointment of FTI Consulting to assist with its deliberations and to evaluate options available to HPP in respect of the Kapua Orchard.

In July 2022, HPP announced the resignation of its Executive Chair and the appointment of Albert Tse and Hugh Robertson to the Board of Directors.

At the 2022 HPP Annual General Meeting, Mr Tse advised that the strategic review had been made a key priority and, following further review of the Kapua Orchard, global macadamia nut pricing and other macroeconomic conditions, HPP was willing to consider a wider strategic scope, including merger and acquisition options for the entire company.

On 30 January 2023, HPP announced that it had entered into an agreement with MNP Holdings to sell HPP America for cash consideration of US\$23 million (cA\$32.9 million). The purchase price was on a cash free debt free basis with a normalised level of working capital.

Following the announcement, Hawaiian Host Group offered to purchase HPP America for a higher purchase price of US\$26 million (cA\$37.1 million) on a cash free debt free basis with a normalised level of working capital.

The HPP Board unanimously decided that the offer received from Hawaiian Host Group is superior to the MNP Transaction and represents the best available option for HPP to meet its near-term obligations and maximise shareholder value.

On 28 February 2023, HPP and MNP Holdings agreed to terminate the MNP Transaction and HPP paid MNP Holdings US\$500,000 (cA\$715,000) by way of liquidated damages.

1.2 Proposed Transaction

On 23 February 2023, HPP announced that it had entered into a Share Sale and Purchase Agreement to sell its US based subsidiary, HPP America, to Hawaiian Host Group for cash consideration of US\$26.0 million (cA\$37.1 million). The agreed purchase price is on an enterprise value basis and inclusive of HPP's US\$10 million (A\$14.3 million) American AgCredit Facility.

HPP America is the holding company of the HPP Group's primary operating entity, MacFarms, which owns substantially all of the HPP Group's macadamia nut business assets, including:

- (a) the Kapua Orchard – including all land, buildings, inventory, plant and equipment, equipment leases, statutory licences and related operating assets; and
- (b) the brands (including Royal Hawaiian Orchards® and MacFarms®), business contracts, goodwill and intellectual property used in the macadamia nut business.

MacFarms is also the employer of all US based employees of the HPP Group. All US based staff are expected to continue their employment following completion of the Proposed Transaction.

HPP Shareholder approval is required under ASX Listing Rule 11.2 for the disposal of HPP's main undertaking as a result of the Proposed Transaction. If approved by HPP Shareholders, and subject to satisfaction of various conditions precedent, the Proposed Transaction is expected to complete on or around Friday, 14 April 2023 (Hawaii time).

The key terms of the Share Sale and Purchase Agreement are set out in Section 4.

1.3 **Net proceeds of sale and use of proceeds from the Proposed Transaction**

At completion, approximately US\$3.9 million (cA\$5.6 million) will be withheld from the gross purchase price and held in escrow by the independent escrow holder, pending review by the IRS and confirmation of the US withholding tax payable by HPP under FIRPTA. HPP intends to lodge its application to the IRS for an assessment of US withholding tax shortly after this Notice of Meeting. In the ordinary course, HPP expects that the IRS will complete its review after completion, during Q2 CY 2023.

Based on external advice, HPP does not expect the US withholding tax payable in respect of the Proposed Transaction to be material because the Proposed Transaction will only result in a modest capital gain for US tax purposes. However, there is a risk that the IRS assessment of the withholding tax applicable to the Proposed Transaction may differ from HPP's assessment. If this occurs, withholding tax may be payable by HPP, up to a maximum amount of approximately US\$3.9 million (cA\$5.6 million), which would reduce significantly the total amount of the Proposed Shareholder Return to HPP Shareholders.

Subject to HPP's expected assessment of US withholding tax, following the Proposed Transaction, HPP expects to have capital in excess of what is required for its ongoing operations for the foreseeable future. Accordingly, HPP intends to return a significant portion of the net proceeds of the Proposed Transaction (after US withholding tax obligations, repayment of HPP's creditors including repayment of the American AgCredit facility and HPP's existing convertible note obligations to AMD and transaction costs) to HPP Shareholders.

HPP estimates that the funds available to return to HPP Shareholders will be between approximately A\$6.5 million and A\$9.2 million (equivalent to approximately A\$0.053 and A\$0.075 per share)³.

The exact method of the Proposed Shareholder Return remains under consideration by the HPP Board. Shareholder approval is required for each of the corporate actions under consideration by the HPP Board. Accordingly, HPP is seeking approval from HPP Shareholders to undertake an equal return of capital to shareholders (under Resolution 2) or an equal access, off-market share buy-back (under Resolution 3), as determined by the HPP Board in the best interests of shareholders having regard to all the circumstances.

The amount of capital to be returned to shareholders will be determined by the HPP Board having regard to fluctuations in the exchange rate and the amount of cash available to be distributed to HPP Shareholders and HPP's financial position following completion of the Proposed Transaction.

³ Based on the assumptions set out in Section 5.2(a) and subject to HPP's expected assessment of US withholding tax.

1.4 Timetable

The indicative timetable for the General Meeting, Proposed Transaction, Proposed Shareholder Return and Share Consolidation is set out below:

Event	Date
Notice of Meeting Date of this Notice of Meeting and despatch to HPP Shareholders	Friday, 10 March 2023
General Meeting Proxy Forms Latest time and date by which the General Meeting Proxy Forms must be received by the HPP share registry	10.00am (Brisbane time) Sunday, 9 April 2023
Trading halt Trading halt pending the outcome of the General Meeting	Tuesday, 11 April 2023
General Meeting To be held virtually at https://meetnow.global/MFLYKGC to approve Proposed Transaction, Proposed Shareholder Return and Share Consolidation	10.00am (Brisbane time) Tuesday, 11 April 2023
Completion date Expected completion of the Proposed Transaction	Friday, 14 April 2023 (Hawaii time) / Saturday, 15 April 2023 (Brisbane time)
Proposed Shareholder Return announcement date Expected date for announcement of method and quantum of the Proposed Shareholder Return	During Q2 CY 2023 (Date to be advised after completion of the Proposed Transaction)
Share Consolidation Effective Date Effective Date for Share Consolidation of HPP Shares	During Q2 CY 2023 (expected to be the trading day after the Proposed Shareholder Return)
Share Consolidation Record Date Record date for Share Consolidation and last day to register transfers on a pre-Share Consolidation basis	During Q2 CY 2023 (expected to be 3 trading days after the Effective Date)
Normal trading commences Normal trading of HPP Shares commences on a post-Share Consolidation basis	During Q2 CY 2023 (expected to be 5 trading days after Share Consolidation Record Date)

The timetable and the dates above (and the references to those dates throughout this Notice of Meeting) are indicative only. HPP may vary those dates in accordance with the Share Sale and Purchase Agreement and applicable laws in its absolute discretion and without prior notice.

Completion of the Proposed Transaction is subject to the terms of the Share Sale and Purchase Agreement, including satisfaction of the conditions precedent (as summarised in Section 4). The dates above and within this Notice of Meeting with respect to the timing of the Proposed Shareholder Return will depend on timing of completion of the Proposed Transaction and the IRS's timing for completing its assessment of HPP's FIRPTA exemption certificate application, which is expected during Q2 CY 2023. HPP will advise these dates to HPP Shareholders when available.

Changes to the above dates will be announced to ASX and notified on HPP's website.

1.5 Shareholder approval requirement

ASX Listing Rule 11.2 requires an ASX listed company to obtain the approval of its shareholders before it disposes of its main undertaking. HPP's macadamia nut business constitutes the main undertaking of HPP for the purposes of ASX Listing Rule 11.2 and, accordingly, HPP Shareholder approval is required for the Proposed Transaction to proceed. Resolution 1 seeks this approval from HPP Shareholders.

If Resolution 1 is passed, HPP will be able to proceed with and complete the Proposed Transaction, subject to the satisfaction or waiver (as applicable) of the other remaining conditions precedent under the Share Sale and Purchase Agreement (as described in Section 4).

2 Reasons to vote in favour of the Proposed Transaction

2.1 The Proposed Transaction will result in immediate debt reduction and provide cash for urgent working capital requirements

If the Proposed Transaction proceeds, it will provide HPP with cash which can be immediately applied towards repayment of HPP's outstanding debts and urgent working capital requirements.

HPP Group currently relies on debt funding in the form of:

- (a) **(American AgCredit Facility)** a US\$10 million (A\$14.3 million) senior debt facility from American AgCredit with approximately US\$9.46 million drawn as at 31 January 2023; and
- (b) **(AMD Convertible Note Debt)** a A\$10 million convertible note debt from its largest shareholder, AMD, repayable in 6 monthly instalments until 30 September 2028.

Both of these debts will be repaid from the proceeds of the Proposed Transaction.

2.2 If the Proposed Transaction does not proceed, HPP Shareholders will continue to be exposed to the commercial risks and uncertainty of the macadamia business

If the Proposed Transaction does not proceed, HPP Shareholders will continue to be exposed to the ongoing commercial risks and uncertainty associated with HPP's macadamia nut business. These risks are set out in detail in Section 7. These risks include, but are not limited to:

- (a) **(funding risks)** HPP Group currently relies on debt funding in the form of the American AgCredit Facility and AMD Convertible Note Debt. If the Proposed Transaction does not proceed, HPP will require additional cash funding which can be immediately applied towards repayment of HPP's outstanding debts and urgent working capital requirements;
- (b) **(sales and revenue risk)** the current macroeconomic conditions in the US continue to be a challenging environment for premium snack nuts including macadamia nut products. HPP's trading performance during FY23 is below budgeted expectations and weaker sales have contributed to HPP recording negative cash outflows from operating activities for FY23 year to date;
- (c) **(weather, climate and growing conditions risk)** since December 2022, two volcanos have erupted on the Big Island of Hawaii, one of which (Mauna Loa) was the first eruption in nearly four decades. The eruptions have resulted in hazardous air quality which could affect MacFarms harvesting program;

- (d) **(orchard and processing facility risks)** significant capital expenditure is required to ensure the future viability of the Kapua Orchard and HPP is presently unable to fund these capital expenditure works in its current financial position; and
- (e) **(competition risk)** HPP's Kapua Orchard is subject to competition from international growers, where macadamia commodity prices are falling, in particular, because those growers are not exposed to the specific risks and increased costs of production associated with operating an orchard on a remote part of the Big Island of Hawaii.

2.3 **The Proposed Transaction will reduce HPP's significant capital expenditure requirements**

If the Proposed Transaction proceeds, it will reduce HPP's significant capital expenditure requirements in relation to the Kapua Orchard.

HPP's Kapua Orchard on the south-western side of the Big Island of Hawaii is relatively remote and is largely situated on a slope with volcanic rock covering the ground where the macadamia trees are grown, rendering mechanical harvesting (which is used in other parts of the island and throughout the world) challenging without significant capital expenditure in rock crushing and clearing.

Since its inception in the 1960s, MacFarms has relied on hand-picking labour, which has for last few years been in shortage and this situation has further deteriorated since the beginning of the COVID-19 pandemic. Accordingly, significant capital expenditure is necessary to render sections of the Kapua Orchard suitable for mechanical harvesting, to ensure the future viability of the operation.

The processing facilities at the Kapua Orchard were originally constructed in the 1970s and 1980s, similarly, require significant capital expenditure to replace critical plant and equipment, modernise facilities and expand processing capacity.

HPP is unable to fund these extensive capital expenditure works in its current financial position.

2.4 **Being all cash consideration, the Proposed Transaction offers certainty of value to HPP and HPP Shareholders**

The Proposed Transaction consideration will be paid in cash and provides greater certainty of value to HPP and HPP Shareholders.

The Proposed Transaction is not subject to any financing conditions and Hawaiian Host Group have paid:

- (a) **(MNP Fee)** the MNP Fee of US\$500,000 (cA\$715,000) directly to HPP, which was applied by HPP for the payment of liquidated damages to MNP as part of the agreement to terminate the MNP Agreement on 28 February 2023; and
- (b) **(Deposit)** the Deposit of US\$4.7 million (cA\$6.7 million) to an escrow account held by an independent escrow holder.

The MNP Fee and Deposit secure Hawaiian Host Group's obligations under the Share Sale and Purchase Agreement and are only refundable if the closing conditions precedent are not satisfied or waived, or there is non-compliance by HPP with a material provision of the Share Sale and Purchase Agreement, which is either unremedied or not capable of remedy. The MNP Fee and Deposit will both be applied towards payment of the purchase price at completion of the Proposed Transaction.

2.5 If the Proposed Transaction proceeds, HPP expects to have surplus capital which can be distributed to HPP Shareholders

Subject to HPP's expected assessment of US withholding tax, following the Proposed Transaction, HPP expects to have capital in excess of what is required for its ongoing operations for the foreseeable future. Accordingly, HPP intends to return a significant portion of the net proceeds of the Proposed Transaction (after US withholding tax obligations, repayment of HPP's creditors including repayment of the American AgCredit facility and HPP's existing convertible note obligations to AMD and transaction costs) to HPP Shareholders.

HPP estimates that the funds available for the Proposed Shareholder Return will be between approximately A\$6.5 million and A\$9.2 million (equivalent to approximately A\$0.053 and A\$0.075 per share)⁴.

The exact method of the Proposed Shareholder Return remains under consideration by the HPP Board. Shareholder approval is required for each of the corporate actions under consideration by the HPP Board. Accordingly, HPP is seeking approval from HPP Shareholders to undertake an equal return of capital to shareholders (under Resolution 2) or an equal access, off-market share buy-back (under Resolution 3), as determined by the HPP Board in the best interests of shareholders having regard to all the circumstances.

A breakdown of the proposed use of funds and Proposed Shareholder Return can be found in Section 5.2(a). The amount of capital to be returned to shareholders will be determined by the HPP Board having regard to fluctuations in the exchange rate and the amount of cash available to be distributed to HPP Shareholders and HPP's financial position following completion of the Proposed Transaction.

2.6 The Proposed Transaction follows a strategic review and at this time no superior proposal exists

The Proposed Transaction is a result of an extensive strategic review which was commenced by HPP in December 2020, and was expanded to the broader macadamia nut business in November 2022 and follows a competitive sale process under which HPP received binding proposals from two parties in relation to the future ownership of the Kapua Orchard and macadamia nut business.

