



Top Shelf International Holdings Ltd

**Principal Place of Business:
16-18 National Boulevard
Campbellfield
Victoria
Australia 3061**

16 August 2024

Dear Shareholder

Top Shelf International's Extraordinary General Meeting

On behalf of the Board of Directors of Top Shelf International Holdings Limited (**TSI** or the **Company**), I am pleased to invite you to an Extraordinary General Meeting of Shareholders of TSI (**EGM** or **Meeting**), to be held on 19 September 2024 commencing at 11:00am (AEST).

The Meeting has been called primarily for the purpose of seeking approval for the disposal of land and buildings of the Eden Lassie Agave Farm to an entity associated with non-executive director, Mr Stephen Grove, via a sale and leaseback transaction. The transaction excludes the Eden Lassie Agave Farm's distillery plant, equipment assets and agave plants. If approved, the transaction will enable the Company to retain full ownership and control of the agave agronomy activities and distillery operations, monetise the Eden Lassie Agave Farm property and use the proceeds for working capital purposes included further reduction of debt.

In addition to approving the sale and leaseback transaction, the Company is also seeking shareholder approval for the issue of equity to non-executive directors of the Company, which those directors have agreed to receive in lieu of cash fees, as a means of reducing the Company's operating costs in the current financial year. The equity issues to directors are proposed to be on equivalent terms to the Company's capital raise by an accelerated non-renounceable entitlement offer of shares at \$0.10 per share with 1 for 2 attaching options exercisable at \$0.12, completed in June 2024.

I encourage you to read the enclosed Notice of Meeting, including the Explanatory Memorandum, and to cast a direct vote or lodge a directed proxy in advance of the meeting by following the instructions on your Voting Form. Your Voting Form was enclosed with the letter you received advising you of the arrangements for the EGM and how to access the Notice of Meeting electronically.

The EGM will be held virtually. Shareholders may join the EGM via the Online Platform accessible at <https://meetings.lumiconnect.com/300-610-922-814> (**Online Platform**).

Further details on how to participate in, and how to vote and ask questions, at the EGM are set out in the attached Notice of Meeting and Explanatory Memorandum, your Voting Form and in our share registry's Virtual Meeting Online Guide (**Online Guide**). The Online Guide contains information about which browsers are compatible with the Online Platform, and about logging in and navigating the site. The Online Guide is available on our website at the link above.

Thank you for your continued support of the Company. I look forward to your attendance at the meeting.

Yours sincerely,

Julian Davidson
Chairman

TOP SHELF INTERNATIONAL HOLDINGS LIMITED
(ACN 164 175 535)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting (**Meeting** or **EGM**) of Shareholders of Top Shelf International Holdings Limited (ACN 164 175 535) (**TSI** or **Company**) will be held:

Date: 19 September 2024

Time: 11:00am (AEST)

Venue: virtually at the Online Platform at <https://meetings.lumiconnect.com/300-610-922-814>

It is recommended that shareholders log in to the Online Platform at least 15 minutes prior to the scheduled start time for the Meeting on a supported web browser on their computer or online device. To log in to the Meeting, shareholders will need their Voting Access Code (**VAC**), which is printed at the top of their Voting Form, along with their postcode.

The Explanatory Memorandum and the Voting Form are incorporated in and form part of this Notice of Meeting. The Voting Form was enclosed with the letter from the Company dated the same date as this Notice of Meeting advising you of the arrangements for the EGM and how to access this Notice of Meeting electronically.

Business of the Meeting

1. Approval of Sale and Leaseback

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

“That approval be given for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1 and all other purposes for the Company (or its Related Bodies Corporate) to dispose of the Property and to enter into the Lease, on the terms and conditions summarised in the Explanatory Notes.”

2. Approval for the granting of Service Rights and Service Options in lieu of fees to Director, Julian Davidson

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

“That approval be given for the purposes of ASX Listing Rule 10.14 and for all other purposes, for the issue of:

(a) 300,000 Service Rights; and

(b) 150,000 Service Options,

in lieu of fees to Julian Davidson, Director, under the Non-executive Rights Plan, on the terms and conditions as set out in the Explanatory Memorandum.”

3. Approval for the granting of Service Rights and Service Options in lieu of fees to Director, Stephen Grove

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

“That approval be given for the purposes of ASX Listing Rule 10.14 and for all other purposes, for the issue of:

(a) 400,000 Service Rights; and

(b) 200,000 Service Options,

in lieu of fees to Stephen Grove, Director, under the Non-executive Rights Plan, on the terms and conditions as set out in the Explanatory Memorandum.”

4. Approval for the granting of Service Rights and Service Options in lieu of fees to Director, Phil Baldock

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

“That approval be given for the purposes of ASX Listing Rule 10.14 and for all other purposes, for the issue of:

(a) 50,000 Service Rights; and

(b) 25,000 Service Options,

in lieu of fees to Phil Baldock, Director, under the Non-executive Rights Plan, on the terms and conditions as set out in the Explanatory Memorandum.”

5. Approval for the granting of additional Service Rights and Service Options to Director, Julian Davidson

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

“That approval be given for the purposes of ASX Listing Rule 10.14 and for all other purposes, for the issue of:

(a) 500,000 Service Rights; and

(b) 250,000 Service Options,

to Julian Davidson, Director, under the Non-executive Rights Plan, on the terms and conditions as set out in the Explanatory Memorandum.”

ADDITIONAL INFORMATION

Independent Expert's Report

Shareholders should consider the Independent Expert's Report included as an Annexure to this Notice of General Meeting. The Independent Expert has considered that the terms of the disposal of the Property and the subsequent Lease are not fair but are reasonable to Shareholders not associated with the Purchaser.

Explanatory Notes

Please refer to the Explanatory Notes for more information on the voting procedure and the Resolution.

Explanatory Memorandum

An Explanatory Memorandum in respect of the Resolutions set out above accompanies this Notice of Meeting. Expressions, terms or abbreviations defined in the Explanatory Memorandum have the same meaning when used in this Notice of Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read "Harry Pratt". The signature is written in a cursive, flowing style.

**Harry Pratt
Company Secretary**

Voting Exclusion Statement

Resolution 1 – Approval of Sale and Leaseback

The Company will disregard any votes cast in favour of by or on behalf of:

- (a) the Purchaser and any other person who will obtain a material benefit as a result of the disposal of the Property or the entry into the Lease (other than a benefit solely by reason of being a Shareholder); or
- (b) any of their associates,

unless the vote is cast on Resolution 1:

- (c) as a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (d) as the Chair of the Meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (e) by a Shareholder 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 Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the Shareholder votes on the Resolution in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

In addition to the above, certain related parties of the Company (and their associates) are prohibited from voting on the Resolution (in any capacity) in accordance with section 224 of the Corporations Act, unless they are voting as a directed proxy on behalf of a Shareholder who is entitled to vote.

Resolutions 2 to 5 – Approval of issues of Service Rights and Service Options to non-executive directors

The Company will disregard any votes cast in favour each of these Resolutions by, or on behalf of, any director who is eligible to participate in the Non-executive Rights Plan or any Associate of a Director who is eligible to participate in the Non-executive Rights Plan.

However, this does not apply to a vote cast in favour of any of these Resolutions by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the relevant Resolution, in accordance with directions given to the proxy or attorney to vote on the relevant Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the relevant Resolution, in accordance with the direction given to the Chair as specified in the Voting Form; 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 the relevant Resolution; and
- (ii) the holder votes on the relevant Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a vote must not be cast on any of these Resolutions by a member of the Key Management Personnel or a Closely Related Party of such a member acting as a proxy if their appointment does not specify the way the proxy is to vote on the Resolution. However, a vote may be cast by such persons if:

- (d) it is cast by a member of the Key Management Personnel or their Closely Related Parties as a proxy for a person who is entitled to vote on the Resolution, in accordance with the directions on the proxy form, and it is not cast on behalf of the director the subject of the Resolution, or his Associates; or
- (e) it is cast by the Chair (who is a member of the Key Management Personnel) as a proxy and the proxy appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chair intends to vote all undirected proxies in favour of these Resolutions.

Participation and Voting at the Meeting

Entitlement to Attend and Vote

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that persons who are registered holders of shares of TSI as at 7:00pm (Sydney time) on 17 September 2024 will be entitled to attend and vote at the EGM.

If more than one joint holder of shares is present at the EGM (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Format of the Meeting

The Company will hold the Meeting as a virtual meeting, in a manner that is consistent with the Corporations Act and the Constitution of TSI. Shareholders can attend virtually by joining the Online Platform at <https://meetings.lumiconnect.com/300-610-922-814>.

Registration for the EGM will commence from 10:00am (AEST) on 19 September 2024 (one hour before the EGM).

Using the Online Platform

If you wish to attend the Meeting via the Online Platform, we recommend logging in to the Online Platform at least 15 minutes prior to the scheduled start time for the EGM using the instructions below:

- Enter <https://meetings.lumiconnect.com/300-610-922-814> into a web browser on your computer or online device;
- Shareholders will need their VAC and postcode; and
- proxyholders will need their proxy code which the Share Registry will provide via email no later than 24 hours prior to the Meeting.

Voting electronically at the Meeting

Shareholders who wish to vote at the Meeting using the online platform will have the opportunity to lodge a vote on the Resolutions to be considered at the Meeting at any time between the commencement of the meeting and the close of voting at the Meeting as announced by the Chair during the meeting.

More information about how to use the online platform for voting is provided in the Online Meeting Guide. If you intend to use the online platform to submit a vote during the meeting, we suggest that you check that the Online Platform works on your device well in advance of the meeting. Further instructions are provided in the Online Meeting Guide.

Direct Voting

Alternatively, a Shareholder may vote directly in accordance with the instructions contained on the Voting Form. If a Shareholder who is entitled to vote at the Meeting appoints a proxy, they may specify the way that the proxy is to vote in relation to a Resolution and indicate that the specification is to be regarded as a direct vote. A direct vote will enable Shareholders to vote on the Resolution considered at the Meeting by lodging their votes with the Company prior to the Meeting (and by the deadline set out in the 'Submission of Voting Forms' section below). Direct voting is another way for Shareholders to exercise their voting rights at the Meeting.