On 30 January 2023, HPP announced that it had entered into the MNP Transaction to sell HPP America for cash consideration of US\$23 million (cA\$32.9 million), following its strategic review of HPP's US assets.

Following the announcement, Hawaiian Host Group offered to acquire HPP America for a higher purchase price of US\$26 million (cA\$37.1 million). The HPP Board unanimously decided that the offer received from Hawaiian Host Group is superior to the MNP Transaction and represents the best available option for HPP to meet its near-term obligations and maximise shareholder value.

The HPP Board has not received or become aware of any superior proposal (including by MNP Holdings or otherwise) since the announcement of the Proposed Transaction.

2.7 The HPP Board unanimously recommends that HPP Shareholders vote in favour of the Proposed Transaction, and the HPP Board's view is supported by its external adviser BDO Australia

The HPP Board believes that the Proposed Transaction is in the best interests of HPP Shareholders (in the absence of a superior proposal), and unanimously recommends that HPP Shareholders approve the Proposed Transaction by voting in favour of Resolution 1.

⁴ Based on the assumptions set out in Section 5.2(a).

The HPP Board has also sought external commercial advice from an independent adviser, BDO Australia, to assist in forming their view on the reasonableness of the Proposed Transaction. BDO Australia were instructed to consider the same information available to the HPP Board at the time of forming their view on the proposal.

The HPP Board recommendation is based on their consideration of:

- (a) the reasons to vote in favour or against the Proposed Transaction as summarised in Sections 2 and 3;
- (b) the assessment of the risks summarised in Section 7 below, in particular, the ongoing commercial risks and uncertainty associated with HPP's macadamia nut business if the Proposed Transaction does not proceed;
- (c) advice provided by BDO Australia as to the reasonableness of the Proposed Transaction; and
- (d) the terms of the Proposed Transaction, including without limitation, the consideration being paid in cash, which provides greater certainty of value to HPP and HPP Shareholders, compared to alternative options available.

2.8 The Proposed Transaction is supported by HPP's largest shareholder

HPP's largest shareholder, AMD, (which, as at the date of this Notice of Meeting, holds 42,844,007 HPP Shares, representing 34.9% of HPP Shares on issue) has notified the HPP Board that it intends to vote in favour of the Proposed Transaction, in the absence of a superior proposal.

2.9 HPP Shareholders will retain exposure to a listed vehicle which is well positioned to identify potential opportunities to create shareholder value further value opportunities

Following completion of the Proposed Transaction, repayment of HPP's creditors, payment of US withholding tax obligations, transaction costs, and the Proposed Shareholder Return, HPP will be a listed vehicle without any debts or liabilities, which is well positioned to identify potential opportunities to create shareholder value including by way of acquisitions, equity investments or strategic combination opportunities with a focus on the agribusiness and food sectors.

3 Reasons why you may choose to vote against the Proposed Transaction

3.1 HPP will cease to have any interest in the macadamia nut business and HPP Shareholders will therefore not participate in its future financial performance

HPP is selling its entire interest in the macadamia nut business under the Proposed Transaction.

If the Proposed Transaction completes, HPP Shareholders will not be able to participate in the future financial performance of the macadamia nut business. HPP Shareholders may prefer to retain their investment in HPP as it is currently comprised and have the opportunity to participate in the financial performance of HPP (inclusive of the macadamia nut business).

HPP Shareholders who wish to maintain their investment profile may find it difficult to find an investment with a similar profile to that of HPP and they may incur transaction costs in undertaking any new investment.

3.2 Liquidity of HPP's Shares may potentially decrease

If the Proposed Transaction completes, the scale of HPP will be materially reduced, which may result in less liquidity of HPP Shares which may affect the valuation of HPP Shares and the ability of HPP Shareholders to trade their HPP Shares after completion of the Proposed Transaction.

3.3 The Proposed Shareholder Return is subject to HPP Shareholder approval and the quantum may be affected by factors such as US withholding tax obligations, level of creditors, exchange rate fluctuations and capital requirements after the shareholder return

Completion of the Proposed Transaction does not guarantee that the Proposed Shareholder Return will proceed or the quantum of the Proposed Shareholder Return.

The Proposed Shareholder Return is subject to HPP Shareholder's approving Resolution 2 and/ or Resolution 3 by the required majority at the General Meeting. If HPP Shareholders do not approve the Proposed Shareholder Return, HPP will be unable to return excess capital to HPP Shareholders by way of an equal return of capital or an equal access off-market share buy-back.

HPP estimates that the funds available for the Proposed Shareholder Return will be between approximately A\$6.5 million and A\$9.2 million (equivalent to approximately A\$0.053 and A\$0.075 per share)⁵. However, the exact amount will be determined by the Board having regard to fluctuations in the USD exchange rate and the precise amount of cash available to be distributed to HPP Shareholders after US withholding tax obligations, repayment of HPP's creditors and transaction costs and HPP's financial position following completion of the Proposed Transaction.

There is a risk that the IRS assessment of the withholding tax applicable to the Proposed Transaction may differ from HPP's assessment. If this occurs, withholding tax may be payable by HPP, up to a maximum amount of approximately US\$3.9 million (cA\$5.6 million), which would reduce significantly the total amount of the Proposed Shareholder Return to HPP Shareholders.

3.4 The tax consequences of the Proposed Shareholder Return may not suit your current financial position

The Proposed Shareholder Return may trigger taxation consequences for HPP Shareholders, such as the realisation of a capital gain or a capital loss. A general statement on the likely Australian taxation implications of the Proposed Shareholder Return is set out in Section 14. This statement is expressed in general terms only and HPP Shareholders should seek professional advice regarding the taxation consequences of the Proposed Shareholder Return which are applicable to their own circumstances.

3.5 HPP Shareholders may consider that there is potential for a superior proposal to emerge

If the Proposed Transaction completes, HPP will no longer have the macadamia nut business. HPP Shareholders may believe that there is the potential for a superior proposal to be made in the foreseeable future in respect of the macadamia nut business, the whole of HPP or otherwise.

The Proposed Transaction is a result of an extensive strategic review and follows a competitive sale process under which HPP received binding proposals from two parties in relation to the future ownership of the Kapua Orchard and macadamia nut business.

⁵ Based on the assumptions set out in Section 5.2(a).

The HPP Board has not received or become aware of any superior proposal (including by MNP Holdings or otherwise) since the announcement of the Proposed Transaction, and the HPP Board does not consider it likely that a superior proposal will be received by the Board (or otherwise emerge) before the date on which the Proposed Transaction is currently expected to complete.

3.6 **HPP Shareholders may disagree with the unanimous recommendation of the HPP Board and consider that the Proposed Transaction is not in their best interests**

In concluding that the Proposed Transaction is in the best interests of HPP Shareholders, in the absence of a superior proposal, the HPP Board is making judgements based on future trading conditions and events which cannot be predicted with any certainty and which may prove to be inaccurate (positively or negatively). HPP Shareholders may hold a different view from, and are not obliged to follow the recommendation of the HPP Board.

4 **Summary of Share Sale and Purchase Agreement**

A summary of the key terms of the Share Sale and Purchase Agreement is set out below:

(a) **Parties**

The Share Sale and Purchase Agreement is between Hawaiian Host Group as purchaser and HPP Group (Overseas) Holdings as seller. HPP is also a party to the agreement for the purpose of giving warranties, representations and indemnities to the purchaser.

(b) **Securities being acquired**

Hawaiian Host Group has agreed that its affiliate, HPP Acquisition LLC, will purchase all of the securities in HPP America. HPP America is the holding company of the HPP Group's primary operating entity, MacFarms, which owns substantially all of the HPP Group's macadamia nut business assets. HPP Acquisition LLC is also a party to the Share Sale and Purchase Agreement and is jointly and severally liable for all liabilities and obligations of Hawaiian Host Group under the agreement.

(c) **Consideration**

Hawaiian Host Group has agreed to pay US\$26.0 million (cA\$37.1 million) cash consideration for the shares in HPP America, on a cash free debt free basis with a normalised level of working capital, subject to adjustments for net working capital and debt as at the completion date.

(d) **MNP Fee and Deposit**

Hawaiian Host Group has paid:

- (i) **(MNP Fee)** the MNP Fee of US\$500,000 (cA\$715,000) directly to HPP, which was applied by HPP for the payment of liquidated damages to MNP as part of the agreement to terminate the MNP Agreement on 28 February 2023; and
- (ii) **(Deposit)** the Deposit of US\$4.7 million (cA\$6.7 million) to an escrow account held by an independent escrow holder pending completion.

The MNP Fee and Deposit secure Hawaiian Host Group's obligations under the Share Sale and Purchase Agreement and are only refundable if the closing conditions precedent are not satisfied or waived, or there is non-compliance by HPP Group (Overseas) Holdings or HPP with a material provision of the Share Sale and Purchase Agreement, which is either unremedied or not capable of remedy. The MNP Fee and Deposit will both be applied towards payment of the purchase price at completion of the Proposed Transaction.

(e) **Conditions precedent**

Completion under the Share Sale and Purchase Agreement is conditional upon the satisfaction or waiver of the following:

- (i) **(HPP Shareholder approval)** HPP Shareholder approval under ASX Listing Rule 11.2 for the disposal of HPP's main undertaking as a result of the Proposed Transaction;
- (ii) **(MNP Agreement termination)** termination of the MNP Agreement. This condition was satisfied and announced on 28 February 2023;
- (iii) **(HPP covenants)** HPP Group (Overseas) Holdings having performed and complied in all material respects with all covenants and agreements required by it under the Share Sale and Purchase Agreement;
- (iv) **(HPP warranties breach having material adverse effect)** there is no breach of the representations and warranties made by HPP and HPP Group (Overseas) Holdings which, other than in respect of warranties as to title, seller's authority and ability to enter into and complete the Proposed Transaction (including in respect of regulatory approvals and any litigation or disputes) and transaction costs, has a material adverse effect;⁶
- (v) **(consents)** all approvals and consents required under contracts, agreements and leases which have been identified as material to the purchaser having been received and provided to Hawaiian Host Group on or prior to completion; and
- (vi) **(no regulatory or legal intervention)** no injunction or other order of any nature being issued by a court of competent jurisdiction, nor any statute, rule or regulation being in effect that would make the Proposed Transaction illegal or otherwise prevent the consummation of the Proposed Transaction.

(f) **Conduct of business prior to completion**

Until completion, HPP Group (Overseas) Holdings is required to cause HPP America and MacFarms to continue to operate in the ordinary course of business, consistent with past practices and industry standards, including restrictions on the disposal of material assets, modifying or terminating the terms of material contracts, issuing shares or declaring dividends.

HPP Group (Overseas) Holdings must also use its reasonable best efforts to cooperate and assist Hawaiian Host Group to retain all MacFarms employees.

(g) **Expected completion date**

Completion is expected to occur on or around Friday, 14 April 2023 (Hawaii time)/ Saturday, 15 April 2023 (Brisbane time), provided that the General Meeting is held as scheduled on Monday, 10 April 2023 (Hawaii time)/ Tuesday, 11 April 2023 (Brisbane time).

⁶ This is a breach which has or is reasonably expected to have the effect (disregarding any non-cash adjustments required under HPP's accounting policies) of (i) diminishing the net assets of HPP America and MacFarms determined in accordance with HPP's accounting policies by US\$1.0 million or more as compared to what the net assets of HPP America and MacFarms could reasonably be expected to have been but for the breach or (ii) diminishing the earnings before interest, tax, depreciation and amortization of HPP America and MacFarms as determined in accordance with HPP's accounting policies, by US\$0.5 million or more in calendar year 2023 compared to what the earnings could reasonably be expected to have been but for the breach.

If there is any delay in holding the General Meeting, the completion date for the Proposed Transaction will be 5 Business Days after the delayed General Meeting date, or such other date as agreed by the parties in writing.

(h) **Warranties and indemnities**

HPP and HPP Group (Overseas) Holdings have provided customary warranties in respect of HPP America and MacFarms, subject to customary liability qualifications, acknowledgements and limitations, including in respect of minimum and maximum claim amounts, claim time limitations, and no consequential or contingent loss.

HPP and HPP Group (Overseas) Holdings have indemnified Hawaiian Host Group and HPP Acquisition LLC for any loss which it may suffer as a result of any breach of representation or warranty, or any breach of any covenant or obligation on the part of HPP or HPP Group (Overseas) Holdings.

(i) **Notification and matching rights**

HPP and HPP Group (Overseas) Holdings have agreed to notify Hawaiian Host Group of any actual, proposed or potential Competing Transaction and give Hawaiian Host Group a 3 Business Day period to provide a matching or superior proposal before entering into any agreement to implement such a Competing Transaction or the HPP Board changes their recommendation in respect of the Proposed Transaction.

(j) **Termination**

The Share Sale and Purchase Agreement may be terminated by either party:

- (i) **(mutual agreement)** by written agreement of the parties at any time before completion;
- (ii) **(unremedied default)** if the other party fails or refuses to close the Proposed Transaction in default of their obligations under the Share Sale and Purchase Agreement for which any applicable cure period has expired plus an additional 10 days for such party to cure, and provided that the terminating party is not in default of its obligations under the agreement; and
- (iii) **(non-satisfaction of conditions precedent)** if any condition precedent has not been satisfied or waived on or before 3 May 2023 (Hawaii time) (or if there is a reasonable basis to believe that the condition will be satisfied by 17 May 2023 (Hawaii time), the date nominated by the parties that is no later than 17 May 2023 (Hawaii time)).

(k) **Hawaiian Host Group liquidated damages**

HPP has agreed to pay Hawaiian Host Group liquidated damages of US\$2.6 million (cA\$3.71 million) (**HH LD Amount**) in the event that:

- (i) the Share Sale and Purchase Agreement is terminated for unremedied default by HPP or HPP Group (Overseas) Holdings, as set out in Section 4(j)(ii); or
- (ii) HPP has not obtained shareholder approval under ASX Listing Rule 11.2 for the disposal of HPP's main undertaking as a result of the Proposed Transaction, and one of the following conditions is also satisfied:
 - (A) a Competing Transaction has been announced or made known to either of the two largest shareholders of HPP or their nominees on the HPP Board before the meeting is held to consider the approval; or

(B) at any time on or before 9 months after the date of the Share Sale and Purchase Agreement, any member of the HPP Group enters into a legally binding agreement, arrangement or understanding relating to a Competing Transaction or there is a Competing Transaction recommended by the HPP Board.

(l) **HPP liquidated damages**

Hawaiian Host Group has agreed to pay HPP liquidated damages of US\$4.7 million (cA\$6.7 million) and will have been deemed to have forfeited the MNP Fee in the event that the Share Sale and Purchase Agreement is terminated for unremedied default by Hawaiian Host Group, as set out in Section 4(j)(ii)

(m) **Restraint**

For a period of 3 years from the completion date, HPP and HPP Group (Overseas) Holdings and have agreed not to participate directly or indirectly with any business activity that would compete with MacFarms, directly solicit or hire any person who is an employee of MacFarms at the time of signing the Share Sale and Purchase Agreement, unless such person has not been employed by MacFarms for at least 6-months.

5 Effect of the Proposed Transaction on HPP

5.1 Overview

Following completion of the Proposed Transaction and the Proposed Shareholder Return, HPP will be a listed vehicle without any debts, liabilities or material assets, which is well positioned to identify potential opportunities to create further shareholder value, including by way of acquisitions, equity investments or strategic combination opportunities with a focus on the agribusiness and food sectors.

HPP will continue to assess its medium to long term plans and intends to update HPP Shareholders on these matters before the end of Q2 CY 2023.

5.2 Financial effect of the Proposed Transaction on HPP

The estimated total amount of the Proposed Shareholder Return is based on a number of assumptions regarding future events, including successful implementation of the Proposed Transaction (including without limitation, fluctuations in the exchange rate, HPP's US withholding tax obligations (see further details in Section 5.5(a)), HPP's level of creditors and its anticipated capital requirements after the shareholder return), all of which involve risks, uncertainties and other factors beyond HPP's direct control. Accordingly, the estimate may differ from the final amount determined by the HPP Board to be distributed to HPP Shareholders.

It is therefore not currently possible to determine the precise amount of the Proposed Shareholder Return. HPP expects that it will be able to determine the precise amount of the Proposed Shareholder Return following completion of the IRS's review of HPP's FIRPTA application (which is expected during Q2 CY 2023), and HPP will release an ASX announcement once the amount has been determined.

(a) **Summary of cash proceeds of Proposed Transaction**

HPP estimates that the funds available for the Proposed Shareholder Return will be between approximately A\$6.5 million and A\$9.2 million (equivalent to approximately A\$0.053 and A\$0.075 per share).

The following table shows how HPP has calculated its estimate of the total amount of the Proposed Shareholder Return:

	\$6.5m Proposed Shareholder Return (A\$ million)⁷	\$9.2m Proposed Shareholder Return (A\$ million)⁸
Purchase price payable to HPP Group under Proposed Transaction (on enterprise value basis)	37.1	40.0
Expected net cash proceeds received by HPP Group from the Proposed Transaction ⁹	21.0	23.7
Expected tax payable in respect of the Proposed Transaction ¹⁰	1.0	1.0
Expected repayment of AMD Convertible Note Debt ¹¹	10.5	10.5
Expected transaction costs ¹²	1.4	1.4
Expected cash to be retained by HPP for future capital requirements (see Section 5.2(d) below)	1.6	1.6
Proposed Shareholder Return to Shareholders	6.5	9.2

⁷ AUD equivalent figures are based on an exchange rate of US\$0.70 to A\$1.00 and assume completion date for the Proposed Transaction occurs on Friday, 14 April 2023 (Hawaii time).

⁸ AUD equivalent figures are based on an exchange rate of US\$0.65 to A\$1.00 and assume completion date for the Proposed Transaction occurs on Friday, 14 April 2023 (Hawaii time).

⁹ Assumes application of A\$16.1m to A\$16.3m from total purchase price towards payment of liquidated damages in respect of the MNP Transaction (A\$0.7m to A\$0.8m), estimated repayment of American AgCredit Facility (A\$14.3m to A\$15.4m), transferring employee entitlements and other working capital and net debt adjustments (A\$0.2m to 1.1m).

¹⁰ Based on HPP's estimate of tax payable based on external advice. There is a risk that the IRS assessment of the withholding tax applicable to the Proposed Transaction may differ from HPP's assessment. If this occurs, additional withholding tax may be payable by HPP, up to a maximum amount of approximately US\$3.9m (cA\$5.6m).

¹¹ Based on repayment of A\$10m principal loan plus accrued interest of cA\$0.5m as at the completion date.

¹² Based on HPP's estimate of the combined employee entitlement liabilities of Australian based staff as at the completion date (including redundancy entitlements), the Staff Retention Payments (see Section 8.2 for further details) and other transaction costs (including share registry costs and fees incurred by HPP in respect of legal, accounting and tax advice).

(b) **Effect of the Proposed Transaction on key balance sheet line items**

The pro-forma statement indicating the key balance sheet line items of HPP as at 31 December 2022, adjusted for the Proposed Transaction and Proposed Shareholder Return and other assumptions noted below, is provided to assist HPP Shareholders to understand the effect of the Proposed Transaction, relative to HPP's most recently disclosed financial accounts.

The pro-forma statement has been extracted (in summary form) from the Half-Year Report of HPP dated 28 February 2023 for the 6-month period ended 31 December 2022. The Half-Year Report was reviewed by Ernst & Young, HPP's auditors, and lodged with ASX on 28 February 2023. The pro-forma statement has not been audited or reviewed.

The pro-forma statement is presented in abbreviated form and it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

	HY23 Statutory Balance Sheet (Reviewed) \$'000	HY23 Pro-Forma Balance Sheet (Unaudited) \$'000
Current Assets	57,860	1,600
Non-Current Assets	46	-
TOTAL ASSETS	57,906	1,600
Current Liabilities	37,513	299
Non-Current Liabilities	-	-
TOTAL LIABILITIES	37,513	299
NET ASSETS	20,393	1,301
TOTAL EQUITY	20,393	1,301

The pro-forma statement assumes that the pro-forma adjustments set out below have all occurred on 31 December 2022:

- (i) completion of the Proposed Transaction on a cash free, debt free basis;
- (ii) completion of the Proposed Shareholder Return;
- (iii) the proceeds and use of funds in respect of the Proposed Transaction are consistent with the table set out in Section 5.2(a), including in respect of purchase price adjustments, US withholding tax, repayment of liabilities and transaction costs; and
- (iv) retention of A\$1.6 million cash by HPP for future capital requirements (see Section 5.2(d) below),

The pro-forma statement is intended to be illustrative only and will not reflect the actual position and balance of HPP as at the completion of the Proposed Transaction or Proposed Shareholder Return.

(c) **Effect of the Proposed Transaction on income statement**

HPP's Half-Year Report for the 6-month period ended 31 December 2022 was prepared on a discontinued operations basis, with HPP's Kapua Orchard and macadamia nut business being categorised as assets held for sale. The Half-Year Report was reviewed by Ernst & Young, HPP's auditors, and lodged with ASX on 27 February 2023.

The income statement contained in HPP's Half-Year Report shows the performance of HPP's continuing business segment (ie 'Corporate') for the 6-month period to 31 December 2022 with the macadamia segment performance removed.

HPP considers that a pro-forma income statement prepared on the basis described in Section 5.2(b) above would be materially similar to the financial information in HPP's Half-Year Report.

(d) **Capital requirements following Proposed Transaction**

Following the Proposed Transaction, HPP expects to have capital in excess of what is required for its ongoing operations for the foreseeable future. Accordingly, HPP intends to distribute a significant portion of the net proceeds of the Proposed Transaction (after US withholding tax obligations, repayment of HPP's creditors and transaction costs) to HPP Shareholders.

HPP estimates that the funds available for the Proposed Shareholder Return will be between approximately A\$6.5 million and A\$9.2 million (equivalent to approximately A\$0.053 and A\$0.075 per share)¹³.

This will result in a reduction of the share capital of HPP by the amount of the Proposed Shareholder Return, which is expected to be between A\$6.5 million and A\$9.2 million, which would leave equity of approximately A\$1.3 million following payment of the Proposed Shareholder Return.¹⁴

As noted previously, the estimated total amount of the Proposed Shareholder Return is based on a number of assumptions, including certain factors beyond HPP's direct control. Accordingly, the estimate may differ from the final amount of the Proposed Shareholder Return determined by the HPP Board. HPP expects that it will be able to determine the precise amount for the Proposed Shareholder Return following completion of the IRS's review of HPP's FIRPTA application (which is expected during Q2 CY 2023), and HPP will release an ASX announcement once the amount has been determined.

HPP will retain approximately A\$1.6 million cash to cover its capital requirements over the near term as it seeks to identify potential opportunities to create further shareholder value, including by way of acquisitions, equity investments or strategic combination opportunities with a focus on the agribusiness and food sectors.

5.3 **Effect of the Proposed Transaction on HPP capital structure**

The Proposed Transaction will not impact the capital structure of HPP. For clarity, HPP will not issue or cancel any shares as a part of the Proposed Transaction, except for any HPP Shares which are acquired by HPP and cancelled as part of the Proposed Share Buy-Back.

However, following the Proposed Transaction and Proposed Shareholder Return, HPP is proposing to consolidate its issued capital through a consolidation of every 25 HPP Shares into 1 HPP Share, subject to HPP Shareholders approving Resolution 4. The rationale and further details on the Share Consolidation are set out in Section 20.3.

¹³ Based on the assumptions set out in Section 5.2(a).

¹⁴ As set out in the pro-forma consolidated balance sheet (and subject to all assumptions) in Section 5.2(b).

If the Share Consolidation is approved, each HPP Shareholder will still hold the same proportion of HPP's total share capital as before the Share Consolidation, and the current rights attaching to the HPP Shares will not be affected.

5.4 Effect of the Proposed Transaction on HPP Group structure

If the Proposed Transaction completes, the corporate structure of the HPP Group following completion will be as set out in Schedule 2.

5.5 Tax impact on HPP from the Proposed Transaction

(a) US tax implications of the Proposed Transaction for HPP

The Proposed Transaction is subject to US withholding tax under the FIRPTA regime, because it involves the disposition of a US Real Property Interest (i.e. the Kapua Orchard) by a foreign person (i.e. HPP).

At completion, approximately US\$3.9 million (cA\$5.6 million) will be withheld from the gross purchase price and held in escrow by the independent escrow holder, pending review by the IRS and confirmation of the US withholding tax payable by HPP under FIRPTA. HPP intends to lodge its application to the IRS for an assessment of US withholding tax shortly after this Notice of Meeting. In the ordinary course, HPP expects that the IRS will complete its review after completion, during Q2 CY 2023.

Based on external advice, HPP does not expect the US withholding tax payable in respect of the Proposed Transaction to be material because the Proposed Transaction will only result in a modest capital gain for US tax purposes. However, there is a risk that the IRS assessment of the withholding tax applicable to the Proposed Transaction may differ from HPP's assessment. If this occurs, withholding tax may be payable by HPP, up to a maximum amount of approximately US\$3.9 million (cA\$5.6 million), which would reduce significantly the total amount of the Proposed Shareholder Return to HPP Shareholders.

The IRS has not completed its review of HPP's FIRPTA application as at the date of this Notice of Meeting. When the IRS completes its review, HPP will make an announcement to ASX and upload a copy on HPP's website.

(b) Australian tax implications of the Proposed Transaction for HPP

Although the final tax impact of the Proposed Transaction will depend on the specific circumstances existing at completion, HPP does not expect to incur any material cash Australian tax liability in respect of the Proposed Transaction.

5.6 Changes to HPP Board and senior management

There are no immediate changes to the senior management or the HPP Board which are required as part of the Proposed Transaction. However, as the Proposed Transaction will result in the disposal of HPP's main undertaking and only operating business, the HPP Board will consider its options for company (including in respect of the HPP Board composition and senior management team) following completion of the Proposed Transaction, as discussed in Section 5.7 below.

5.7 Intentions if the Proposed Transaction proceeds

Following completion of the Proposed Transaction, repayment of HPP's creditors, payment of US withholding tax obligations, transaction costs, and the Proposed Shareholder Return, HPP will be a listed vehicle without any debts or liabilities, which is well positioned to identify potential opportunities to create shareholder value including by way of acquisitions, equity investments or strategic combination opportunities with a focus on the agribusiness and food sectors.

HPP will continue to assess its medium to long term plans and intends to update HPP Shareholders on these matters before the end of Q2 CY 2023.

HPP will retain A\$1.6 million cash to cover its capital requirements over the near term as it seeks to identify potential opportunities to create further shareholder value.

5.8 **Intention if Proposed Transaction does not proceed**

If the Proposed Transaction is not approved by HPP Shareholders or otherwise not implemented for any reason, HPP will continue to operate its macadamia nut business as it does at the date of this Notice of Meeting.

If this occurred, it is likely that the HPP Board would seek alternative divestment or capital raising options, with the objectives of:

- (a) realising cash which can be immediately applied towards repayment of HPP's outstanding debts and urgent working capital requirements;
- (b) maximising HPP Shareholder value;
- (c) reducing HPP's exposure to the ongoing commercial risks and uncertainty associated with HPP's macadamia nut business including, without limitation, the tightening labour market in Hawaii, increased costs of production, falling global macadamia commodity prices, adverse environmental factors and challenging macroeconomic conditions; and
- (d) reducing HPP's exposure to the significant capital expenditure requirements of the Kapua Orchard.

The Proposed Transaction is the result of an extensive strategic review and competitive sale process under which HPP received binding proposals from two parties in relation to the future ownership of the Kapua Orchard and macadamia nut business. There can be no guarantee that the HPP Board would be able to identify alternative options which provide comparable value to HPP and HPP Shareholders as the Proposed Transaction.

If the Proposed Transaction is not approved by HPP Shareholders and one of the conditions set out in Section 4(k)(ii)(A) or (B) is also satisfied, HPP will be required to pay Hawaiian Host Group the HH LD Amount. See Section 4(k) for further details on the HH LD Amount.

6 Information about Hawaiian Host Group

Hawaiian Host Group is a world leader in the macadamia industry with a portfolio of internationally recognized brands that includes Hawaiian Host and Mauna Loa. Based in Honolulu, Hawaiian Host Group is privately held and produces over 40 unique products that are sold in over 20 countries with more than 50,000 points of distribution, that range from flavoured macadamia nuts to artisan chocolates, and even non-dairy macadamia nut milk ice cream. Starting in 1927, Hawaiian Host Group has grown to a team of over 350 people at offices and production facilities in Honolulu, Hilo, Los Angeles, and Tokyo. For more information on Hawaiian Host Group, visit <https://www.hawaiianhostgroup.com/>.