If you cast a direct vote prior to the Meeting you may still participate in the Meeting. If you participate in the Meeting, the Chair has determined that your direct vote will not be cancelled unless you cast a live vote during the Meeting.

Appointment of Proxy

If you are a Shareholder entitled to attend and vote, you may appoint a proxy to attend and act on your behalf at the EGM or to cast a direct vote in advance of the Meeting. A proxy need not be a shareholder of the Company and can be an individual or a body corporate. You may appoint a proxy either online at <https://www.votingonline.com.au/tsiegm2024> or by completing and submitting a Voting Form prior to the Meeting.

If a Shareholder is entitled to cast two or more votes at the EGM, the Shareholder may appoint one or two proxies. If two proxies are appointed, the appointing Shareholder may specify the proportion or number of their votes each proxy is appointed to exercise. In accordance with Rule 7.10(m) of the Company's Constitution, if no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. If you require an additional Voting Form, please contact the Share Registry at proxy@boardroomlimited.com.au

Submission of Voting Forms

To be effective, your completed Voting Form must be received at the Share Registry of the Company no later than 11:00am on 17 September 2024, being 48 hours before the start of the EGM. An original or a certified copy of any power of attorney under which the form was signed must also be received by this time unless previously provided to the Share Registry. Proxies must be received before that time by one of the following methods:

Online	By logging onto the website at https://www.votingonline.com.au/tsiegm2024 and following the instructions on the Voting Form, or by scanning the QR code on the back of your Voting Form using a mobile device.
By post	By posting the Voting Form to the following address: Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia
By hand	By delivering the Voting Form in person to the following address between the hours of 9:00am to 5:00pm Monday to Friday (excluding public holidays): Boardroom Pty Limited Level 8, 210 George Street Sydney NSW 2000 Australia
By fax	By faxing the Voting Form to +61 2 9290 9655.

To be valid, a Voting Form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

Power of Attorney

If you are a Shareholder entitled to attend and vote, you may appoint an attorney to act on your behalf at the EGM. Your appointment must be made by a duly executed power of attorney. The power of attorney (or a certified copy of it) must be received by the Share Registry no later than 11:00am (AEST) on 17 September 2024, being 48 hours before the start of the EGM.

Corporate Representatives

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the EGM. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should provide to the Company's share registry a properly executed letter or other document confirming its authority to act as the company's representative prior to the EGM. A Certificate of Appointment of Corporate Representative form may be obtained from the Company's Share Registry or online at <https://boardroomlimited.com.au/investor-forms/>.

Voting and Required Majority

Each Resolution is an ordinary resolution, which will be passed if a simple majority of votes cast on the Resolution are in favour of the Resolution. Voting on the proposed Resolutions at this Meeting will be conducted by a poll, rather than on a show of hands. Subject to the voting exclusions, on a poll every Shareholder has one vote for each Share held.

Chair's Voting Intentions

If you appoint the Chair of the Meeting as your proxy, or the Chair becomes your proxy by default, and you do not direct your proxy how to vote on the Resolution, then by submitting the Voting Form you will be expressly authorising the Chair to exercise your proxy on the Resolution. Subject to any voting exclusions or restrictions, the Chair of the Meeting intends to vote all available undirected proxies in favour of all Resolutions.

The Chair's decision on the validity of a direct vote, vote cast by a proxy or vote cast by a Shareholder (including by attorney or corporate representative) is conclusive.

Shareholder Questions

Shareholders will be given a reasonable opportunity during the EGM to ask questions or make comments in relation to the business of the Meeting. Questions may be asked during the EGM via the Online Platform or via telephone.

Shareholders and proxyholders may ask questions via the Online Platform by typing those questions into the Online Platform. Shareholders wishing to ask questions via the Online Platform will need their VAC which is printed at the top of their Voting Form. Proxyholders wishing to ask questions via the Online Platform will need their proxy code, which the Share Registry will provide via email no later than 24 hours prior to the EGM.

Dial-in details for the EGM and contact details for the Share Registry are included in the Virtual Meeting Online Guide. Even if you plan to ask questions by telephone, you will still need to log into the Online Platform if you wish to vote electronically during the Meeting.

Shareholders who are unable to attend the EGM or who may prefer to submit questions in advance may do so by logging onto <https://www.votingonline.com.au/tsieqm2024>, selecting Voting then clicking Ask a Question.

To allow time to collate questions and prepare answers, please submit any questions by 5:00pm on 17 September 2024. Questions will be collated and, during the EGM, the Chair will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the EGM to address all topics raised.

Please note that individual responses will not be sent to Shareholders.

Conduct of Meeting

TSI is committed to ensuring that its Shareholder meetings are conducted in a manner which provides Shareholders and proxyholders who attend the meeting with the opportunity to participate in the

business of the meeting in an orderly fashion and to ask questions about and comment on matters relevant to the business of the meeting or about the Company generally. TSI will not allow conduct at any Shareholder meeting which is discourteous to those who are present at the meeting, or which in any way disrupts or interferes with the proper conduct of the meeting. The Chair of the Meeting will exercise his powers as Chair to ensure that the Meeting is conducted in an orderly and timely fashion, in the interests of all attending Shareholders.

In the event that technical issues arise during the Meeting, TSI will have regard to the impact of those issues on Shareholders participating and casting votes online and the Chair of the Meeting may, in exercising his powers as Chair, issue any instructions for resolving the issue and may continue the Meeting if it is appropriate to do so.

Responsibility statement

Boardroom Pty Ltd has had no involvement in the preparation of any part of this Notice of Meeting other than being named as the TSI Share Registry. Boardroom Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Notice of Meeting.

Date

This Notice of Meeting and Explanatory Memorandum is dated 19 August 2024.

TOP SHELF INTERNATIONAL HOLDINGS LIMITED

ACN 164 175 535

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist Shareholders to consider the Resolutions set out in the Notice of Meeting. It forms part of and should be read in conjunction with the Notice of Meeting. The Board recommends that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Capitalised terms not otherwise defined in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary contained in this Explanatory Memorandum.

1 Overview of the Sale and Leaseback

On 12 April 2024, TSI announced that it had agreed to:

- (a) dispose of the Property to the Purchaser; and
- (b) enter into a 10 year lease of the Property on arms' length terms, with an option to extend the lease for a further 5 years.

TSI is seeking Shareholder approval for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1 and all other purposes in respect of the Sale and Leaseback. Shareholder approval is required for the Sale and Leaseback as the Purchaser is an entity associated with, or controlled by, Mr Stephen Grove. Mr Grove is a Director and the Purchaser has a Substantial Holding.

If approved, the Sale and Leaseback will enable TSI to retain full ownership and control of the agave agronomy activities and distillery operations, monetise the Eden Lassie Agave Farm property and use the proceeds for working capital purposes included further reduction of debt. Under the terms of the Sale, TSI retains an option to repurchase the Property on the terms described below.

2 Terms of the Sale and Leaseback

A summary of the material terms of the Sale and the Lease is set out below.

Material Term	Description
Sale	
Vendor	Top Shelf International Pty Ltd (ACN 169 376 167)
Purchaser	Eden Lassie CT Pty Ltd (ACN 678 968 244) as trustee for Eden Lassie Unit Trust
Purchase Price	\$5,000,000 (excl GST).
Property	<p>Eden Lassie Farm, Bruce Highway, Bowen QLD 4805, being the property contained in certificates of title with Title References 50270279, 50265801, 50128418, 50276200 and 20822090. The Sale:</p> <ul style="list-style-type: none">• includes fixed improvements including the distillery building, farm house and machinery shed; and• excludes the Eden Lassie Agave Farm's distillery plant and equipment, farm machinery and equipment, agricultural biological assets (i.e. agave plants), inventories and consumables, and brands and business licenses.

Material Term	Description
Condition Precedent	<p>Completion of the Sale is subject to the Sale and Leaseback being approved by a majority of Shareholders for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.1 by the date 3 months after the contract (being 15 October 2024) (Condition Precedent). As at the date of the Notice of General Meeting, the Condition Precedent remains outstanding.</p> <p>If the Condition Precedent is not satisfied by the relevant date and the Sale does not proceed, the Vendor must pay the reasonable costs of the Purchaser incurred in connection with the Sale and Leaseback.</p> <p>In addition, the Purchaser is not required to complete the Sale unless:</p> <ul style="list-style-type: none"> any security interest affecting the Property are released on or before Completion; and AMAL Trustees Pty Ltd as trustee for the Longreach Direct Lending Fund ACN 609 737 064 (Lender) has confirmed in a written notice that any actual or potential breaches by the Vendor or Related Bodies Corporate under financing documents with the Lender in the period up to and including Completion are fully released.
Completion	<p>Completion will occur 10 Business Days after satisfaction of the Condition Precedent.</p> <p>Completion is expected to take place on or about 1 October 2024. Completion of the Sale and entry into the Lease is interconditional, with the Lease commencing on the date of Completion.</p>
Lease	
Landlord	Eden Lassie CT Pty Ltd (ACN 678 968 244) as trustee for Eden Lassie Unit Trust
Tenant	Top Shelf International Pty Ltd (ACN 169 376 167)
Rent	\$500,000 per annum (excluding GST and outgoings), with a CPI review to take place on each anniversary of the Commencement Date and a market rent review on exercise of the option to renew.
Term	10 years
Options for renewal	1 option of 5 years
Rights to repurchase	<p>The Tenant has the option to repurchase the Property at any time at the higher of:</p> <ul style="list-style-type: none"> \$6,500,000; and the amount determined as agreed between the Tenant and Landlord, or failing agreement, as determined by an independent valuer, <p>(Call Option). The Call Option will cease to apply if:</p> <ul style="list-style-type: none"> the landlord under the Lease is not the Landlord or a Related Body Corporate of the Landlord; the tenant under the Lease is not the Tenant or a Related Body Corporate of the Tenant; the tenant under the Lease ceases to be a wholly owned subsidiary of a company that is listed on the ASX; or a change of control which requires the Landlord's consent under the Lease occurs in respect of the Tenant.
Right of refusal	For the first 5 years of the Term, the Tenant will have a right of first refusal to purchase the Property if the Landlord intends on selling the Property to a third party.