7 Risk Factors

7.1 Introduction

The HPP Board considers that it is appropriate for HPP Shareholders, in considering the Proposed Transaction, to be aware that there are a number of risk factors associated with the Proposed Transaction, as well as with respect to HPP, general and specific, which could materially adversely affect the future operating and financial performance of HPP and the value of HPP Shares.

This Section 7 outlines:

- (a) general risk factors (refer to Section 7.2);
- (b) specific risk factors for the HPP business (refer to Section 7.3); and
- (c) specific risk factors associated with the Proposed Transaction and Proposed Shareholder Return (refer to Section 7.4).

If the Proposed Transaction and the Proposed Shareholder Return proceed, HPP will be a listed vehicle without any debts, liabilities or material assets. Accordingly, HPP Shareholders will no longer be exposed to the majority of the risks set out in this Section 7.3.

If the Proposed Transaction does not proceed (and in the absence of a superior proposal being implemented), then the risks in this Section 7 will continue to be relevant to HPP Shareholder as these risk factors are existing risks that relate to HPP's business and the industry in which it operates, or that are generally associated with an investment in listed securities. HPP Shareholders should carefully consider the risks discussed in this Section 7, as well as the other information contained in this Notice of Meeting generally, before voting on Resolution 1. The risks identified in this Section 7 do not take into account the investment objectives, financial circumstances or particular needs of individual HPP Shareholders and are not exhaustive. HPP Shareholders should consult their legal, financial, taxation or other professional adviser if they are unclear or uncertain about any matter mentioned in this Section 7 or elsewhere in this Notice of Meeting.

7.2 General risk factors

In addition to the specific business risks below, there are a number of general risks associated with holding HPP Shares. As with any entity with listed securities on ASX, the future prospects and operating and financial performance of HPP and the value of HPP Shares may be affected by a variety of factors. These factors may include:

- (a) changes in investor sentiment and overall performance of the Australian and overseas stock markets;
- (b) changes in general business, industry cycles, and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand;
- (c) economic and political factors in Australia and overseas, including economic growth;
- (d) changes in legislation and government, fiscal, monetary and regulatory policies including public and private healthcare insurance coverage and funding;
- (e) uncertainty around the likelihood, timing, franking or quantum of future dividends;
- (f) failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;
- (g) changes in accounting or financial reporting standards; and
- (h) changes in taxation laws (or their interpretation).

Deterioration of the general economic conditions, the Australian and overseas stock markets, and catastrophic events may also affect HPP's operating and financial position.

7.3 Specific risk factors for the HPP business

There are a range of business-specific risks associated with HPP Shareholders' current investment in HPP Shares, as set out below. HPP Shareholders will only continue to be exposed to the majority of these risks if the Proposed Transaction does not proceed:

(a) Funding risk

HPP Group currently relies on debt funding in the form of:

- (i) **(American AgCredit Facility)** a US\$10 million (A\$14.3 million) senior debt facility from American AgCredit with approximately US\$9.46 million drawn as at 31 January 2023; and
- (ii) **(AMD Convertible Note Debt)** a A\$10 million convertible note debt from its largest shareholder, AMD, repayable in 6 monthly instalments until 30 September 2028.

If the Proposed Transaction does not proceed, HPP will require additional cash funding which can be immediately applied towards repayment of HPP's outstanding debts and urgent working capital requirements. If this occurred, it is likely that the HPP Board would seek alternative divestment or capital raising options to meet these cash needs.

The Proposed Transaction is the result of an extensive strategic review and competitive sale process under which HPP received binding proposals from two parties in relation to the future ownership of the Kapua Orchard and macadamia nut business. There can be no guarantee that the HPP Board would be able to identify alternative options which provide comparable value to HPP and HPP Shareholders as the Proposed Transaction. If HPP is unable to obtain additional capital, it may be required to reduce the scope of its anticipated activities which could adversely affect its business, financial condition and operating results.

(b) Liquidity risk

The management of liquidity to meet the cashflow requirements of HPP including the purchase of inventory, payments to staff and suppliers and the payment of debts as and when they fall due is important to HPP's business operations.

Unexpected reductions in sales or increases to operating or other costs could result in HPP's cash requirements being over and above its available liquidity. To the extent that HPP's operating cash flows, debt facilities and equity base are insufficient to meet its requirements for ongoing operations, for example, due to weakening customer demand in the premium nut category, falling world macadamia commodity prices or increasing costs of production, HPP may need to seek additional funding.

(c) Financial risk

Any dispute, or breakdown in the relationship, between HPP and its senior lender or convertible noteholder, could adversely impact the business, including if HPP's financial position deteriorates, or HPP is otherwise in breach of its financing terms, and its senior lender or convertible noteholder is unwilling to grant waivers or amendments to financing facilities, potentially resulting in debt covenant breaches or other defaults.

If a breach of any of those covenants occur, HPP's senior lender or convertible noteholder may seek to exercise enforcement rights under the respective financing facility, including requiring immediate payment, which may lead to forced asset sales or default and have a material adverse effect on the financial performance and position of HPP.

While HPP currently has the support of its senior lender and convertible noteholder, it cannot guarantee that this will always be the case.

(d) **Sales and revenue risk**

As disclosed by HPP to the market previously,¹⁵ the current macroeconomic conditions in the US continue to be a challenging environment for premium snack nuts including macadamia nut products.

HPP's trading performance during FY23 is below budgeted expectations and prior year performance with FY23 Q1 net sales down 27% (US\$2.17 million) against prior corresponding period and FY23 Q2 net sales down 29.5% (US\$1.8 million) against prior corresponding period. The weaker sales have contributed to HPP recording negative cash outflows from operating activities of A\$3.0 million for FY23 year to date to 31 December 2022.

There is a risk that sales may take longer than expected to return to FY22 levels or not return to those levels at all. HPP's revenue also depends, in part, on its ability to respond to current market trends, which can be impacted by a variety of factors, including changing tastes and dietary habits of consumers, entry of new market participants and changes in the purchasing patterns of HPP's customers. Responding to new market trends can require significant investment. If HPP fails to anticipate, identify, or react to changes in market trends on a timely basis, it could experience reduced demand and/ or profit margins for its products, which could in turn adversely affect financial performance.

(e) **Weather, climate and growing conditions risk**

HPP's Kapua Orchard is located on the south-western side of the Big Island of Hawaii and is exposed to Hawaiian weather patterns, disease and insect infestations and natural disasters, for example volcanic activity, drought, extreme heat, floods, hail and associated changes in agricultural activity.

Since December 2022, two volcanos have erupted on the Big Island of Hawaii, one of which (Mauna Loa) was the first eruption in nearly four decades. The eruptions have resulted in hazardous air quality which could negatively affect MacFarms harvesting program. Variability in weather conditions and natural disasters may impact key drivers of HPP's earnings including harvest size and quality and economic activity. There has also been an increased frequency of natural disasters globally in recent years and it is expected that this trend will continue.

HPP is exposed to a number of potential climate change related risks, including increased operating costs due to carbon pricing policies and impacts on harvest yields and supply chain from climate change and extreme weather events. For example, in FY20, high rainfall contributed to an increased level of macadamia inventory write downs totalling approx. A\$1.53 million, primarily due to an increased level of aflatoxin affected kernel. Aflatoxin is a mould which occurs when nut-in-shell is exposed to high moisture for extended periods.

Any of these risks could result in HPP losing all or part of its harvest and the associated revenue stream. Such a loss could have a material impact on the operations and financial performance and prospects of HPP.

¹⁵ See ASX announcements dated 22 August 2022 ('FY22 Financial Results and Annual Report'), 31 October 2022 ('Quarterly Activities/Appendix 4C Cash Flow Report') and 31 January 2023 ('Quarterly Activities/Appendix 4C Cash Flow Report').

(f) **Processing risks**

(i) **General**

There are risks which are inherent in processing operations including machinery breakdowns, damage from flood and fire, below standard workmanship or materials, employee issues (including accidents) and workplace health and safety issues. Any adverse impact on production could have a materially adverse impact on HPP's ability to meet customer needs, customer claims risk and financial performance.

(ii) **Capital expenditure requirements**

HPP's Kapua Orchard is relatively remote and is largely situated on a slope with volcanic rock covering the ground where the macadamia trees are grown, rendering mechanical harvesting (which is used in other parts of the island and throughout the world) challenging without significant capital expenditure in rock crushing and clearing.

Since its inception in the 1960s, MacFarms has relied on hand-picking labour, which has for last few years been in shortage and this situation has further deteriorated since the beginning of the COVID-19 pandemic. Accordingly, significant capital expenditure is necessary to render sections of the Kapua Orchard suitable for mechanical harvesting, to ensure the future viability of the operation.

The processing facilities at the Kapua Orchard were originally constructed in the 1970s and 1980s, similarly, require significant capital expenditure to replace critical plant and equipment, modernise facilities and expand processing capacity.

HPP is unable to fund these extensive capital expenditure works in its current financial position – see 'Funding Risk' above.

(iii) **Regulatory risk**

HPP is required to comply with a range of laws and regulations, including food standards, labelling and packaging, consumer protections, employment, property and the environment, quarantine, customs and tariffs, and taxation.

In particular, HPP's Hawaiian operations are subject to extensive regulation by the US Food and Drug Administration, the USDA, the United States Environmental Protection Agency and other state, local and foreign authorities in jurisdictions where HPP's products are manufactured, processed or sold. HPP is also subject to California's Proposition 65, which requires that clear and reasonable warnings be given to consumers who are exposed to certain chemicals deemed by the state of California to be dangerous.

These regulations govern the manufacturing, importation, processing, packaging, storage, distribution, advertising and labelling of HPP's products. Amendments to existing regulations, increased production at existing facilities or any expansion into new operations and jurisdictions, may require HPP to obtain additional licenses and permits and potential changes to its methods of operations at costs that could be substantial. This may have a material adverse impact on HPP's financial performance and prospects.

HPP's compliance with applicable regulations may be time-consuming, expensive or costly and failure to comply could subject HPP to civil remedies, including fines, injunctions, recalls or seizures and possible criminal sanctions.

(iv) **Foreign operations risk**

HPP's operations in Hawaii and the USA are subject to the risks of operating in foreign jurisdictions. The operating and financial performance of HPP is highly exposed to economic and business conditions in the USA, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets, government fiscal, monetary and regulatory policies.

A prolonged deterioration in economic conditions in the USA (whether or not due to COVID-19, civil unrest or otherwise), including an increase in interest rates or a decrease in consumer and business demand, may have a material adverse impact on HPP's business or financial condition.

(v) **Supply risk**

HPP's processing operations depend on obtaining raw materials (in addition to raw materials produced on the Kapua Orchard), parts and components, equipment and other supplies, including services from reliable suppliers in adequate quality and quantity, in a timely manner.

It may be difficult for HPP to substitute one supplier for another, increase the number of suppliers or change one component for another in a timely manner or at all due to the interruption of supply or increased industry demand. This may adversely affect HPP's operations (for example, the efficiency and profitability of its processing operations).

The prices of raw materials, parts and components and equipment may increase due to changes in supply and demand. In addition, currency fluctuations and the weakening of the Australian dollar against foreign currencies may adversely affect HPP's purchasing power for raw materials, parts and components and equipment from foreign suppliers.

If HPP is unable to secure key supply inputs in a timely and economically acceptable manner, it could have a materially adverse effect on its ability to meet customer demand and maintain gross margin.

(g) **Competition risk**

HPP operates in a business environment and sector which is highly competitive. This competitive environment can be significantly affected by local market forces, such as new market entrants and changes in economic conditions and product demand.

In particular, HPP's Kapua Orchard is subject to competition risk from growers in other parts of the world (in particular, South Africa and China), where macadamia commodity prices are falling. Those growers are not exposed to the specific risks and increased costs of production associated with operating an orchard on a remote part of the Big Island of Hawaii, including (without limitation) lack of available labour, adverse environmental factors, raising employment, logistic, energy and insurance costs, and significant capital expenditure requirements to crush and clear volcanic rock which is necessary to render sections of the Kapua Orchard suitable for mechanical harvesting. HPP expects that macadamia commodity prices may fall even further as global supply increases further.

Any increased competition from new and existing competitors can impact on HPP's ability to generate sales, lead to a loss of market share and cause a reduction in profitability. Such changes to the competitive environment in which HPP operates may have an adverse impact on HPP's financial position, performance and prospects.

(h) **Product liability risk**

Any contamination, spoilage, or the presence of foreign objects or substances in HPP's products may injure its customers. The risk of injury can result from activities throughout the life cycle of HPP's products, including growing, harvesting, packaging, processing or sale phases. HPP may have limited ability to mitigate these risks, for example where title to produce has passed to a customer or where the risk arises from product tampering.

The risk of injury from HPP's products exposes HPP to loss of product, damage to relationships with customers, liability (including monetary judgements, fines, injunctions, and criminal sanctions) and negative publicity. Even if a product liability claim is unsuccessful or is not fully pursued, negative publicity surrounding any assertion that HPP's product has caused injury could adversely affect its reputation and brands.

While HPP maintains insurance cover for some of these risks, it may not be able to recover fully under those policies in all circumstances, and any amounts that it does recover may not be sufficient to offset any damage to the financial performance, reputation or prospects of HPP caused by any produce contamination, recall or produce liability claim or the negative publicity surrounding such event or claim.

(i) **Brand risk**

HPP's success in generating revenue and increasing its market share is based on the success of the brands that it distributes and sells, namely the MacFarms and Royal Hawaiian Orchards brands. Reliance on key brands makes HPP vulnerable to brand damage from negative publicity, product tampering or recalls, material delays in the supply of the key brands of such products to customers which may increase the risk of inventory and asset write-downs.

HPP's ability to maintain protection of its proprietary intellectual property (including trade marks) and operate without infringing the proprietary intellectual property rights of third parties is a critical part of its business. If HPP fails to protect its intellectual property rights it may be exposed to potential infringement and/ or cybersquatting from competitors or third parties, which may have an adverse financial impact.

(j) **Inventory risk**

At 30 June 2022, macadamia inventory amounted to approx. A\$16.3 million, comprising finished goods and raw materials. If HPP is not able to improve sales to the level required to sell through inventory, there is a risk that the carrying value of inventory will need to be written down. This may have a material adverse impact on HPP's reported financial performance. The HPP Board regularly monitors impairment risk and, consistent with accounting standards, HPP periodically assesses the carrying value of its assets.

(k) **Information technology upgrade risk**

HPP relies heavily on its computer hardware, software and information technology systems to operate its business. HPP has taken steps to upgrade its information technology system to a cloud-based platform. However, there can be no guarantee that this will remove the risk of unexpected system disruptions, failure or loss of business information. Should this occur, or if HPP's information technology systems or disaster recovery processes are otherwise not adequate, there may be a negative impact on HPP's performance.

(l) **Cybersecurity risk**

Any data or information security breach has the potential to result in unauthorised access (including targeted phishing operations), disclosure, loss and/ or misuse of company information and funds which may cause significant business and reputational damage, adverse regulatory and financial impacts and legal proceedings. Additionally, business interruptions due to a failure of operating systems could impact the operations of HPP and lead to financial loss.

(m) **Counterparty risk**

There is a risk that counterparties (including customers and suppliers) may fail to meet their contractual obligations (particularly to the extent that counterparties are facing financial distress, including as a result of challenging macroeconomic conditions such as rising inflation, declining consumer confidence and increased interest rates in the US) resulting in financial loss to HPP and impacting on HPP's business relationships and operations.

HPP cannot guarantee that its counterparties will fulfil these obligations or that HPP will successfully manage counterparty credit and performance risk. While HPP holds insurance products to insure credit related losses, with policy specifications and insured limits that HPP considers are customarily carried for businesses of a similar nature and size, the failure of customers to meet their financial obligations to HPP may adversely impact on HPP's revenue and the financial position, performance and prospects.

(n) **Major customer risk**

HPP sells its products to a number of large customers, including several large supermarket chains and other retailers. HPP's top three customers comprised 52% of total FY22 sales. Some of these large customers currently, or could in the future, wield significant market power due to their size, putting them in a strong negotiating position with HPP.

There is a risk that if key customers terminate their contracts with HPP (or allow them to expire without renewing them), change the terms to be less favourable than those currently on foot, or promote the products of one or more of HPP's competitors, it may materially impact the financial position, performance and prospects of HPP.

(o) **Insurance risk**

HPP maintains insurance coverage that is substantially consistent with industry practice. However, there is no guarantee that such insurances or any future necessary coverage will be available to HPP at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by HPP now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect HPP's business.

(p) **Foreign exchange and interest rate risk**

(i) **Foreign exchange risk** – HPP's material revenue and costs are denominated in US dollars and HPP's corporate costs are denominated in Australian dollars. Accordingly, adverse exchange rate movements between the Australian dollar and US dollar may have a materially adverse effect on HPP's financial performance and profitability in Australian dollar terms.

(ii) **Interest rate risk** – HPP will be subject to the risk of rising interest rates associated with borrowing on a variable rate basis. To the extent that HPP does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect HPP's profitability.

(q) **Personnel risk**

The responsibility of overseeing the day-to-day operations and the strategic management of HPP depends on its senior management and its key personnel. If any member of the senior management team ceases their engagement with HPP there may be a detrimental impact on HPP's prospects.

Whilst the ability of HPP to achieve its objectives may be affected by the matters mentioned above, the HPP Directors believe that appropriately skilled and experienced professionals would be available to provide services to HPP at market levels of remuneration in the event key external contractors cease to be available.

(r) **Dividends**

There is no guarantee that HPP will pay dividends at any time in the future. Future determinations as to the payment of dividends will be at the discretion of the HPP Board and will depend on the availability of profits, the operating results and financial condition of HPP, future capital requirements, covenants in relevant financing agreements, general business and financial conditions.

(s) **Share market liquidity and realisation risk**

There may be few potential buyers of HPP Shares on the ASX at any time. This may affect the prevailing market price at which HPP Shareholders are able to sell their HPP Shares. Further, there is a risk that HPP's convertible noteholder may sell its HPP Shares at a future date. This could cause the price of HPP Shares to decline.

7.4 **Specific risk factors associated with the Proposed Transaction and Proposed Shareholder Return**

There are a range of specific risks associated with the Proposed Transaction and Proposed Shareholder Return, as set out below:

(a) **Completion risk**

Even if HPP Shareholders approve the Proposed Transaction, it is possible that completion of the Proposed Transaction may not occur, including for example, if any other condition precedent (as summarised in Section 4(e)) is not satisfied or waived. This may occur due to factors which are outside of HPP's control, including for example the condition precedent in respect of regulatory or legal intervention (see Section 4(e)(vi)).

If this were to occur, HPP would still incur significant costs and expenses in connection with the Proposed Transaction, which would have a material adverse effect on HPP's financial position.

(b) **Liquidated damages risk**

If the Proposed Transaction is not approved by HPP Shareholders and one of the conditions set out in Section 4(k)(ii)(A) or (B) is also satisfied, HPP will be required to pay Hawaiian Host Group the HH LD Amount (US\$2.6 million), which would have a material adverse effect on HPP's financial position and prospects. See Section 4(k) for further details on the HH LD Amount.

(c) **US withholding tax assessment risk**

The Proposed Transaction is subject to US withholding tax under the FIRPTA regime, because it involves the disposition of a US Real Property Interest (i.e. the Kapua Orchard) by a foreign person (i.e. HPP).

At completion, approximately US\$3.9 million (cA\$5.6 million) will be withheld from the gross purchase price and held in escrow by the independent escrow holder, pending review by the IRS and confirmation of the US withholding tax payable by HPP under FIRPTA.

Based on external advice, HPP does not expect the US withholding tax payable in respect of the Proposed Transaction to be material because the Proposed Transaction will only result in a modest capital gain for US tax purposes. However, there is a risk that the IRS assessment of the withholding tax applicable to the Proposed Transaction may differ from HPP's assessment. If this occurs, withholding tax may be payable by HPP, up to a maximum amount of approximately US\$3.9 million (cA\$5.6 million), which would reduce significantly the total amount of the Proposed Shareholder Return.

When the IRS completes its review of HPP's FIRPTA application, HPP will make an announcement to ASX and upload a copy on HPP's website.

(d) **Warranty and indemnity risk**

HPP has entered into the Share Sale and Purchase Agreement in respect of the Proposed Transaction, under which HPP and HPP Group (Overseas) Holdings have agreed to provide certain warranties, representations and indemnities (see summary in Section 4). Whilst the HPP Board is not aware of any breach of such warranties, representations and indemnities, there is a risk that unknown or unforeseen events may give rise to a claim which may require HPP to make payments to Hawaiian Host Group under the Share Sale and Purchase Agreement.

8 Additional information

8.1 HPP Directors interests

Except for the Executive Chair's personal interest in the Staff Retention Payment as disclosed in Section 8.2, the HPP Directors do not have any material personal interest in the outcome of Resolution 1 other than as a result of their interest arising solely in their capacity as a HPP Shareholder.

As at the date of this Notice of Meeting, the interest in HPP Shares of the HPP Directors is set out below:

Director	Position	Relevant interest in HPP Shares
Albert Tse	Executive Chair	50,000
Qi (Christina) Chen	Non-Executive Director	Nil
Hugh Robertson	Non-Executive Director	Nil

8.2 Staff Retention Payments

HPP has agreed to pay each of its Australian based staff members a retention payment, including the Executive Chair, Mr Albert Tse (**Staff Retention Payments**).

The Staff Retention Payments to HPP's Australian based staff members will be paid in two tranches, with half of the retention payment payable subject to completion of the Proposed Transaction (or completion of a superior proposal) and the remaining half payable subject to staff members completing a term of service with HPP that is intended to cover the period through to completion of the Proposed Transaction. The Executive Chair's Staff Retention Payment is wholly conditional on completion of the Proposed Transaction (or completion of a superior proposal).

The maximum aggregate amount of the Staff Retention Payments that may be payable (including the Executive Chair) is A\$727,546. The Executive Chair's Staff Retention Payment is, in aggregate, A\$333,750.¹⁶

The HPP Board considers that the Staff Retention Payments are in the best interests of HPP, having regard to the key role that its staff play in ensuring that HPP's macadamia nut business continues to operate unaffected by the Proposed Transaction and that HPP's relationships with key stakeholders remain secure.

In relation to the Executive Chair's Staff Retention Payment, the HPP Board (excluding the Executive Chair due to his personal interest) considered the Executive Chair's level of remuneration (which was 50% less than HPP's previous Executive Chair) since his appointment and the extensive services and expertise that he has provided to HPP during the strategic review and competitive sale process, which allowed HPP to complete the process without having to appoint an external corporate adviser.

8.3 **BDO Australia review of Proposed Transaction**

The HPP Board has obtained external commercial advice from BDO Australia, to assist in forming their view on the reasonableness of the Proposed Transaction.

BDO Australia were instructed to consider the same information available to the HPP Board at the time of forming their view on the proposal. After considering this information, BDO Australia's advice was consistent with the HPP Board's recommendation (in the absence of a superior proposal).

BDO Australia's view in respect of the reasonableness of the Proposed Transaction is based on their consideration of:

- (a) the reasons to vote in favour or against the Proposed Transaction as summarised in Sections 2 and 3;
- (b) the assessment of the risks summarised in Section 7 above, in particular, the ongoing commercial risks and uncertainty associated with HPP's macadamia nut business if the Proposed Transaction does not proceed; and
- (c) the terms of the Proposed Transaction, including without limitation, the consideration being paid in cash, which provides greater certainty of value to HPP and HPP Shareholders, compared to alternative options available.

8.4 **Other material information**

Other than as set out in this Notice of Meeting (including in this Explanatory Memorandum) and information previously disclosed to HPP Shareholders by HPP, there is no information known to the HPP Directors as at the date of this Notice of Meeting which could reasonably be material to HPP Shareholders in relation to their decision on how to vote on Resolution 1.

¹⁶ The Executive Chair's remuneration is A\$127,500 per annum plus compulsory superannuation. The total Staff Retention Payment comprises A\$127,500 to bring the total yearly remuneration in line with the former executive chair's yearly fixed annual remuneration, and A\$206,250 payable in respect of the Proposed Transaction.

9 Board recommendation on Resolution 1

The HPP Board believes that the Proposed Transaction is in the best interests of HPP Shareholders (in the absence of a superior proposal), and unanimously recommends that HPP Shareholders approve the Proposed Transaction by voting in favour of Resolution 1.

The HPP Board recommendation is based on their consideration of:

- (a) the reasons to vote in favour or against the Proposed Transaction as summarised in Sections 2 and 3;
- (b) the assessment of the risks summarised in Section 7 above, in particular, the ongoing commercial risks and uncertainty associated with HPP's macadamia nut business if the Proposed Transaction does not proceed; and
- (c) the terms of the Proposed Transaction, including without limitation, the consideration being paid in cash, which provides greater certainty of value to HPP and HPP Shareholders, compared to alternative options available.

In the absence of a superior proposal which is unmatched by Hawaiian Host Group, each of the HPP Board members who hold or control shares in HPP intend to vote their shares in favour of Resolution 1.

Except for the Executive Chair's personal interest in the Staff Retention Payment as disclosed in Section 8.2, the HPP Directors do not have any material personal interest in the outcome of Resolution 1 other than as a result of their interest arising solely in their capacity as a HPP Shareholder, as set out in Section 8.1.

The HPP Board recommends that all HPP Shareholders read and carefully consider all the material set out in this Explanatory Memorandum before deciding how they will vote.

Resolution 2 – Return of capital

10 Background to Resolution 2 and Resolution 3

Subject to HPP's expected assessment of US withholding tax, following the Proposed Transaction, HPP expects to have capital in excess of what is required for its ongoing operations for the foreseeable future. Accordingly, HPP intends to return a significant portion of the net proceeds of the Proposed Transaction (after US withholding tax obligations, repayment of HPP's creditors including repayment of the American AgCredit facility and HPP's existing convertible note obligations to AMD and transaction costs) to HPP Shareholders.

The exact method of returning the proceeds to HPP Shareholders remains under consideration by the HPP Board, however, it is likely to be completed by way of an equal return of capital or an equal access off-market share buy-back (or combination of both) (together referred to as the Proposed Shareholder Return). Shareholder approval is required for each of these corporate actions. Accordingly, HPP is seeking approval from HPP Shareholders to undertake an equal return of capital to shareholders (under Resolution 2) or an equal access, off-market share buy-back (under Resolution 3).

The exact method of the Proposed Shareholder Return will be determined by the HPP Board in the best interests of HPP Shareholders having regard to all the circumstances, including the specific rationale for each method set out in Sections 11.3 (Rationale for the Proposed Capital Return) and 16.4 (Rationale for the Proposed Share Buy-Back).

11 Overview of Proposed Capital Return

11.1 Amount of Proposed Capital Return

Subject to Resolutions 1 and 2 being passed, completion of the Proposed Transaction, and exercise of the HPP Board's discretion as to the exact quantum of the final Proposed Capital Return described below, HPP estimates that the funds available for the Proposed Capital Return will be between approximately A\$6.5 million and A\$9.2 million (equivalent to approximately A\$0.053 and A\$0.075 per share).¹⁷

See Section 11.5 for the rationale for the estimated Proposed Capital Return amount. The exact amount of the Proposed Capital Return (if any) will be determined by the HPP Board having regard to (without limitation) fluctuations in the exchange rate and the precise amount of cash available to be distributed to HPP Shareholders and HPP's financial position following completion of the Proposed Transaction.

If the Proposed Capital Return proceeds, it is expected that the Proposed Capital Return will be made to all HPP Shareholders pro rata to the number of HPP Shares which they hold at on a record date to be determined, which is expected to be during Q2 CY 2023. The record date is subject to change and will be confirmed by HPP.

11.2 HPP Shareholder approval and conditions

The Proposed Capital Return will be effected in accordance with sections 256B and 256C of the Corporations Act. The Corporations Act requires HPP to obtain the approval of HPP Shareholders by ordinary resolution before making the Proposed Capital Return.

If HPP Shareholders do not approve Resolution 1 (approval of the Proposed Transaction) at the General Meeting, then Resolution 2 (approval of the Proposed Capital Return) will not be proposed at the General Meeting, the Proposed Transaction will not proceed and the

¹⁷ Based on the assumptions set out in Section 5.2(a).