Material Term	Description
Change of control in Tenant	<p>The Lease contains a restriction on the Tenant effecting a change of control without the Landlord's consent, which must not be withheld if the Tenant satisfies certain conditions specified in the Lease.</p> <p>The change of control restriction does apply to a change in control of the Tenant or the ultimate holding company of the Tenant provided the Tenant is or is a subsidiary of a company which is listed on a financial market operated by ASX Limited, other than that the Tenant must not cease to be so listed or cease to be wholly owned by a corporation that is so listed unless the Tenant has first obtained the Landlord's written consent.</p>
Grant of security by Tenant	<p>Other than any mortgage or security interest that the Landlord has consented to pursuant to the lease consent deed to be entered between the Landlord, Tenant and Lender on or before Completion of the Sale, the Tenant must not mortgage or grant a security interest in respect of the Lease or its property at the Property without the Landlord's consent, which may be withheld by the Landlord in its absolute discretion (unless it relates to a refinance, in which case the Landlord must not unreasonably withhold its consent).</p>

Please refer to the Independent Expert's Report for further information on the Sale and the Lease. In particular:

- (a) the purchase price for the Property has been benchmarked with reference to the market assessments of the value of the Property as provided by IPN Property Valuers; and
- (b) the Sale and the Lease has been assessed by the Independent Expert as a secured loan arrangement and the rent has been benchmarked against average rental yields for rural funds identified by the Independent Expert,

and in each case as set out in the Independent Expert's Report.

3 Anticipated financial impact of the Sale and Leaseback

Proceeds from the Sale and Leaseback are expected to be allocated as follows:

- Company working capital (including further debt reduction) (\$4.2 million)
- Transaction costs (\$0.8) million)

Although the final accounting treatment of the Sale and Leaseback has not been confirmed by TSI, if the transaction is treated as an asset disposal TSI do not expect to recognise a material gain or loss on completion of the transaction.

4 Timetable of the completion of the Sale and Leaseback

TSI anticipates completion of the Sale and Leaseback will be in accordance with the following timetable:

Event	Date
Notice of General Meeting dispatched to Shareholders	19 August 2024
General Meeting to approve the Sale and Leaseback	19 September 2024
Completion of the Sale and commencement of the Lease	3 October 2024

The above dates are indicative only, and are subject to change.

5 Advantages, disadvantages and risks of the Sale and Leaseback

Benefits to TSI from the Sale and Leaseback are anticipated to include the following:

- The Sale provides the Company with working capital for the current operational needs of the Company.
- Ownership of the agave agronomy activities and distillery operations and the plant biological assets is retained by the Company.
- The Lease is structured on a triple net basis enabling the Company, as the lease tenant, to continue day to day operations at the Eden Lassie Agave Farm in the same way as if the Property was owned by the Company.
- The pre-emptive rights under the Lease provide the Company with the option to repurchase the Property at any point during the term of the Lease.

Disadvantages for the Company from the Sale and Leaseback could include the following:

- The Company will recognise a rental cost of the Property in future periods for the term of the Lease.
- The Company will not benefit from any potential future appreciation in value of the Property.
- The Company, as the lease tenant, may be restricted in terms of future capital projects at the Property. The Lease includes provisions to enable capital projects at the Property to be funded either by the Company (at the approval of the Purchaser) or by the Purchaser (with the funding to be rentalised).

6 Independent Expert's Report

The Independent Expert has prepared the Independent Expert's Report, a copy of which is included as an Annexure to the Notice of General Meeting, which sets out an independent examination of the Sale and Leaseback, to assist non-associated Shareholders assess the merits of, and to decide whether to approve, the Resolution.

The Independent Expert has concluded that both the Sale and the Lease are NOT FAIR BUT REASONABLE to Shareholders not associated with the Purchaser.

Shareholders are urged to carefully consider the Independent Expert's Report, including the assumptions, qualifications and disclaimers on which the Independent Expert's conclusions are based.

7 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire, a substantial asset from, or dispose of or agree to dispose of, a substantial asset to:

- a related party;
- a child entity;
- a person who is, or was at any time in the six months before the relevant transaction, a substantial (10%+) holder in the company;
- an associate of a person referred to above; or

- a person whose relationship with the company, or a person referred to above, is such that, in ASX's opinion, the transaction should be approved by shareholders,

unless it obtains the approval of its shareholders.

The Sale falls within ASX Listing Rule 10.1, as:

- the Purchaser is an entity associated with, or controlled by, Mr Stephen Grove – who is a Director and (through the Purchaser) has a Substantial Holding – and are therefore both related parties and substantial (10+%) holders for the purposes of the ASX Listing Rules; and
- the Sale involves the disposal of a "substantial asset" for the purposes of the ASX Listing Rules (as the purchase price payable by the Purchaser is 5% or more of the equity interests of the Company, as set out in the Company's most recent annual report).

It therefore requires the approval of Shareholders under ASX Listing Rule 10.1.

The Lease also falls within ASX Listing Rule 10.1, as:

- the Landlord is the Purchaser which is an entity associated with, or controlled by Mr Stephen Grove – who is a Director and (through Grove Investment Group Pty Ltd (ACN 097 146 702), being a controlled entity of Mr Grove) has a Substantial Holding – and are therefore both related parties and substantial (10+%) holders for the purposes of the ASX Listing Rules; and
- the Lease is a "substantial asset" for the purposes of the ASX Listing Rules (as the aggregate total rental payments under the Lease over its term, including the option to renew, is 5% or more of the equity interests of the Company, as set out in the Company's most recent annual report).

The entry into the Lease therefore requires the approval of Shareholders under ASX Listing Rule 10.1. Entry into any renewal or extension of the Lease upon exercise of an option contained in it may also require the approval of Shareholders under ASX Listing Rule 10.1 and, therefore, out of an abundance of caution have been included within the Resolution.

8 Consequences of Resolution 1 being passed (or not passed)

If Resolution 1 is passed, the Company will be able to proceed with the Sale and Leaseback, which are anticipated to have the advantages summarised above.

If Resolution 1 is not passed, the Company will not be able to proceed with the Sale and Leaseback. In those circumstances, the Company will retain ownership of the Property and consider other means available to the Company to source working capital for the operational needs of the Company.

The Directors consider that if the Sale and Leaseback is not approved, then other sources of funding will be required which are likely to be on less favourable terms to the Company and to shareholders. Such terms may be at a higher interest cost, more onerous security guarantees, or at steeply discounted asset price or dilutive share price.

9 Chapter 2E of the Corporations Act

Section 208 of the Corporations Act provides that the giving of a financial benefit by a public company to a related party requires Shareholder approval, unless an exception applies.

The Sale and the Lease fall within section 208 of the Corporations Act, as:

- the Purchaser is a related party of the Company for the purposes of section 228 of the Corporations Act, as it is ultimately controlled by Mr Stephen Grove, who is a Director; and
- the sale of an asset to, or the lease of an asset from, a related party constitutes the giving of a financial benefit for the purposes of section 229 of the Corporations Act.

It therefore requires the approval of Shareholders under Chapter 2E of the Corporations Act, unless a relevant exception applies. Relevantly, in accordance with section 210 of the Corporations Act, Shareholder approval is not needed to give a financial benefit on terms that:

- would be reasonable in the circumstances, if the company and the related party were dealing at arm's length; or
- are less favourable to the related party than the terms referred to above.

The Board considers that both the Sale and the Lease are on arm's length terms, such that the exception will apply. However, it has nevertheless determined that it is appropriate for Shareholders to approve the Sale and Leaseback for the purposes of Chapter 2E of the Corporations Act.

10 Identity of the Related Party and Nature of the Financial Benefit

Transaction	Related Party	Nature of Relationship	Nature of Financial Benefit
Sale	Eden Lassie CT Pty Ltd (ACN 678 968 244) as trustee for Eden Lassie Unit Trust	Mr Stephen Grove, a Director:	The Company is selling the Property to the Purchaser in exchange for payment of the purchase price.
Lease		<ul style="list-style-type: none"> • is a director of the Purchaser; and • has indirect control of the Purchaser. 	The Company is leasing the Property from the Purchaser in exchange for payment of rent under the Lease.

11 Directors' Interests in the Sale and Leaseback

Mr Stephen Grove, a Director, is also a director of the Purchaser and has indirect control of the Purchaser. Mr Grove has disclosed this interest to the Board.

The Board (other than Mr Grove) have resolved that Mr Grove:

- should not participate in Board discussions or decisions relating to the Sale and Leaseback; and
- should abstain from making or participating in any recommendation to Shareholders in relation to the Sale and Leaseback.

Accordingly, Mr Grove has not participated in discussions or decisions of the Board in relation to the Sale and Leaseback, and will continue to abstain from any such discussions or decisions.

The Company will disregard any votes cast by the Purchaser or Mr Grove (or any of their associates) on Resolution 1 (except where the vote is cast as a directed proxy on behalf of a Shareholder who is eligible to vote on the Resolution).

Otherwise, the Directors have no interest in the Sale and Leaseback, other than as Shareholders.

12 Directors' Recommendation on Resolution 1

Based on the Directors' consideration and assessment of the Sale and Leaseback, and taking into account the advantages, disadvantages and risks described above, and considering the opinion of the Independent Expert, the Directors (other than Mr Stephen Grove) unanimously recommend that Shareholders vote in favour of the Resolution. Mr Grove has not provided a recommendation given his personal interests as set out above.

All Directors (other than Mr Grove) intend to vote all their shares (and shares they control) in favour of the Resolution.