Proposed Capital Return will not be made. If HPP Shareholders approve Resolution 1 but do not approve Resolution 2 and the Proposed Transaction proceeds to Completion, HPP will retain the net proceeds and consider alternative ways to return the net proceeds from the Proposed Transaction to HPP Shareholders, at the discretion of the HPP Board.

The HPP Board reserves the right not to proceed with the Proposed Capital Return at any time before the expected date of the Proposed Shareholder Return, as set out in the timetable in Section 1.4.

11.3 Rationale for the Proposed Capital Return

The purpose of the Proposed Capital Return is to return to HPP Shareholders as much as possible of the proceeds from the Proposed Transaction subject to the payment of HPP's tax and creditor obligations and retention of sufficient cash to cover HPP's capital requirements over the near term.

The primary advantage in approving the Proposed Capital Return is that it will enable HPP to repatriate capital which is in excess of its anticipated requirements to HPP Shareholders.

A disadvantage of the Proposed Capital Return is that, following its implementation HPP will have a reduced capital base from which to operate. However, the HPP Directors are of the opinion that the capital base immediately following completion of the Proposed Transaction will be in excess of HPP's requirements, particularly because following completion of the Proposed Transaction HPP will be a listed vehicle without any debts or liabilities.

HPP will retain approximately A\$1.6 million cash to cover its capital requirements over the near term as it seeks to identify potential opportunities to create further shareholder value, including by way of acquisitions, equity investments or strategic combination opportunities with a focus on the agribusiness and food sectors.

11.4 Payment details

If the Proposed Capital Return proceeds, funds are expected to be distributed via electronic transfer to entitled HPP Shareholders, being registered holders of HPP Shares at the record date. Any fraction of a cent payable to any HPP Shareholder in respect of that HPP Shareholder's aggregate holding of HPP Shares will be rounded up to the nearest whole cent.

To ensure HPP Shareholders receive their entitlement to the Proposed Capital Return or any future dividend or distribution promptly, HPP encourages HPP Shareholders to check and update their banking instructions <https://www.computershare.com.au/easyupdate/hpp>. If HPP's share registry does not have the correct banking details for HPP Shareholders, any payment may not be received.

11.5 Calculation of the amount of the Proposed Capital Return

HPP estimates that the total amount available for the Proposed Capital Return to Shareholders will be between approximately A\$6.5 million and A\$9.2 million of the net proceeds from the Proposed Transaction. Subject to no other HPP Shares being issued prior to the record date, HPP estimates that the Proposed Capital Return will result in a return of capital of between approximately A\$0.053 and A\$0.075 per HPP Share.

Further details of the basis for HPP's estimate of the Proposed Shareholder Return is set out in Section 5.2(a).

12 Legal requirements

12.1 Equal reduction

The Proposed Capital Return constitutes an equal reduction of HPP's share capital for the purposes of the Corporations Act. This is because it relates only to ordinary shares, it applies to each holder of ordinary shares in proportion to the number of shares they hold as at the record date, and the terms of the reduction are the same for each holder of ordinary shares.

12.2 Statutory requirements

(a) Fair and reasonable

Section 256B(1)(a) of the Corporations Act provides that a capital reduction must be fair and reasonable to a company's shareholders as a whole.

The HPP Directors are of the opinion that the Proposed Capital Return is fair and reasonable to all HPP Shareholders as it will apply to all HPP Shareholders on the record date equally, in proportion to the number of HPP Shares they hold as at that date.

(a) Company's ability to pay creditors

Section 256B(1)(b) of the Corporations Act provides that a capital reduction must not materially prejudice a company's ability to pay its creditors. As the Proposed Capital Return will only occur after US withholding tax obligations, repayment of HPP's creditors and transaction costs, the HPP Directors are satisfied that HPP's ability pay its creditors will not be materially prejudiced by the Proposed Capital Return. The HPP Directors have also satisfied themselves as to the solvency of HPP following the Proposed Capital Return.

Please refer to Section 13.3 below for further information regarding the impact of the Proposed Capital Return on HPP's ability to pay its creditors.

(b) Shareholder approval

Resolution 2 will be passed as an ordinary resolution for the purposes of section 256C(1) of the Corporations Act if more than 50% of the votes cast by HPP Shareholders present and eligible to vote at the General Meeting (whether in person, by proxy, by attorney or, in the case of a corporate HPP Shareholder, by a corporate representative) are in favour of it.

13 Effect of the Proposed Capital Return on HPP

13.1 Effect of the Proposed Capital Return on HPP capital structure and share price

As at the date of this Notice of Meeting, HPP has 122,820,738 fully paid ordinary shares on issue and paid-up share capital of approximately A\$60.6 million.

Following implementation of the Proposed Shareholder Return, HPP's share capital is estimated to reduce by an amount between approximately A\$6.5 million and A\$9.2 million.

No HPP Shares will be cancelled in connection with the Proposed Capital Return and no fractional entitlements will arise as a result of the Proposed Capital Return. The Proposed Capital Return will not impact the number of HPP Shares held by each of the HPP Shareholders, nor will it impact any HPP Shareholder's voting power in HPP.

Following implementation of the Proposed Capital Return, HPP Shares are expected to trade at a lower share price than its then trading price immediately prior to the record date for the Proposed Capital Return due to the repatriation of capital to HPP Shareholders.

13.2 Effect of the Proposed Capital Return on the historical and pro-forma financial position

The pro forma consolidated balance sheet of HPP for the year ended 30 June 2022 is set out in Section 5.2(b) and the pro forma consolidated income statement for the year 30 June 2022 is set out in Section 5.2(c) and shows the effect of the Proposed Transaction and Proposed Shareholder Return on HPP's historical financial position as at the dates of these statements.

13.3 Effect of the Proposed Capital Return on HPP's ability to pay its creditors

HPP has assessed the impact of the Proposed Capital Return on its ability to pay its creditors. That review concluded that the payment to HPP Shareholders of an amount equal to the estimated Proposed Capital Return would not materially prejudice HPP's ability to pay its creditors and HPP will have sufficient cash reserves to pay its creditors (including current and reasonably foreseeable claimants) following payment of the Proposed Capital Return.

13.4 Tax implications for HPP

No adverse tax consequences are expected to arise for HPP from implementing the Proposed Capital Return.

14 Australian tax implications for shareholders

14.1 Background

The commentary below is general in nature and not intended to be comprehensive. It is based on HPP's interpretation of Australian income tax law currently in force at the date of this Notice of Meeting.

It only addresses Australian income tax considerations and is only relevant to the taxation position of HPP Shareholders who hold their HPP Shares on capital account. It does not apply to HPP Shareholders who hold their HPP Shares on revenue account or as trading stock.

The taxation implications for HPP Shareholders will depend on their particular circumstances. HPP Shareholders should seek independent professional tax advice in relation to their tax position based on their particular circumstances, including under the laws of the country where they are resident for tax purposes.

This summary does not constitute financial product advice as defined in the Corporations Act and is confined to taxation issues and is only one of the matters HPP Shareholders need to consider when making a decision about their investments. HPP Shareholders should consider taking advice from a licensed adviser, before making a decision about their investments.

This section should be read in conjunction with the entire Notice of Meeting and Explanatory Memorandum.

14.2 Proposed Capital Return

For HPP Shareholders who are a resident of Australia for Australian tax purposes and who hold their HPP Shares on capital account for Australian tax purposes, then:

- (a) no part of the Proposed Capital Return should be treated as a dividend for income tax purposes;
- (b) the cost base of each HPP Share will be reduced by the amount of the Proposed Capital Return for the purpose of calculating any capital gain or loss on the ultimate disposal of the HPP Share; and

- (c) an immediate capital gain will arise for HPP Shareholders to the extent that the costs base of the HPP Shares is less the amount of the Proposed Shareholder Return. A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where the HPP Shareholder is an individual, complying superannuation entity or trustee, the HPP Shares have been held for at least 12 months and certain other requirements have been met.

For HPP Shareholders who are not a resident for Australian tax purposes and who hold their HPP Shares on capital account for Australian tax purposes, then no assessable Australian capital gain or loss should arise as a consequence of the Proposed Capital Return. Non-resident HPP Shareholders should seek advice in relation to the specific tax consequences arising from the Proposed Capital Return under the laws of their country of residence.

In the absence of a specific tax ruling, there is a risk that the ATO may determine a tax treatment for the Proposed Capital Return that is not in accordance with the commentary above. In particular, the ATO could make a determination to apply dividend integrity measures deeming all or part of the Proposed Capital Return to be an unfranked dividend in the hands of HPP Shareholders. In this situation, the following tax consequences could arise to HPP Shareholders:

- for HPP Shareholders who are a resident of Australia for Australian tax purposes, the deemed unfranked dividend should be included in assessable income; and
- for HPP Shareholders who are not a resident for Australian tax purposes, the deemed unfranked dividend should be subject to dividend withholding of up to 30%.

HPP notes that it has not applied to the ATO for a class ruling to confirm the Australian tax consequence of the Proposed Capital Return for HPP Shareholders who hold their HPP Shares on capital account for Australian tax purposes. Therefore, the information provided above is general in nature only. HPP Shareholders should seek independent professional tax advice in relation to their tax position based on their particular circumstances.

15 Board recommendation on Resolution 2

The HPP Board unanimously recommends that HPP Shareholders approve the Proposed Capital Return by voting in favour of Resolution 2.

Each HPP Director intends to vote all HPP Shares held or controlled by that HPP Director, as set out in the table in Section 8.1, in favour of the Proposed Capital Return.

The HPP Board recommends that all HPP Shareholders read and carefully consider all the material set out in this Explanatory Memorandum before deciding how they will vote.

Other than as set out in this Notice of Meeting (including in this Explanatory Memorandum) and information previously disclosed to HPP Shareholders by HPP, there is no information known to the HPP Directors as at the date of this Notice of Meeting which could reasonably be material to HPP Shareholders in relation to their decision on how to vote on Resolution 2.

Resolution 3 – Equal access off-market share buy-back

16 Overview of Proposed Share Buy-Back

16.1 Proposed Share Buy-Back

The Proposed Share Buy-Back will be an equal access, off-market share buy-back.

Under a buy-back, a company buys back its own shares from its shareholders who elect to participate in the buy-back offer. Any shares bought back must then be cancelled in accordance with the Corporations Act, with the result that the total number of the company's shares on issue is reduced by the number of shares bought back from participating shareholders.

An equal access scheme is a type of buy-back, under which the relevant company seeks to buy-back shares with shareholders have an equal opportunity to participate in proportion to their shareholdings.

Section 257B of the Corporations Act prescribes that, in an equal access scheme:

- (a) the offers under the equal access scheme must relate only to ordinary shares;
- (b) the offers must be made to every person who holds ordinary shares to buy-back the same percentage of their ordinary shares;
- (c) all of those persons must have a reasonable opportunity to accept offers made to them;
- (d) buy-back agreements must not be entered into until a specified time for acceptances of offers has closed; and
- (e) the terms of the offers must be the same.

The buy-back proposed by the Company is an equal access scheme for the purposes of the Corporations Act.

16.2 Amount of Proposed Share Buy-Back

Subject to Resolutions 1 and 3 being passed, completion of the Proposed Transaction, and exercise of the HPP Board's discretion as to the exact quantum of the final Proposed Share Buy-Back described below, HPP estimates that the funds available for the Proposed Share Buy-Back will be between approximately A\$6.5 million and A\$9.2 million (equivalent to approximately A\$0.053 and A\$0.075 per share).¹⁸

See Sections 16.4 and 16.5(i) for the rationale for the estimated Proposed Share Buy-Back amount. The exact buy-back offer price (if any) will be determined by the HPP Board having regard to (without limitation) fluctuations in the exchange rate and the precise amount of cash available to be distributed to HPP Shareholders and HPP's financial position following completion of the Proposed Transaction.

¹⁸ Based on the assumptions set out in Section 5.2(a).

16.3 HPP Shareholder approval, legal requirements and conditions

The Corporations Act allows a company to buy-back up to 10% of the minimum number of shares on issue at any time during the last 12 months without seeking approval of its shareholders. If a company wishes to buy-back a greater number of shares by way of an equal access buy-back, it must seek shareholder approval.

Section 257C(1) requires that the terms of the buy-back agreement be approved by an ordinary resolution passed at a general meeting of the company before the agreement is entered into or the agreement must be conditional on obtaining such an approval. Accordingly, Resolution 3 has been proposed for this purpose and will be approved if more than 50% of the total number of votes that are validly cast on Resolution 3 are in favour of it.

It is important to note that a HPP Shareholder who votes in favour of Resolution 3 does not have to participate in the Proposed Share Buy-Back. Participation in the Proposed Share Buy-Back is voluntary and at the discretion of HPP Shareholders.

Section 257A(a) of the Corporations Act provides that a buy-back must not materially prejudice a company's ability to pay its creditors. As the Proposed Share Buy-Back will only occur after US withholding tax obligations, repayment of HPP's creditors and transaction costs, the HPP Directors are satisfied that HPP's ability pay its creditors will not be materially prejudiced by the Proposed Share Buy-Back. The HPP Directors have also satisfied themselves as to the solvency of HPP following the Proposed Share Buy-Back.

Please refer to Section 17.3 below for further information regarding the impact of the Proposed Share Buy-Back on HPP's ability to pay its creditors.

The HPP Board reserves the right not to proceed with the Proposed Share Buy-Back at any time before the expected date of the Proposed Shareholder Return, as set out in the timetable in Section 1.4.

16.4 Rationale for the Proposed Share Buy-Back

The purpose of the Proposed Share Buy-Back is provide HPP Shareholders with the opportunity to realise some or all of their investment in HPP, using the proceeds from the Proposed Transaction subject to the payment of HPP's tax and creditor obligations and retention of sufficient cash to cover HPP's capital requirements over the near term. The potential reasons to vote in favour or against the Proposed Share Buy-Back are set out in Section 16.5(i) below.

HPP will retain approximately A\$1.6 million cash to cover its capital requirements over the near term as it seeks to identify potential opportunities to create further shareholder value, including by way of acquisitions, equity investments or strategic combination opportunities with a focus on the agribusiness and food sectors.

16.5 Details of the Proposed Share Buy-Back

The relevant features of the Proposed Share Buy-Back (should it proceed) are as follows:

(a) **Number of HPP Shares to be bought back**

The maximum number of HPP Shares that HPP will buy-back off-market will be 122,820,737 HPP Shares (representing approximately 99.9% of HPP's issued share capital as at the date of this Notice of Meeting). The final size of the Proposed Share Buy-Back will depend on the level of participation by HPP Shareholders.