13 Resolutions 2 to 5 – Issues of Service Rights and Service Options to non-executive directors

Background to Service Rights and Service Options issued in lieu of fees (Resolutions 2 to 4)

In June 2024, the Board of the Company undertook a review of the remuneration payable to non-executive directors ahead of the commencement of the financial year ending 30 June 2025 (**FY25**). As a means of reducing the Company's cash spend for FY25, certain non-executive directors have agreed with the Company, subject to shareholder approval, to receive equity in the form of Service Rights and Service Options in lieu of fees payable in cash during the first half of FY25 (**1HFY25**). The proposed Service Rights and Service Options will be issued pursuant to the Company's Non-executive Rights Plan on terms which are consistent with the terms of the accelerated non-renounceable entitlement offer completed by the Company in June 2024 (**Capital Raise**), including:

- an effective issue price of \$0.10 per Share issued on exercise of a Service Right; and
- Service Options exercisable for Shares at \$0.12 per Service Option and expiring 1 July 2027 and issued on the basis of one Service Option for every two Service Rights.

The Service Rights and Service Options will vest progressively through 31 December 2024 subject to continued service, and be immediately exercisable on vesting. One Service Option will vest simultaneously with the vesting of every two Service Rights. Unvested Service Rights and unvested Service Options will lapse immediately on cessation of service.

Subject to obtaining the relevant Shareholder approvals, the Company has agreed to issue the following Service Rights and Service Options to certain non-executive directors (or their nominees) in lieu of cash fees payable:

Non-executive Director	Amount of non-executive director fees sacrificed	Number of Service Rights and Service Options to be issued in lieu of fees
Julian Davidson	\$30,000	300,000 Service Rights 150,000 Service Options
Stephen Grove	\$40,000	400,000 Service Rights 200,000 Service Options
Phil Baldock	\$5,000	50,000 Service Rights

		25,000 Service Options
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Background to Service Rights and Service Options issued as a fee for special exertions (Resolution 5)

In addition to the Service Rights and Service Options proposed to be issued to Non-executive Chairman Julian Davidson in lieu of sacrificed fees as set out above, the Company has also agreed, subject to shareholder approval, to issue to Mr Davidson an additional 500,000 Service Rights and 250,000 Service Options, the subject of Resolution 5, in recognition of special exertions by Mr Davidson during the financial year ending 30 June 2024 (**FY24**).

Following the management restructuring and changes to the Board announced to ASX in October 2023, the Company's Board consisted of three non-executive directors only, including Mr Davidson as Non-executive Chairman. During the remainder of FY24, under the new Board and management structure, Mr Davidson, as Chairman of the Board, was required to undertake significant additional duties and workload in excess of non-executive director services to ensure that the Company's corporate and business objectives were achieved, including providing support to management in connection with the Company's 2024 capital raising activities.

The disinterested Board members, in consultation with the Company's management, determined that it is appropriate for Mr Davidson to be compensated for the significant additional services he performed, in excess of non-executive director fees ordinarily payable, as permitted by the Company's Constitution, and have agreed to seek Shareholder approval for the issue of additional Service Rights (**Special Exertion Rights**) and additional Service Options (**Special Exertion Options**) to Mr Davidson. The Special Exertion Rights and Special Exertion Options will be fully vested and exercisable on issue.

The Board considers that the issue of the Special Exertion Rights and Special Exertion Options is the best means of compensating Mr Davidson for additional services provided, as it conserves the Company's available cash.

Application of Chapter 2E of the Corporations Act to issues of Service Rights and Service Options

Under section 208 of the Corporations Act, for a public company to give a financial benefit to a related party (such as a Director of the Company), the public company or entity must obtain the approval of the company's members unless the giving of the financial benefit falls within an exception set out in sections 210 and 216 of the Corporations Act.

Section 229 of the Corporations Act defines "financial benefit" broadly and includes, as an example of a "financial benefit", the issuing of securities or the granting of an option to a related party. Accordingly, the proposed issues of Service Rights and Service Options under Resolutions 2 to 5 constitute the provision of financial benefits to related parties. In respect of each Resolution, the disinterested Directors consider that the proposed issue of the Service Rights and Service Options under each respective Resolution constitutes reasonable remuneration to the respective related parties and, as such, falls within the exception set out in section 211 of the Corporations Act. In reaching this view, the disinterested Directors considered:

- (a) in relation to Service Rights and Service Options which are being issued in lieu of cash fees (the subject of Resolutions 2 to 4):
 - (i) the sacrifice by the relevant Director of cash which would otherwise be payable;
 - (ii) the arm's length basis on which the remuneration by Service Rights and Service Options in lieu of cash fees was negotiated with each relevant Director;
 - (iii) the effective price of Shares to be issued in connection with the sacrifice of cash fees on exercise of Service Rights being equal to the price at which the Company undertook the Capital Raise, and the key terms of the Service Options being the same as the key terms of free attaching options issued to participants in the Capital Raise; and

- (iv) the desirability of preserving cash resources within the Company; and
- (b) in relation to the Special Exertion Rights and Special Exertion Options to be issued to Mr Davidson (the subject of Resolution 5):
 - (i) the position and responsibilities Mr Davidson was required to assume following the Board's restructure in October 2023, and the market rate for the provision of similar services by a similarly qualified person during the relevant period;
 - (ii) the Company's reliance on Mr Davidson during FY24 to support the Company's executive management team;
 - (iii) the significant additional time commitment and workload required of Mr Davidson to drive the Company's strategies and objectives;
 - (iv) the considerable contribution that Davidson made to the growth of the Company's business as a result of those additional services;
 - (v) the need for the Company to effectively remunerate and retain Mr Davidson (as appropriate, having regard to best corporate governance practices); and
 - (vi) the desirability of preserving cash resources within the Company.

The Board believes that the issues of Service Rights and Service Options are an effective remuneration tool and incentive tool, which preserves the cash reserves of the Company whilst providing valuable remuneration to each relevant non-executive director.

The Company engaged independent remuneration consultant, Godfrey Remuneration Group, who confirmed that the effective price of \$0.10 for one Service Right and 0.5 Service Option exercisable at \$0.12 was an appropriate value to attribute to the Service Rights and Service Options.

Accordingly, Shareholders are being asked to approve the issues of the Service Rights and Service Options (including the Special Exertion Rights and Special Exertion Options) in accordance with ASX Listing Rule 10.14 only.

Summary of ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires Shareholder approval to be obtained in respect of an issue of equity securities under an employee incentive plan to a Director of the Company. If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rules 7.1 or 10.11.

If any of Resolutions 2, 3, 4 or 5 is approved, the approved grant of Service Rights and Service Options the subject of that Resolution will not be included in calculating the Company's 15% Placement Capacity.

If Shareholders do not approve any of Resolutions 2, 3, 4 or 5, the relevant grant of Service Rights and Service Options will not proceed. In that circumstance, issues may arise with the competitiveness of the relevant non-executive director's remuneration, and the Company would need to revert to paying the non-executive directors cash fees, and otherwise consider alternative remuneration arrangements which are consistent with the Company's remuneration principles.

Technical information required by ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, the following information is provided:

(a) Securities to be issued

The securities proposed to be issued are as follows:

- (A) to Julian Davidson, being a Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or his nominee, which would be an Associate of Mr Davidson (for the purposes of ASX Listing Rule 10.14.2):

- (i) 300,000 Service Rights and 150,000 Service Options, in lieu of \$30,000 in cash fees otherwise payable in respect of 1HFY25 (being the subject of Resolution 2); and
 - (ii) 500,000 Special Exertion Rights and 250,000 Special Exertion Options (being the subject of Resolution 5);
- (B) to Stephen Grove, Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or his nominee, which would be an Associate of Mr Grove (for the purposes of ASX Listing Rule 10.14.2), 400,000 Service Rights and 200,000 Service Options in lieu of \$40,000 in cash fees otherwise payable in respect of 1HFY25 (being the subject of Resolution 3); and
- (C) to Phil Baldock, being a Director of the Company (for the purposes of ASX Listing Rule 10.14.1), or his nominee, which would be an Associate of Mr Baldock (for the purposes of ASX Listing Rule 10.14.2), 50,000 Service Rights and 25,000 Service Options in lieu of \$5,000 in cash fees otherwise payable in respect of 1HFY25 (being the subject of Resolution 4);
- (b) Current Remuneration Packages (including applicable superannuation) of Non-executive directors receiving Service Rights and Service Options in lieu of fees

Non-executive Director	Per annum cash fees payable (before issue of Service Rights in lieu)	Per annum equity remuneration value¹	Total per annum remuneration value
Julian Davidson ²	\$190,000 ³	-	\$190,000
Stephen Grove	\$80,000	-	\$80,000
Phil Baldock	\$90,000 ⁴	\$33,250	\$123,250

¹ Does not include the value of any Service Rights issued with approval the subject of Resolutions 2 to 5.

² Mr Davidson's remuneration does not include an amount in respect of the Special Exertion Rights, which are additional to Mr Davidson's ordinary per annum remuneration as a non-executive director.

³ Includes \$100,000 Board Chair fee and \$10,000 Nomination & Remuneration Committee Chair fee.

⁴ Includes \$10,000 Strategy & Business Performance Committee Chair fee, and \$33,250 per annum in advisory fees, separate from non-executive director remuneration.

(c) Previous grants under the Non-executive Rights Plan

The following securities are the only securities to have been issued previously under the Non-executive Rights Plan:

- (i) 2,250,000 service rights issued to Phil Baldock on 31 January 2024, including 750,000 service rights exercisable at \$0.40 per right, 750,000 service rights exercisable at \$0.75 per right and 750,000 service rights exercisable at \$1.00 per right, and expiring on 31 January 2029, subject to service-based vesting conditions through 31 January 2027; and
- (ii) 829,341 service rights issued to former non-executive director John Selak on 31 May 2024, including 227,790 service rights exercisable at \$0.12 per right, 284,091 service rights exercisable at \$0.20 per right and 317,460 service rights exercisable at \$0.25 per right, and expiring on 1 June 2029, subject to service-based vesting conditions through 31 May 2027.

The securities listed above were issued as part of the relevant non-executive director's remuneration, for no additional consideration.

(d) Summary of Service Rights and Service Options terms

The proposed issues of the Service Rights and Service Options pursuant to Resolutions 2 to 5 are seen as a cost-effective way of remunerating the relevant non-executive directors, and providing a tangible incentive to enhance the performance of the Company.

Under the Capital Raise, the Company issued Shares at \$0.10 per Share with one free attaching option exercisable at \$0.12 for every two Shares subscribed for.

To align the proposed issues of Service Rights and Service Options to Directors with the terms of the Shares and options issued under the Capital Raise, the Company attributes the value of \$0.10 to each Service Right, and no additional value to the Service Options on the basis that they are issued as free attaching options to the Service Rights on the same basis as applicable to Shares and options issued under the Capital Raise.

The material terms of the Service Rights and Service Options are as follows:

- (i) the Service Rights and Service Options will be issued in lieu of cash amounts that would otherwise be payable to the relevant Director, at a price of \$0.10 per Service Right. No additional value is attributed to the Service Options as they are issued as free attaching options to the Service Rights. Accordingly, no loan will be provided in respect of the issue or exercise of the Service Rights or Service Options;
- (ii) subject to the terms of the Non-executive Rights Plan and satisfaction of the vesting conditions, each Service Right may be converted into one Share;
- (iii) subject to the terms of the Non-executive Rights Plan and satisfaction of the vesting conditions, each Service Option may be exercised into one Share at an exercise price of \$0.12 on or before 1 July 2027;
- (iv) no funds will be raised by the issue of the Service Rights or Service Options, however the issues will result in a cash saving by the Company equal to the amount in fees sacrificed by the recipient. If all Service Right and Service Options the subject of Resolutions 2 to 5 are issued and vest, the Company will have saved \$95,000 in cash. No funds will be raised by the Company on conversion of the Service Rights into Shares. The Company will receive up to \$87,000 if the Service Options are exercised;
- (v) other material terms of the Service Rights and Service Options are set out at Attachment B; and
- (vi) as the Service Rights and the Service Options are to be issued under the Non-executive Rights Plan, the terms of the Non-executive Rights Plan will also apply. A summary of the material terms of the Non-executive Rights Plan is set out at Attachment A.

(e) Timing of issue

The Service Rights and Service Options will be issued as soon as reasonably practicable following the Meeting and, in any event by no later than 3 years after the date of the Meeting.

(f) Purpose of the issues of the Service Rights and Service Options under Resolutions 2 to 5

The Service Rights and Service Options to be issued to under Resolutions 2 to 4 are to be issued under the Non-executive Rights Plan in lieu of cash fees, which the recipients have agreed to sacrifice in return for the issue of Service Rights and Service Options.

The Special Exertion Rights and Special Exertion Options proposed to be issued to Julian Davidson or his nominee under Resolution 5 are issued under the Non-executive Rights Plan as compensation for additional services provided outside the scope of Mr Davidson's position as a non-executive director of the Company, as described above in this section 13 (Background to Service Rights and Service Options issued as a fee for special exertions).

(g) Price or consideration received for the Service Rights and Service Options under Resolutions 2 to 5

The Service Rights and Service Options the subject of Resolutions 2 to 4 will be issued as part consideration for services to be provided by the relevant non-executive director over the period 1 July 2024 to 31 December 2024, at a price of \$0.10 per Service Right. As outlined above, no additional value is attributed to the Service Options. The Special

Exertion Rights and Special Exertion Options are proposed to be issued as a special exertion fee to Julian Davidson for additional services rendered during FY24, in addition to Mr Davidson's remuneration as a non-executive director and Chair of the Board. Up to \$87,000 may be raised from the exercise of Service Options, to the extent that such Service Options are exercised.

(h) Terms of the Non-executive Rights Plan

A summary of the Non-executive Rights Plan is set out at Attachment A. A full copy of the Non-executive Rights Plan is available from the Company by contacting the Company Secretary on +61 3 9614 2444 or at topshelf@cdplus.com.au.

(i) Annual Reporting

Details of any securities issued under the Non-executive Rights Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the relevant issues was obtained under ASX Listing Rule 10.14.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Non-executive Rights Plan after Resolutions 2 to 5 are approved and who were not named in this Notice will not participate until approval is obtained under ASX Listing Rule 10.14.

(j) Voting exclusion statement

A voting exclusion statement is included in the Notice for the purpose of Resolutions 2 to 5.

Board Recommendations on Resolutions 2 to 5

Each member of the Board recommends that you vote in favour of Resolutions 2 to 5, except that each of Julian Davidson, Stephen Grove and Phil Baldock makes no recommendation in relation to that Resolution or those Resolutions which pertain to an issue of securities to them.

ENQUIRIES

All enquiries in relation to the contents of the Notice of Meeting or this Explanatory Memorandum should be directed to the Company Secretary.

Harry Pratt
Company Secretary
Top Shelf International Holdings Limited
Email: topshelf@cdplus.com.au

GLOSSARY

ASX	ASX Limited (ACN 008 624 691) or, where the context requires, the Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules or Listing Rules	The official listing rules of ASX, as amended or waived from time to time.
Board	Board of Directors of the Company and, where applicable, includes a committee of the Directors.
Capital Raise	The accelerated non-renounceable entitlement offer of Shares in the Company at \$0.10 per Share with 1 free attaching option exercisable at \$0.12 for every 2 Shares subscribed, completed in June 2024.
Company or TSI	Top Shelf International Holdings Limited (ACN 164 175 535).
Constitution	The constitution of the Company (as amended from time to time).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	The directors of the Company.
Explanatory Memorandum	The explanatory memorandum accompanying this Notice of Meeting.
EGM, Extraordinary General Meeting or Meeting	The extraordinary general meeting of Shareholders of the Company convened by this Notice of Meeting.
Landlord	means the Purchaser.
Lease	The proposed lease of the Property by the Purchaser (as landlord) to the Vendor (as tenant), on the terms set out in the Explanatory Memorandum.
Non-executive Rights Plan	The Top Shelf International Holdings Limited Rights Plan as adopted by the Board in relation to non-executive directors.
Notice or Notice of Meeting	This Notice of Extraordinary General Meeting, including the Explanatory Memorandum and the Voting Form.
Property	Eden Lassie Farm, Bruce Highway, Bowen QLD 4805, being the property contained in certificates of title with Title References 50270279, 50265801, 50128418, 50276200 and 20822090.
Purchaser	Eden Lassie CT Pty Ltd (ACN 678 968 244) as trustee for Eden Lassie Unit Trust.
Related Body Corporate	Has the meaning given in the Corporations Act.
Related Party	Has the meaning to that term in the Corporations Act or the ASX Listing Rules (as appropriate).
Resolution	A resolution referred to in the Notice of Meeting.

Sale	The proposed sale of the Property by the Vendor (as vendor) to the Purchaser (as purchaser), on the terms set out in the Explanatory Memorandum.
Sale and Leaseback	The proposed transaction including the Sale and Lease.
Service Option	A right issued pursuant to the Non-executive Rights Plan which has an exercise price of \$0.12 and is exercisable for one Share, and which expires on 1 July 2027.
Service Right	A right issued pursuant to the Non-executive Rights Plan which is convertible into one Share at a nil conversion price.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A person who holds Shares in the Company.
Share Registry	Boardroom Pty Ltd.
Special Exertion Options	Service Options to be issued to Julian Davidson, the subject of Resolution 5.
Special Exertion Rights	Service Rights to be issued to Julian Davidson, the subject of Resolution 5.
Substantial Holding	Has the meaning given in the Corporations Act.
Tenant and Vendor	Top Shelf International Pty Ltd (ACN 169 376 167).

**Attachment A
Plan****Summary of material terms of the Non-executive Rights**

Aspect	Details
Instrument	<p>The Non-executive Rights Plan allows for the issue of (without limitation) Rights, which are an entitlement to Shares (upon payment of any Exercise Price specified in an Invitation).</p> <p>Generally, it is expected that exercised Rights will be satisfied in the form of Shares or Restricted Shares (ordinary fully paid share in the Company that may be subject to Specified Disposal Restrictions).</p> <p>The Non-executive Rights Plan allows for three classes of Rights which may be appropriate forms of remuneration under various circumstances, being:</p> <ul style="list-style-type: none">• Performance Rights which vest when performance conditions have been satisfied;• Service Rights which vest after completion of a period of service; and• Restricted Rights which are vested at grant but which may have Exercise Restrictions and or Specified Disposal Restrictions that extend to the Shares that result from the exercise of Rights (Restricted Shares). <p>When an Exercise Price greater than nil is specified in an Invitation the Rights are Share Appreciation Rights (SARs) that only produce value when the Share Price exceeds the Exercise Price at the time of Exercise i.e. equivalent to an option. They may be Performance SARs, Service SARs or Restricted SARs under the foregoing classes of Rights.</p> <p>An Invitation may limit settlement of a Right or SAR to Shares only, and require the Exercise Price to be paid by the Participant in cash, or allow the Board a discretion to settle the Right via cashless exercise.</p>
Terms and Conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer Rights under the Non-executive Rights Plan, including the terms of Invitations.</p> <p>Performance Rights and Service Rights (including when they are Share Appreciation Rights) are subject to Vesting Conditions. In the case of Performance Rights (including Share Appreciation Rights) the Vesting Conditions are intended to be challenging and linked to indicators of sustainable value creation for Shareholders.</p> <p>The terms and conditions of the Non-executive Rights Plan include those aspects legally required as well as terms addressing exceptional circumstances, such as a de-listing, a major return of capital to shareholders, including the treatment of Rights and Restricted Shares on termination of employment.</p> <p>The Non-executive Rights Plan contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the Non-executive Rights Plan.</p>
Variation of Terms and Conditions	<p>To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary or amend the terms and conditions of the Non-executive Rights Plan.</p>
Eligibility	<p>Eligible Persons selected by the Board will be invited to participate in the Non-executive Rights Plan. Eligible Persons includes full time and part-time employees, executive and non-executive directors, and contractors.</p>
Term	<p>Each Invitation will specify the Term of Rights, as determined by the Board, and if not exercised within the Term the Rights will lapse. The maximum</p>

	term allowable is 15 years, which is based on the maximum tax deferral period in Australia.
Number of Rights	The number of Rights specified in an Invitation will be at the discretion of the Board. It is intended that the number of Rights to be granted will be determined with regard to the Participant's fixed remuneration, relevant market practices and the relevant policies of the Company regarding remuneration, such that total remuneration is reasonable and appropriate in both quantum and structure.
Measurement Period	The Measurement Period is the period over which vesting conditions are assessed and may be determined by the Board as part of each Invitation but will generally be three years for Performance Rights, starting from the beginning of the first financial year in the Measurement Period (including for Performance SARs).
Vesting Conditions	Vesting Conditions are to be determined by the Board as part of each Invitation. Service Rights and Service Options will vest based on periods of service with the Company only, and will generally relate to annual remuneration cycles when granted as part of fixed remuneration.
Gates	The Board may attach Gates to tranches of Performance Rights. A Gate is a condition that, if not fulfilled, will result in nil vesting of a tranche regardless of performance in relation to the Vesting Conditions.
Cost of Rights and Exercise Price	No amount is payable by Participants for Rights unless otherwise determined by the Board. Rights are intended to form part of the annual remuneration package appropriate to each Participant. No Exercise Price is payable by a Participant to exercise Rights unless the terms of an Invitation specifies otherwise. The terms of an Invitation may specify that a notional Exercise Price applies, which will be deducted from the value of a Share in determining the Exercised Rights Value i.e. creating a cashless exercise option or Share Appreciation Right/SAR which functions identically to an option, but is less dilutive than traditional options from a shareholder perspective. Alternatively, the terms of an Invitation may specify that an Exercise Price applies, and that upon the Participant electing to exercise their vested Rights, the Board may elect to (in its sole discretion): <ul style="list-style-type: none"> • exercise the vested Rights via cashless exercise, whereby the number of Shares to be issued shall be calculated as: $= \frac{(\text{Share Price as at the date of exercise} - \text{Exercise Price}) \times \text{Number of Rights exercised}}{\text{Share Price as at the date of exercise}}$ <p style="text-align: center;">or</p> • require the Exercise Price to be paid by the Participant in cash.
Exercise of Vested Rights	Vested Rights may be exercised at any time between the later of the Vesting Date and the elapsing of any Exercise Restrictions specified in the Invitation, and before the end of their Term. In order to exercise vested Rights, a Participant must validly submit an Exercise Notice. On exercise of vested Rights, unless otherwise provided in an Invitation, the Board will determine the Exercised Rights Value and the extent to which that value is to be provided in the form of cash, and/or Shares or Restricted Shares. The result will be advised to the Participants in a Settlement Notice. To the extent that the Exercised Rights Value is to be delivered in Restricted Shares, the Board will arrange for such Shares to be obtained and subsequently transferred to Participants or held by a trustee for their benefit.

	For Participants outside of Australia, the Invitation may specify an automatic exercise date, to comply with local regulatory and tax conditions.
Exercise Restrictions	An Invitation may specify a period of Exercise Restrictions during which Rights may not be exercised, even if vested.
Disposal Restrictions	<p>Rights may not be disposed of or otherwise dealt with at any time, except by force of law.</p> <p>They may be exercised once they vest and the Exercise Restriction Period has elapsed or been waived.</p> <p>Shares may not be sold or disposed of in any way until their sale would not breach:</p> <ul style="list-style-type: none"> (a) the Company's share trading policy, or (b) Division 3 of Part 7.10 of the Corporations Act, to do with insider trading, or (c) Part 6D.2 section 707 (3) of the Corporations Act, to do with on-selling of Shares within 12 months of their issue, if the Shares were issued without a prospectus or disclosure document, and no other relief from the 12 month on-sale restriction can be relied upon, and <p>following expiry of the Specified Disposal Restriction, if any, applicable to the Restricted Shares.</p> <p>Top Shelf will ensure that such restrictions are enforced via holding locks or alternatively by any trustee of an Employee Share Trust that may be engaged in connection with the Non-executive Rights Plan.</p>
Specified Disposal Restrictions	Invitations may include Specified Disposal Restrictions that apply for a specified period to Restricted Shares that result from the exercising of Rights. The Board will decide whether to include such conditions and the period for which they will apply.
Disposal and Exercise Restriction Release at Taxing Point	In the event that a taxing point arises in relation to Restricted Rights or Restricted Shares and the Exercise Restrictions or Specified Disposal Restrictions have not elapsed then they will cease to apply to 50% of the taxable Rights and Shares. This ensures that unreasonable tax outcomes are avoided.
Termination of Employment	<p>Unless otherwise provided in an Invitation, continued service during the whole of the measurement period will be a requirement for Service Rights to be eligible to vest.</p> <p>Following a Participant ceasing employment or engagement with the Company, at any time after 90 days after the first date that all Rights that the Participant holds are fully vested and not subject to an Exercise Restriction Period, Rights held by the Participant may be automatically exercised by the Board pursuant to a power of attorney granted by the Participant under the Rules on a date determined by the Board.</p> <p>In the event of a termination of employment by the Company for cause or in the event of a resignation, all unvested Rights will be forfeited unless otherwise determined by the Board.</p>
Delisting	<p>In the event the Board determines that the Company will be subject to a delisting, the Vesting Conditions specified in an Invitation for Performance Rights will cease to apply and:</p> <ul style="list-style-type: none"> (a) Performance Rights constructed as Options or Share Appreciation Rights will vest 100% unless otherwise determined by the Board, (b) unvested Performance Rights subject to a nil Exercise Price will vest in accordance with the application of the following formula to each unvested Tranche as at a date determined by the Board

(Effective Date), noting that negative results will be taken to be nil and vesting cannot exceed 100%:

$$\begin{array}{l} \text{Number of} \\ \text{Performance} \\ \text{Rights in} \\ \text{Tranche to} \\ \text{Vest} \end{array} = \begin{array}{l} \text{Unvested} \\ \text{Performance} \\ \text{Rights in} \\ \text{Tranche} \end{array} \times \begin{array}{l} \% \text{ Of} \\ \text{Measurement} \\ \text{Period} \\ \text{Elapsed} \end{array} \times \frac{\begin{array}{l} \text{(Share Price at the Effective Date - Share price} \\ \text{at Measurement Period Commencement)} \end{array}}{\begin{array}{l} \text{Share price at Measurement Period} \\ \text{Commencement} \end{array}}$$

- (c) any remaining unvested Performance Rights will vest to the extent, if any, determined by the Board having regard to performance over the Measurement Period prior to the Effective Date,
- (d) any unvested Performance Rights that remain following (b) and (c) will lapse, unless the Board determines that Participants may continue to hold unvested Rights following the Effective Date,
- (e) some or all unvested Service Rights may vest to the extent determined by the Board in its discretion, having regard to the circumstances that gave rise to the grant of Service Rights and any remainder will lapse immediately,
- (f) any unexercised Rights held by a Participant that are subject to an Exercise Restriction will cease to be so restricted on the date that the Board determines in its sole discretion, and
- (g) any Specified Disposal Restrictions will be lifted, including the removal of any Company initiated holding lock.

Major Return of Capital or Demerger

In the event that the Board forms the view that a major part of the Company's assets or operations will imminently cease to be owned by the Company due to an intention to sell or separately list those assets or operations, or in the event of a major return of capital to Shareholders, the Board will determine the treatment of all vested and unvested Rights and Restricted Shares held by Participants including but not limited to vesting, lapsing and removal of Exercise Restrictions and Specified Disposal Restrictions, and the automatic exercise of vested Rights on a specific date.

Board Discretion, Preventing Inappropriate Benefits, Fraud and Misconduct

The Board has sole discretion to determine that some or all Rights held by a Participant that are unvested or vested but subject to Exercise Restrictions, will lapse on a specified date if allowing the Rights to be retained or exercised by the Participant would, in the opinion of the Board, result in an inappropriate benefit to the Participant. Such circumstances include but are not limited to:

- a) If the Board forms the view that a Participant has breached accepted codes of conduct i.e. misconduct has been identified,
- b) if a Participant engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Company or the Board, including bringing the Company into disrepute,
- c) if the Board determines that a Participant or Participants took actions that caused harm or are expected to cause harm to the Company's stakeholders,
- d) if the Board forms the view that a Participant or Participants have taken excessive risks or have contributed to or may benefit from unacceptable cultures within the Company,
- e) if the Board forms the view that Participants have exposed employees, the broader community or environment to excessive risks, including risks to health and safety,

	<p>f) if a Participant becomes the employee of a competitor or provides services to a competitor, either directly or indirectly, (as determined by the Board) unless otherwise determined by the Board, and</p> <p>g) if there has been a material misstatement in the Company's financial reports, which once resolved, indicates that a larger number of Rights previously vested than should have, in light of the corrected information.</p>
Bonus Issues, Rights Issues, Voting and Dividend Entitlements	<p>The number of Rights held by Participants will be proportionately adjusted to reflect bonus issues so that no advantage or disadvantage arises for the Participant. Right holders will not participate in Shareholder rights issues. Unless the ASX Listing Rules require Rights to be adjusted as a result of a rights issue offered to Shareholders, no adjustment will be made to Rights as a result of rights issues offered to Shareholders. In the case of other capital reconstructions, the Board may make such adjustments to the Rights as it considers appropriate with a view to ensuring that holders of Rights are neither advantaged nor disadvantaged.</p> <p>Rights do not carry voting or dividend entitlements. Shares (including Restricted Shares) issued when Rights are exercised carry all entitlements of Shares, including voting and dividend entitlements.</p>
Quotation	<p>Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the Non-executive Rights Plan, in accordance with the ASX Listing Rules.</p>
Issue or Acquisition of Shares	<p>Shares allocated to a Participant when Rights are exercised under the Non-executive Rights Plan may be issued by the Company or acquired on or off market by a trustee whose purpose is to facilitate the operation of the Plan.</p>
Cost and Administration	<p>The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the Non-executive Rights Plan.</p>
Hedging	<p>The Company prohibits the hedging of Rights or Shares subject to disposal restrictions by specified Participants.</p>