(b) **Number of HPP Shares currently on issue**

122,820,738 HPP Shares as at the date of this Notice.

(c) **Proposed Share Buy-Back offer price**

The offer price under the Proposed Share Buy-Back will depend on the net proceeds of the Proposed Transaction after US withholding tax obligations, repayment of HPP's creditors and transaction costs.

HPP estimates that the funds available for the Proposed Share Buy-Back will be between approximately A\$6.5 million and A\$9.2 million (equivalent to approximately A\$0.053 and A\$0.075 per share).¹⁹

Accordingly, HPP is seeking shareholder approval to complete the Proposed Share Buy-Back with an offer price between A\$0.053 and A\$0.075 per HPP Share (**Buy-Back Price**).

The exact Buy-Back Price (if any) will be determined by the HPP Board and announced to the market, having regard to (without limitation) fluctuations in the exchange rate and the precise amount of cash available to be distributed to HPP Shareholders and HPP's financial position following completion of the Proposed Transaction. Further details of the basis for HPP's estimate of the funds available for the Proposed Share Buy-Back is set out in Section 5.2(a).

(d) **Current HPP Share price**

To provide an indication of the recent market price of HPP's Shares, the closing price on Friday, 3 March 2023 was \$0.067. The highest and lowest closing prices for HPP's Shares on the ASX during the previous three months were \$0.078 and \$0.050 respectively.

(e) **Options available to HPP Shareholders**

If the Proposed Share Buy-Back is approved, HPP will invite HPP Shareholders to sell some or all of their HPP Shares back to HPP at the Buy-Back Price. All HPP Shares bought back under the Proposed Share Buy-Back would be cancelled. Participation in the Proposed Share Buy-Back is completely voluntary and HPP Shareholders can elect whether to sell some, all or none of their HPP Shares under the Proposed Share Buy-Back.

A HPP Shareholder who does not wish to participate in the Proposed Share Buy-Back does not need to do anything. If a HPP Shareholder does not participate in the Proposed Share Buy-Back the number of HPP Shares that they hold will remain the same but their percentage shareholding in HPP will increase if other HPP Shareholders elect to participate in the Proposed Share Buy-Back.

HPP Shareholders may continue to sell their HPP Shares on-market, unless and until they make an application under the Proposed Share Buy-Back. It is possible that HPP Shares may trade on-market above or below the Buy-Back Price from time to time.

HPP Shareholders should consult their own tax advisor for specific taxation advice in connection with participation in the Proposed Share Buy-Back in order to assess the impact on their own particular circumstances. Further details of the Proposed Share Buy-Back procedure are set out below.

¹⁹ Based on the assumptions set out in Section 5.2(a).

(f) **Proposed Share Buy-Back procedure**

In the event that Resolutions 1 and 3 are approved at the General Meeting, and the HPP Board determines to proceed with the Proposed Share Buy-Back, HPP's current intention is to implement the Proposed Share Buy-Back as follows:

- (i) HPP Shareholders who hold HPP Shares on the record date for the Proposed Share Buy-Back will be sent an offer information booklet, which will include a personalised application form to participate. These documents will be despatched to HPP Shareholders, on which date the buy-back offer will open.
- (ii) The Proposed Share Buy-Back will be open to HPP Shareholders for at least 12 Business Days, subject to any extension (which will be announced to ASX).
- (iii) At any time during the offer period, a HPP Shareholder will be able to submit an their personalised application form to accept the Proposed Share Buy-Back in respect of some or all of their HPP Shares.
- (iv) Trustees or nominees who hold a parcel of HPP Shares on account of more than one beneficial holder will be able to accept the Proposed Share Buy-Back in whole or in part on behalf of some or all underlying beneficial holders on whose behalf they hold HPP Shares. Arrangements relating to instructions between registered HPP Shareholders and underlying beneficiaries on whose behalf HPP Shares are held are matters to be determined between the relevant trustee/nominees and beneficiaries.
- (v) HPP will only accept and process application forms lodged by registered HPP Shareholders and will not engage in correspondence with underlying beneficial owners.
- (vi) Notwithstanding the submission of an application form prior to the closing date of the buy-back offer, no agreement to buy-back HPP Shares under the Proposed Share Buy-Back will be formed and applications are conditional in all respects until the time at which the offer closes.
- (vii) All HPP Shares for which a valid application form has been received and accepted by HPP before the closing date of the buy-back offer will be cancelled within 5 Business Days of the closing date of the buy-back offer.
- (viii) Proceeds of the Proposed Share Buy-Back would be distributed to participating HPP Shareholders on, or as soon as practicable after, the date which is 5 Business Days of the closing date of the buy-back offer.

The procedure set out above represents HPP's current intention only and is subject to change as determined by the HPP Board.

(g) **Time frame**

HPP will announce to ASX a timetable for the Proposed Share Buy-Back in the event that Resolutions 1 and 3 are approved at the General Meeting, and the HPP Board determines to proceed with the Proposed Share Buy-Back.

(h) **Cancellation of buy-back shares**

Section 257H of the Corporations Act requires that a company must not dispose of the shares it buys back, and that immediately after the registration of the transfer of bought-back shares to the company, the shares are cancelled. HPP Shares purchased by HPP under the Proposed Share Buy-Back are proposed to be cancelled within 5 Business Days of the closing date of the buy-back offer.

(i) **Reasons to vote in favour of the Proposed Share Buy-Back**

Reasons to vote in favour of the Proposed Share Buy-Back include:

- (i) HPP Shareholders have the opportunity to exit all or part of their investment in HPP for a set cash price, providing greater certainty of value to HPP Shareholders, compared to alternative options available;
- (ii) HPP Shareholders who sell all of their HPP Shares will avoid ongoing exposure to the risks associated with an investment in HPP, including no guarantee that HPP will be able to execute on its post Proposed Transaction strategy of identifying potential opportunities to create further shareholder value (including by way of acquisitions, equity investments or strategic combination opportunities), lack of diversification, potentially illiquid investment, equity price risks and general economic risks (including those set out in Section 7);
- (iii) all HPP Shareholders will have an equal opportunity to participate and also have flexibility to tailor the level of their participation to suit their individual circumstances;
- (iv) participating HPP Shareholders will not have to pay brokerage or appoint a stockbroker to sell their HPP Shares pursuant to the Proposed Share Buy-Back;
- (v) the Proposed Share Buy-Back should enable HPP Shareholders to sell a significant volume of HPP Shares which may otherwise be difficult to do via the ASX due to recent trading levels in HPP's Shares; and
- (vi) implementation of an off-market buy-back is simple, cost effective and promotes a more efficient capital structure.

(j) **Reasons why you may choose to vote against the Proposed Share Buy-Back**

Reasons to vote in against the Proposed Share Buy-Back include:

- (i) participating HPP Shareholders will have their HPP Shares bought back and cancelled and will cease to have any rights as a member of HPP, which includes losing the rights to participate in the future financial performance of HPP;
- (ii) there will be a reduction in available cash levels of up to approximately A\$9.2 million and thus HPP's ability to use that cash for other purposes, including for HPP's post Proposed Transaction strategy will also be reduced. HPP will also incur some expenses relating to printing, mailing and share registry costs, however, these expenses are not considered material;
- (iii) the Proposed Share Buy-Back would, if approved and to the extent that HPP Shareholders participate in it, result in the cancellation of HPP Shares and therefore impact on the control of HPP. If there is significant participation in the Proposed Share Buy-Back, this will lead to an increase in the voting power of any substantial HPP Shareholders who elect not to participate in the Proposed Share Buy-Back. The potential effect of the Proposed Share Buy-Back on the control of HPP is set out in Section 17.4;
- (iv) if the Proposed Share Buy-Back proceeds, there will be a reduction in the number of HPP Shares on issue which may decrease liquidity of HPP Shares traded on ASX; and

- (v) participating in the Proposed Share Buy-Back may trigger taxation consequences for HPP Shareholders, such as the realisation of a capital gain or a capital loss.

(k) **Intentions of major Shareholders and effect on control**

As at the date of this Notice of Meeting, HPP's major shareholders have not confirmed their intentions or otherwise to participate in the Proposed Share Buy-Back or the extent of any potential participation. Consequently, it is not possible for HPP to definitively determine the control outcomes of the Proposed Share Buy-Back. The potential control impact of the Proposed Share Buy-Back depending on the level of participation of HPP Shareholders is set out in Section 17.4 below.

17 Effect of the Proposed Share Buy-Back on HPP

17.1 Effect of the Proposed Share Buy-Back on HPP capital structure

As at the date of this Notice of Meeting, HPP has 122,820,738 fully paid ordinary shares on issue and paid-up share capital of approximately A\$60.6 million.

If the Proposed Share Buy-Back proceeds, HPP will under the Proposed Share Buy-Back, offer to buy-back up to 122,820,737 HPP Shares (representing approximately 99.9% of HPP's issued share capital as at the date of this Notice of Meeting). HPP Shares that are bought back will be cancelled.

The Proposed Share Buy-Back may therefore reduce the number of HPP Shares on issue from 122,820,738 to a minimum of 1 HPP Share. However, the precise number of HPP Shares which are cancelled as part of the Proposed Share Buy-Back will depend on the level of HPP Shareholder participation.

17.2 Effect of the Proposed Share Buy-Back on the historical and pro-forma financial position

The pro forma consolidated balance sheet of HPP for the year ended 30 June 2022 is set out in Section 5.2(b) and the pro forma consolidated income statement for the year 30 June 2022 is set out in Section 5.2(c) and shows the effect of the Proposed Transaction and Proposed Shareholder Return on HPP's historical financial position as at the dates of these statements.

17.3 Effect of the Proposed Share Buy-Back on HPP's ability to pay its creditors

HPP has assessed the impact of the Proposed Share Buy-Back on its ability to pay its creditors. That review concluded that the payment to HPP Shareholders of an amount equal to the maximum amount payable under the Proposed Share Buy-Back would not materially prejudice HPP's ability to pay its creditors and HPP will have sufficient cash reserves to pay its creditors (including current and reasonably foreseeable claimants) following completion of the Proposed Share Buy-Back.

17.4 Effect of the Proposed Share Buy-Back on control of HPP

HPP's Shareholders with voting power of 5% or more, according to notices filed by them, are set out in the table below, along with their respective HPP Shareholdings and voting power prior to the Proposed Share Buy-Back as at the date of this Notice of Meeting.

The table below illustrates the potential shareholding and voting power of each of these substantial HPP Shareholders after completion of the Proposed Share Buy-Back, based on different levels of participation by HPP Shareholders and assuming in each case that the substantial HPP Shareholders do not participate.

Substantial shareholder	Before Proposed Share Buy-Back		After Proposed Share Buy-Back					
	HPP Shares	Voting Power	50% participation*		75% Participation*		100% Participation*	
HPP Shares			Voting Power	HPP Shares	Voting Power	HPP Shares	Voting Power	HPP Shares
AMD	42,844,007	34.9%	42,844,007	45.3%	42,844,007	53.2%	42,844,007	64.4%
John Cheadle	17,428,785	14.2%	17,428,785	18.4%	17,428,785	21.6%	17,428,785	26.2%
Ilwella Pty Ltd	6,250,000	5.1%	6,250,000	6.6%	6,250,000	7.8%	6,250,000	9.4%

* excluding participation by the substantial HPP Shareholders listed in the table.

17.5 Tax implications for HPP

No adverse tax consequences are expected to arise for HPP from implementing the Proposed Share Buy-Back.

18 Australian tax implications for shareholders

18.1 Background

The commentary below is general in nature and not intended to be comprehensive. It is based on HPP's interpretation of Australian income tax law currently in force at the date of this Notice of Meeting.

It only addresses Australian income tax considerations and is only relevant to the taxation position of HPP Shareholders who hold their HPP Shares on capital account. It does not apply to HPP Shareholders who hold their HPP Shares on revenue account or as trading stock.

The taxation implications for HPP Shareholders will depend on their particular circumstances. HPP Shareholders should seek independent professional tax advice in relation to their tax position based on their particular circumstances, including under the laws of the country where they are resident for tax purposes.

This summary does not constitute financial product advice as defined in the Corporations Act and is confined to taxation issues and is only one of the matters HPP Shareholders need to consider when making a decision about their investments. HPP Shareholders should consider taking advice from a licensed adviser, before making a decision about their investments.

This section should be read in conjunction with the entire Notice of Meeting and Explanatory Memorandum.

18.2 Proposed Share Buy-Back

It is proposed that the funds dispersed under the Proposed Share Buy-Back will be debited against the share capital of HPP, and no amount will be debited against the retained earnings of HPP. As such, no component of the funds received by participating HPP Shareholders under the Proposed Share Buy-Back should be treated as a dividend from HPP. In addition, no franking credits are to be attached to the funds dispersed under the Proposed Share Buy-Back to participating HPP Shareholders.

If HPP proceeds on the basis that the funds dispersed under the Proposed Share Buy-Back are entirely debited against the share capital of HPP, the following taxation consequences will result for HPP Shareholders who are a resident of Australia for Australian tax purposes and who hold their HPP Shares on capital account for Australian tax purposes:

- (a) no funds dispersed as part of the Proposed Share Buy-Back should be treated as a dividend for income tax purposes;
- (b) provided that the HPP Shares are held on capital account, HPP Shareholders would realise either a capital gain or loss when CGT event A1 is triggered upon disposing of their HPP Shares;
- (c) this capital gain or loss will arise as at the date that the contract to dispose the HPP Shares is entered into by each HPP Shareholder, rather than when the funds paid under the Proposed Share Buy-Back are actually received by the HPP Shareholder;
- (d) the funds dispersed under the Proposed Share Buy-Back should only consist of the capital component, and the capital component of the funds received by each HPP Shareholder under the Proposed Share Buy-Back will be the proceeds for CGT purposes;
- (e) a capital gain will be the excess of the capital proceeds received on disposal over the cost base or reduced cost base of the HPP Shares, and a capital loss will be the excess of the cost base or reduced cost base of the HPP Shares over the proceeds received on disposal; and
- (f) a CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where the HPP Shareholder is an individual, complying superannuation entity or trustee, the HPP Shares have been held for at least 12 months and certain other requirements have been met.