Attachment B

Material terms of Service Rights and Service Options

Aspect	Details
Instrument	<p>If any of Resolutions 2 to 5 is approved, the non-executive director the subject of the Resolution will be invited to apply for Service Rights or Service Options as applicable. These are Rights that vest when the service-based Vesting Condition is satisfied. Rights are an entitlement to the value of a Share (less any Exercise Price) which may be satisfied either in cash and/or in Shares (at the Board's discretion). It is intended that vested Service Rights and Service Options will be satisfied in Shares.</p>
Terms & Conditions, Variation of Terms and Conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer Rights under the Non-executive Rights Plan, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended.</p> <p>The Non-executive Rights Plan also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the Non-executive Rights Plan. To the extent permitted by the Listing Rules, the Board retains the discretion to vary or amend the terms and conditions of the Non-executive Rights Plan.</p>
Number of Service Rights	<p>It is proposed that those non-executive directors will also be invited to apply for a total of 1,250,000 Service Rights. The number of Rights was calculated using the issue price of Shares under the Capital Raise, being \$0.10 per Service Right.</p>
Number of Service Options	<p>It is proposed that certain non-executive directors will be invited to apply for a total of 525,000 Service Options. The number of Service Options was determined consistently with the terms of the Capital Raise, being one Service Option for every two Service Rights issued.</p>
Vesting Conditions	<p>Service Rights and Service Options vest on completion of a specified period of service, in particular:</p> <ul style="list-style-type: none">• 250,000 Service Rights and 125,000 Service Options the subject of Resolutions 2 to 4 will vest on issue;• 125,000 Service Rights and 62,500 Service Options the subject of Resolutions 2 to 4 will vest on each of 30 September 2024, 31 October 2024, 30 November 2024 and 31 December 2024, <p>each a Vesting Date, provided that the relevant non-executive director continues to be engaged by the Company on the relevant Vesting Date and no notice of termination has been given under his employment agreement.</p> <p>500,000 Special Exertion Rights and 250,000 Special Exertion Options the subject of Resolution 5 will vest immediately on issue in recognition of past service.</p>
Termination of Service	<p>Continued service in accordance with the Vesting Conditions is a requirement in order for Service Rights and Service Options to be eligible to vest.</p> <p>Following a Participant ceasing employment or engagement with the Company, at any time after 90 days after the first date that all Rights that the Participant holds are fully vested and not subject to an Exercise Restriction Period, Service Rights held by the Participant may be automatically exercised by the Board pursuant to a power of attorney granted by the Participant under the Rules on a date determined by the Board. Unvested Service Rights and unvested Service Options will automatically lapse upon a Participant ceasing employment or engagement with the Company.</p>
Term	<p>Vested Service Rights will have a term of 15 years and will lapse if not exercised within the Term the Rights.</p>

Vested Service Options will expire at 5pm (AEST) on 1 July 2027 and will lapse if no notice of exercise has been received by the Company by that time.

Cost of Rights and Exercise Price

The Service Rights and Service Options the subject of Resolutions 2 to 4 are issued in lieu of cash fees, and the Special Exertion Rights and Special Exertion Options the subject of Resolution 5 are issued as compensation for past services. No consideration will be payable for the issue of any Service Rights or Service Options. No payment is required to exercise Service Rights. Service Options may be exercised at \$0.12 and the Board may determine if the exercise price is to be paid in cash or the Rights are to be settled via cashless exercise.

Exercise of Service Rights and Service Options

The Participant may exercise vested Service Rights at any time between the Vesting Date and the end of the Term. The Participant may exercise vested Service Options at any time between the Vesting Date and 5pm (AEST) on 1 July 2027.

Disposal Restrictions

Service Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law. Shares acquired from the exercise of vested Service Rights or Service Options will be subject to trading restrictions contained in:

- a) the Company's share trading policy, and
- b) the insider trading provisions of the Corporations Act.

Shares resulting from the exercising of Service Rights or Service Options that may not be traded due to the foregoing or because of Specified Disposal Restrictions will be Restricted Shares while they are so restricted. The Company will ensure that such restrictions are enforced due to the presence of holding locks or alternatively by any trustee that may be appointed in connection with the Non-executive Rights Plan. No Specified Disposal Restriction applies to the proposed Service Rights or Service Options.

Annexure – Independent Expert’s Report



TOP SHELF INTERNATIONAL HOLDINGS LTD

Independent Expert's Report and Financial Service
Guide.

Report on sale and leaseback (Eden Lassie Farm)
involving persons of influence requiring shareholder
approval.

18 APRIL 2024

VICTORIA

Level 44, 600 Bourke Street
Melbourne VIC 3000
T +61 3 9608 0100

Level 3, 237 Ryrie Street
Geelong VIC 3220
T +61 3 5215 6800

TASMANIA

161 St John Street
Launceston TAS 7250
T +61 3 6334 0500

victoria@moore-australia.com.au
www.moore-australia.com.au

18 April 2024

The Directors

Top Shelf International Holdings Ltd
16-18 National Boulevard,
Campbellfield, Victoria 3061

Dear Directors

INDEPENDENT EXPERT REPORT ON SALE AND LEASEBACK (EDEN LASSIE FARM) INVOLVING PERSONS OF INFLUENCE REQUIRING SHAREHOLDER APPROVAL

1. We refer to our engagement letter dated 1 December 2023 and are pleased to submit our Independent Expert **Report** on the above **Proposal**.
2. This summary should be read with the body of our Report which sets out our scope of work, reasoning and findings. It should also be read with the Notice of Meeting provided to Shareholders by the Company.

1.1. Introduction

3. Top Shelf International Holdings Ltd (**TSI** or **Company**) is an Australian alcoholic drinks company listed on the ASX. TSI owns land in Eden, QLD near Bowen. It has an Agave plantation and a tequila distillery under construction, nearing commissioning, (**Eden Lassie Farm**).
4. TSI is considering selling the Eden Lassie Farm comprising the land and buildings, (but not the distillery plant, equipment and Agave plants) to a related party of a TSI Director (**Stephen Grove**) and leasing the facility back. This was announced by TSI on 12 April 2024.
5. You have received advice that TSI shareholder approval and our Report is required under Chapter 2E (Related party transactions) of the Act; and under ASX Listing Rule (**LR**) 10.1, as a disposal of a substantial asset involving a person(s) in a position of influence.
6. We regard the Eden Lassie disposal which constitute substantial assets and leaseback of the asset including potential buy back by TSI and other terms, as the **Proposal** for the purpose of our assessment.

1.2. Purpose of this Report

7. As noted, shareholder approval of the Proposal is required by the ASX.
8. Therefore, the Directors of TSI have engaged us (**MAV**) to prepare this Independent Experts Report for the purpose of assisting Non-Associated Shareholders to evaluate the Proposal. The scope of the Report is to assess whether the Proposal is fair and reasonable to TSI Non-Associated Shareholders in accordance with Chapter 2E of the Act, ASX LR10.1 and any related ASIC Regulatory Guides.
9. The Non-Associated Shareholders are those TSI shareholders who are not Persons of Influence (i.e., not Grove - see Glossary). The Persons of Influence are excluded from voting on the Proposal.

1.3. Basis of evaluation

10. Fairness is a "quantitative" assessment. "Reasonableness is a "qualitative" assessment. To assess if the Proposal is fair and reasonable, we have:

Undertaken a quantitative assessment. The risk to Non-Associated Shareholders is if the Person of Influence receives a discount to fair value for the Eden Lassie Farm at its disposal. In this context, the Proposal is fair if the (Adjusted) Sale Price TSI receives for the Eden Lassie Farm is equal to or greater than the fair value of the Eden Lassie Farm disposed of.

Assessed the qualitative merits as reasonable if it is fair, or despite not being fair, if the advantages to Shareholders outweigh the disadvantages. We have included an assessment of the lease and other terms in our qualitative assessment.

1.4. Summary of quantitative assessment

11. Table 1 below sets out a comparison of the adjusted sale proceeds to the fair market value of the Eden Lassie Farm sold under the Proposal on a per share basis.

Table 1

\$ per share	Low	High
Fairness assessment	per book value	FMV per valuer reports
Adjusted Sale Price proceeds per share	\$0.022	\$0.022
Value of Eden Lassie Farm assets sold per share	\$0.024	\$0.025
Higher = Fair / (Lower = not fair)	-\$0.002	-\$0.003
Evaluation	Not Fair	Not Fair

12. The number of TSI shares (208.7m¹) does not change Pre to Post Proposal.
13. The Adjusted Sale Price proceeds are based upon the cash sale price, less avoidable transaction costs to be borne by TSI under the terms of sale. These are mainly stamp duty costs. The adjusted sale proceeds are \$4.7m (excluding GST).
14. The fair market value of the Eden Lassie Farm to be sold is based on the value of its improved land and buildings and includes:
- the agricultural property title, fencing, water rights, civil improvements and building structures. The land value excludes the distillery plant, equipment and Agave plants under cultivation. The land value was determined by IPN Property Valuers, using a comparative market price approach.
15. The independent value was determined on or around 30 November 2023 as \$5.3m. We have used this value in the high range in the table above.
16. The book recorded value at cost of the Eden Lassie Farm land and buildings on 31 March 2024 was \$5.0m which we have used as the low value range in the table above for illustrative purposes by way of cross check.
17. The comparison of a Pre Proposal value of the Eden Lassie Farm with the Adjusted Sale Price proceeds shows a negative impact at all ranges.

Post Proposal position of TSI

18. In our view, the sale and lease back arrangement is effectively a secured loan arrangement, despite the legal form and transfer of property title. This is because TSI has first rights to buy back the Eden Lassie Farm at any time at an agreed minimum price, which is higher than the sale price.

¹ As of 11 April 2024.

19. TSI are yet to confirm the final accounting treatment of the arrangement per AASB's which may differ. However:

- If treated as a loan, at the Proposal's completion, we do not expect any significant change in net assets (but for avoidable transaction costs, estimated at less than negative \$0.002 cents per share). This is because the Sale Price received in cash equals the value of the loan.
- If the transaction is accounted for as a sale of assets (and not a loan), the book value of net assets may decline as the Adjusted Sale Proceeds is below the current recorded cost of the Eden Lassie Farm assets.

Fairness opinion

20. We are mostly persuaded by the high range value per the independent valuer's report. As the Adjusted Sale Price proceeds received by TSI is less than the Pre Proposal fair value of the Eden Lassie Farm, we conclude that the Proposal is **NOT Fair** to the Non-Associated Shareholders.

1.5. Summary of qualitative assessment

21. We summarise the advantages and disadvantages of the Proposal and also any alternatives to the Proposal if it is not approved:

Advantages of the Proposal

- The financial situation of TSI is improved by a needed injection of cash as working capital to sustain loss making operations in the short-term and / or reduce debt. With a cash balance at 31 Dec 2023 of \$2.8m, and operating cash outflows averaging \$1.5m per month in H1FY24, the Company in our view is at risk of having insufficient funds to operate in the short term.
- Director's state, based upon external advice, that a lower than current debt level makes it feasible to refinance remaining senior debt. As stated in the H1FY24 Directors Report, the Company is targeting a refinancing process by 30 June 2024.
- TSI retains operational control over the Eden Lassie Farm such that there is no loss of business opportunity from the sale of the asset.
- TSI Directors advise that they have exhausted alternative funding options which are less appealing than the current Proposal (see further below).
- The key terms of the deal were extensively negotiated with Grove, and comprehensive due diligence of the Eden Lassie Farm was undertaken by Grove. Negotiations for TSI were led by independent Directors of the TSI board.
- The arrangement is supported by TSI's current debt provider, Longreach and Directors expect will be supported by an alternate debt provider.
- TSI has the right to buy back the Eden Lassie Farm from Grove at any time during the lease term, for the minimum buy back price (see below).

Disadvantages of the Proposal

- The offer is Not Fair at all ranges of comparing the Eden Lassie Farm value to the Adjusted Sale Price proceeds offered by Grove.
- The avoidable transaction costs, estimated to be \$0.3m, mainly comprised of stamp duty and legal and advisor costs are borne by TSI.

A further \$0.5m in TSI transaction costs have been incurred regardless of whether the Proposal proceeds or not.

- Whilst we regard the Proposal as a loan arrangement, the income tax treatment may be different from a regular loan if classified as a genuine lease for tax purposes. TSI could lose the ability to claim a deduction for depreciation on the assets sold. However TSI is presently in a loss position and has a large amount of accumulated tax losses such that this disadvantage is likely to be non-cash in impact for the medium term. TSI would be able to deduct the lease payments, (as for interest under a regular loan).
- Whilst TSI has the right to buy back the Eden Lassie Farm from Grove, this is at a minimum buy back price of \$6.5m, which may be greater than the market value at the time. We calculate that this increases the effective interest rate to 16.0%. This is greater than the headline lease yield of 10% but at the top range of our estimate of CCC rated debt. If the market value of the Eden Lassie Farm exceeds the minimum buy back price, then the implied effective interest rate would be even higher.
- The sale also means that TSI will not benefit from an increase in market value for the Eden Lassie Farm (if any). However, given the primary rationale for developing the Eden Lassie Farm was to sustain long-term tequila operations, any gains would have likely been unrealised if held.

Other considerations including no change in circumstances

- TSI continue to be responsible for all outgoings and costs for the Eden Lassie Farm and retains ownership of the distillery plant and equipment. We view this as unchanged from the present circumstance.
- The Proposal does not result in any change in Board or management control of TSI.
- The Proposal is unlikely to change the liquidity for TSI shares.
- TSI Directors state the Eden Lassie Farm has no special value to the purchaser, other than a means by which Grove can continue to support TSI and his protect his share investment in TSI.

If the Proposal is NOT approved

- TSI must reimburse Grove for Groves reasonable due diligence and transaction documentation costs.
- The Directors have advised that if the Proposal is not approved, then other sources of funding will be required which are likely to be on less favourable terms to Shareholder. Such terms may be at a higher interest cost, more onerous security guarantees, or at steeply discounted asset price or dilutive share price. The July 2023 equity raise was at \$0.25 per share and the share price has declined since.
- The Directors advise that preliminary soundings for alternative asset sales or funding resulted in a lack of interest or are likely to take too long compared to the current Proposal.
- As no such alternative sources of funds are immediately available, there is also an increased risk of TSI breaching its minimum cash covenant with Longreach or being unable to continue as a going concern.

22. We are mostly persuaded by the advantage of the Proposal in providing funds such that TSI can continue to operate, and the poor consequences if those funds are not received. Therefore, in our opinion the advantages of the Proposal outweigh the disadvantages, and the Proposal is reasonable to TSI Non-Associated Shareholders.

1.6. Summary of Opinion

On the balance of the above matters considered, we think that the Proposal is **Not Fair but Reasonable** to the Non-Associated shareholders of TSI.

1.7. Summary of disclosures and limitations

Our opinion is subject to the limitations and disclaimers set out in the body of this Report.

Changes in market conditions

Our analysis and conclusions are based on market conditions existing at the date of this Report which is also the valuation date. A limitation of our conclusion is that market conditions may change between the date of this Report and when the various aspects of the Proposal are concluded.

Individual shareholder circumstances

Acceptance or rejection of the Proposal is a matter for individual shareholders based upon their own views of value, risk, and portfolio strategy. Shareholders who are in doubt as to the action that they should take in relation to the Proposal should consult their professional advisor.

Financial Services Guide

Our Financial Services Guide is attached in **Appendix 4**. This includes the contact details of whom to address any concerns with this Report.

We thank you for the opportunity to assist you in this important matter.

Yours faithfully

Moore Australia (VIC) Pty Ltd

Holder of Australian Financial Services License No.247362



Colin Prasad
Director – Corporate Finance
Business Valuation Specialist

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GLOSSARY

Term	Meaning
ACT	Corporations Act 2001.
APES	Accounting Professional and Ethical Standard.
ASIC (GN)	Australian Securities and Investments Commission. Guidance Note.
ASX (LR) (GN)	Australian Securities Exchange. Listing Rules. Guidance Note.
CFME	Capitalised future maintainable earnings.
Company	Top Shelf International Holdings Ltd (TSI).
DCF	Discounted cash flow.
Directors	Directors of TSI, (excluding the Person of Influence).
EBITDA	Earnings before interest tax depreciation and amortisation.
Eden Lassie Farm	The substantial asset being disposed of to the Person of Influence under the Proposal.
FMV	Fair Market Value.
FY	Financial Year ending 30 June.
Grove	Mr Stephen Grove and his associates, Person of Influence.
Longreach	Longreach Direct Lending Fund (the Company debt facility provider).
MAV	Moore Australia (Vic) Pty Ltd – the author(s) of this Report.
NoM	Notice of Meeting including explanatory memorandum.
Non-Associated Shareholders	Being those TSI shareholders other than Grove who are not Persons of Influence.
Persons of Influence	Mr Stephen Grove (and his associates) who is both a director and shareholder of TSI, whom TSI will dispose a substantial asset to.

Term	Meaning
Proposal	The offer by TSI to sell the Eden Lassie Farm to Grove and lease it back and other terms as set out in the NoM and Section 2.1.
QMP	Quoted market price.
RG	ASIC Regulatory Guide
Shareholders	TSI shareholders.
Shares	TSI shares.
VWAP	Volume weighted average price.

2.0 THE PROPOSAL

2.1. Eden Lassie Farm sale and leaseback

23. The NoM sets out the Proposal for the sale and leaseback of the Eden Lassie Farm to Grove, with highlights also announced on 12 April 2024. Key features of the sale and leaseback agreement are:
- TSI sale of all of the Eden Lassie Farm land and buildings to Grove, but not the distillery plant, equipment, Agave plants or seedlings.
 - A cash sale price of \$5.0m plus GST².
 - Lease term of 10 years from the completion date.
 - 1 x 5 year option to renew at TSI's option to renew.
 - Commencing rent of \$0.5m per annum excluding GST representing a headline yield of 10%, with annual CPI increases and a market review at the option renewal date.
 - All outgoings of the property paid by TSI, including fees and charges, repairs and maintenance, CAPEX improvements and replacement, insurance. However, further CAPEX may be funded by Grove with a proportionate increase in rent.
 - TSI right to purchase the Eden Lassie Farm at the greater of \$6.5m or the market value at any time during the lease term; including first right of refusal to purchase at any 3rd party offered terms.
 - All transaction costs are payable by TSI.
24. The Proposal is subject to:
- Grove's due diligence (largely completed).
 - Conditions imposed by ASX or ASIC, (i.e. shareholder approvals).
 - Support from TSI's current debt provider, Longreach, including release of the property from their security interests.

2.2. Shareholders resolution in the NoM

25. The NoM sets out the resolutions (**Resolution**) relevant to this Report which we summarise:
- **Resolution 1: "Approval of sale and leaseback** – That approval be given for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1 and all other purposes for the Company (or its Related Bodies Corporate) to dispose of the Property and to enter into the Lease, on the terms and conditions summarised in the Explanatory Notes".
26. We understand that the Persons of Influence are persons excluded from voting on the Proposal covered by Resolutions 1 above.
27. We consider the ordinary Shareholders other than the Persons of Influence, as the non-associated shareholders (**Non-Associated Shareholders**).
28. We consider TSI sale and lease back of the Eden Lassie Farm as described above and the subject of Resolutions 1 the **Proposal** for the purposes of our analysis.

² We ignore GST for the purposes of our analysis, noting that no GST is expected on the agricultural land component, but GST may be on the fixed building improvements.

3.0 SCOPE OF THIS REPORT

3.1. Purpose

29. TSI is a public company incorporated in Australia and accordingly is subject to the Act and ASX Listing Rule 10 Transactions with persons in a position of influence.
30. ASX LR 10.1 requires shareholder approval of disposals of substantial assets to persons in a position of influence. ASX GN 24 sets out who persons of influence can be. For the purposes of the Proposal, we understand that Persons of Influence are Grove.
31. In this context, the risk ASX LR 10.1 seeks to address is to avoid TSI selling assets at a discount to fair value, unless with Non-Associated Shareholder approval.
32. The requirements for an independent expert's report are also set out in ASIC RG 111 Table 1. Approval is also required under Chapter 2E (Related party transactions) or any other provisions of the Act.
33. Therefore, the Directors of TSI have engaged MAV to prepare this Independent Experts Report for the purpose of assisting Non-Associated Shareholders to evaluate the