For HPP Shareholders who are not a resident for Australian tax purposes and who hold their HPP Shares on capital account for Australian tax purposes, then no assessable Australian capital gain or loss should arise as a consequence of the Proposed Share Buy-Back. Non-resident HPP Shareholders should seek advice in relation to the specific tax consequences arising from the Proposed Share Buy-Back under the laws of their country of residence.

For HPP Shareholders who do not participate in the Proposed Share Buy-Back, there would be no disposal of HPP Shares and, accordingly, no adverse tax consequences are expected to arise.

HPP notes that it has not applied to the ATO for a class ruling to confirm the Australian tax consequence of the Proposed Share Buy-Back for HPP Shareholders who hold their HPP Shares on capital account for Australian tax purposes. Therefore, the information provided above is general in nature only. HPP Shareholders should seek independent professional tax advice in relation to their tax position based on their particular circumstances.

HPP notes that the Federal Government has introduced the *Treasury Laws Amendment (Off-Market Share Buy-Backs) Bill 2022* to align the tax treatment of off-market share buy-backs and on-market share buy backs. If implemented as proposed, the legislation will have retroactive effect from 25 October 2022 and will therefore to apply to the Proposed Share Buy-Back. HPP does not consider that the proposed legislation will affect the commentary provided to HPP Shareholders in this Section 18.

19 Board recommendation on Resolution 3

The HPP Board unanimously recommends that HPP Shareholders approve the Proposed Share Buy-Back by voting in favour of Resolution 3.

Each HPP Director intends to vote all HPP Shares held or controlled by that HPP Director, as set out in the table in Section 8.1, in favour of the Proposed Share Buy-Back.

The HPP Board recommends that all HPP Shareholders read and carefully consider all the material set out in this Explanatory Memorandum before deciding how they will vote.

Other than as set out in this Notice of Meeting (including in this Explanatory Memorandum) and information previously disclosed to HPP Shareholders by HPP, there is no information known to the HPP Directors as at the date of this Notice of Meeting which could reasonably be material to HPP Shareholders in relation to their decision on how to vote on Resolution 3.

Resolution 4 – Share consolidation

20 Overview of Share Consolidation

20.1 Background

Resolution 4 seeks HPP Shareholder approval for HPP to consolidate its issued share capital through the conversion of every 25 HPP Shares into 1 HPP Share (**Share Consolidation**).

Under section 254H of the Corporations Act, a company may convert all or any of its shares into a smaller or larger number of shares if the conversion is approved by an ordinary resolution of shareholders at a general meeting.

This Section 20 of the Explanatory Memorandum provides the information provided by ASX Listing Rule 7.20 to be provided to HPP Shareholders in relation to the Share Consolidation.

20.2 Timing

If the Share Consolidation is approved, it is anticipated that the Share Consolidation will take effect on the first trading day after completion of the payment to HPP Shareholders of the Proposed Shareholder Return (or such other subsequent date as notified by HPP to the ASX).

The key dates in relation to the Share Consolidation are included in the indicative timetable set out in Section 1.4.

20.3 Reasons for the Consolidation

HPP currently has 122,820,738 HPP Shares and 25,000,000 AMD Convertible Notes on issue.

For a company of HPP's size (post completion of the Proposed Transaction and Proposed Shareholder Return), this is a relatively large number of shares to have on issue and subjects HPP to a number of disadvantages, including:

- (a) that HPP has a far greater number of shares on issue than comparable companies, meaning that its share price is lower for reasons other than valuation;
- (b) reduced flexibility following completion of the Proposed Transaction in seeking potential opportunities to create shareholder value, particularly if such opportunities involve issuing new securities at a discount to the trading price of HPP Shares;
- (c) negative perceptions associated with a low share price; and
- (d) administrative inconvenience.

The HPP Board believes that the Share Consolidation would assist in eliminating or mitigating these disadvantages and result in a more appropriate and effective capital structure for HPP and a share price more appealing to a wider range of investors.

20.4 Effect of the Share Consolidation

(a) Shares

If the Share Consolidation is approved by HPP Shareholders, the number of HPP Shares on issue will be reduced from 122,820,738 to 4,912,830 (subject to fractional rounding).

As the Share Consolidation applies equally to all HPP Shareholders, individual shareholdings will be reduced in the same ratio as the total number of HPP Shares (subject only to the rounding of fractions). It follows that the Share Consolidation will have no material effect on the percentage interest of each individual HPP Shareholder.

Therefore, if for example a shareholder currently has 1,000,000 shares, representing approximately 0.81% of all HPP Shares, then if the Share Consolidation is approved and implemented, the shareholder will have 40,000 HPP Shares following the Share Consolidation, still representing the same 0.81% of all HPP Shares. Similarly, the aggregate value of each HPP Shareholder's holding (and HPP's market capitalisation) should not materially change as a result of the Share Consolidation alone (assuming no other market movement or impacts occur). However, the price per share can be expected to increase to reflect the reduced number of shares on issue.

(b) Convertible securities

As at the date of this Notice of Meeting, HPP has granted a total of 25,000,000 AMD Convertible Notes. If Resolution 4 is approved, in accordance with ASX Listing Rule 7.21, the number of AMD Convertible Notes will be consolidated in the same ratio as the HPP Shares and the face value of the AMD Convertible Notes will be amended in proportion to that ratio. HPP expects that the number of AMD Convertible Notes on issue will be reduced to 1,000,000 following the Share Consolidation.

20.5 Capital structure

The pro-forma capital structure of HPP on completion of the Share Consolidation based on the number of securities on issue at the date of this Notice of Meeting is:

Equity security	Pre-consolidation	Post consolidation (subject to rounding)
Shares	122,820,738	4,912,830
AMD Convertible Notes	25,000,000	1,000,000

20.6 Rounding

Where the consolidation of a HPP Shareholder's holding results in an entitlement to a fraction of a share, the fraction will be rounded up to the nearest whole number of shares. If HPP reasonably believes that a HPP Shareholder has been a party to the division of a shareholding in an attempt to obtain an advantage from this treatment of fractions, HPP may take appropriate action, having regard as appropriate to the terms of the HPP's constitution and the ASX Listing Rules. In particular, HPP reserves the right to disregard the division of the shareholding for the purposes of dealing with fractions so as to round up any fraction to the nearest whole number of shares that would have been received but for the division.

20.7 Tax implications for HPP Shareholders

HPP Shareholders are encouraged to seek and rely only on their own professional advice in relation to their tax position. Neither HPP nor any of its officers, employees or advisors assumes any liability or responsibility for advising shareholders about the tax consequences for them from the Share Consolidation.

The Share Consolidation will be undertaken in accordance with section 254H of the Corporations Act. Subject only to rounding, there will be no change to the proportionate interests held by each HPP Shareholder as a result of the Share Consolidation. Accordingly, no capital gains tax event is expected to occur as a result of the Share Consolidation and therefore there should be no taxation implications arising for HPP's Shareholders.

20.8 Other material information

Other than as set out in this Notice of Meeting (including in this Explanatory Memorandum) and information previously disclosed to HPP Shareholders by HPP, there is no information known to the HPP Directors as at the date of this Notice of Meeting which could reasonably be material to HPP Shareholders in relation to their decision on how to vote on Resolution 4.

21 Board recommendation on Resolution 4

The HPP Board unanimously recommends that HPP Shareholders approve the Share Consolidation by voting in favour of Resolution 4.

Each HPP Director intends to vote all HPP Shares held or controlled by that HPP Director, as set out in the table in Section 8.1, in favour of the Share Consolidation.

The HPP Board recommends that all HPP Shareholders read and carefully consider all the material set out in this Explanatory Memorandum before deciding how they will vote.

Schedule 1 – Definitions

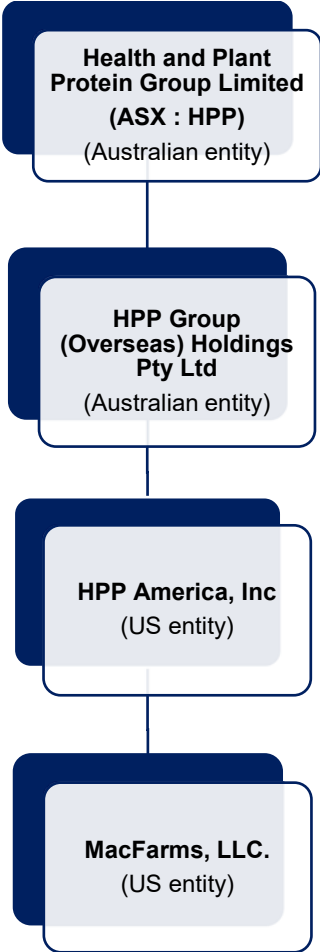
Term	Meaning
AMD	means Asia Mark Development Limited.
AMD Convertible Notes	means the HPP convertible notes held by AMD which were issued under the convertible note agreement dated 28 October 2016.
AMD Convertible Note Debt	means all moneys owing (including principal and interest) from HPP to AMD in respect of the AMD Convertible Notes (representing a principal amount of A\$10 million as at the date of this Notice of Meeting).
American AgCredit	means American AgCredit, FLCA.
American AgCredit Facility	means the senior debt facility between American AgCredit as lender and MacFarms as borrower as announced on ASX in April 2021.
ASX	means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market operated by it.
ASX Listing Rules	means the listing rules of the ASX.
Australian Accounting Standards	means the accounting standards adopted by the Australian Accounting Standards Board.
BDO Australia	means BDO Corporate Finance Limited ACN 010 185 725 (AFSL 245513).
Business Days	means a day on which banks are open for business excluding Saturdays, Sundays or public holidays in Brisbane, Australia and Hawaii, USA.
Buy-Back Price	has the meaning given to that term in Section 16.5(d).
Competing Transaction	means any proposal, transaction or arrangement (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed, would mean a person other than Hawaiian Host Group would directly or indirectly, (i) acquire an interest in 20% or more of the shares in any member of the HPP Group; or (ii) acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part or a material part of the assets of or business conducted by any member of the HPP Group.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Deposit	means the deposit described in Section 4(d)(ii).
Directed Proxy Forms	means a Proxy Form completed by a HPP Shareholder specifying that HPP Shareholders voting decision in respect of a proposed resolution.
Executive Chair	means Albert Tse, or the chair of the Board appointed from time to time.
Explanatory Memorandum	means the explanatory statement accompanying the resolutions contained in this Notice of Meeting.
FIRPTA	means the <i>Foreign Investment in Real Property Tax Act of 1980</i> .
General Meeting	means extraordinary general meeting of HPP convened by this Notice of Meeting.

Term	Meaning
Hawaiian Host Group	means Hawaiian Host, LLC.
HH LD Amount	has the meaning given to that term in Section 4(k).
HPP	means Health and Plant Protein Group Limited ACN 010 978 800.
HPP America	means HPP America, Inc.
HPP Board	means the board of directors of HPP.
HPP Directors	means the directors of HPP.
HPP Group	means HPP and each of its subsidiaries.
HPP Group (Overseas) Holdings	means HPP Group (Overseas) Holdings Pty Ltd ACN 011 060 370.
HPP Share	means a fully paid ordinary share in the capital of HPP.
HPP Shareholder	means the registered holder of a Share.
IRS	means the US Internal Revenue Service.
Kapua Orchard	means the Kapua Orchard and on-site processing facility in Hawaii.
MacFarms	means MacFarms LLC.
MNP Fee	means the US\$500,000 fee described in Section 4(d)(i).
MNP Holdings	means MNP Holdings, LLC.
MNP Transaction	means the share sale and purchase agreement between HPP, HPP Group (Overseas) Holdings and MNP Holdings in relation to the sale of 100% of the issued share capital of HPP America, announced to the ASX on 30 January 2023.
Notice of Meeting	means this notice of general meeting and includes the Explanatory Memorandum.
Proposed Capital Return	means an equal reduction of capital and return to HPP Shareholders of HPP's share capital the subject of Resolution 2 and in the form described in the Explanatory Memorandum.
Proposed Share Buy-Back	means an equal access, off-market share buy-back offer to HPP Shareholders the subject of Resolution 3 and in the form described in the Explanatory Memorandum.
Proposed Shareholder Return	means a return of capital to HPP Shareholders by way of the Proposed Capital Return or Proposed Share Buy-Back (or both) as the context requires.
Proposed Transaction	means the sale by HPP and HPP Group (Overseas) Holdings of all of the issued share capital of HPP America to Hawaiian Host Group in accordance with the Share Sale and Purchase Agreement.
Proxy Forms	means the proxy form attached to this Notice of Meeting.

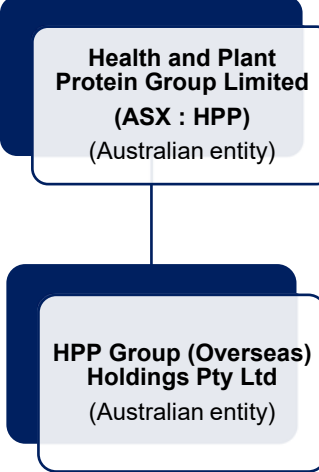
Term	Meaning
Share Consolidation	means the consolidation of HPP's issued share capital through the conversion of every 25 HPP Shares into 1 HPP Share the subject of Resolution 4 and described in the Explanatory Memorandum.
Share Sale and Purchase Agreement	means the share sale and purchase agreement between HPP, HPP Group (Overseas) Holdings and Hawaiian Host Group in relation to the sale of 100% of the issued share capital of HPP America.
Staff Retention Payments	has the meaning given to that term in Section 8.2.
Undirected Proxy Forms	means a Proxy Form which does not specify how the proxy is to vote.
US	means the United States of America.

Schedule 2 – Corporate structure before and after Proposed Transaction

1 Corporate structure before Proposed Transaction



2 Corporate structure after Proposed Transaction





Health and Plant Protein Group Limited
ABN 68 010 978 800



HPP

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (Brisbane time) on Sunday, 9 April 2023.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Health and Plant Protein Group Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Health and Plant Protein Group Limited to be held as a virtual meeting at <https://meetnow.global/MFLYKGC> on Tuesday, 11 April 2023 at 10:00am (Brisbane time) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Disposal of main undertaking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Return of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Equal access off-market share buy-back	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Share consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

To ensure HPP Shareholders receive any future dividend or distribution promptly (including the Proposed Shareholder Return), HPP encourages HPP Shareholders to check and update their banking instructions via: <https://www.computershare.com.au/easyupdate/hpp>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

HPP

2 9 7 1 8 5 A



Computershare

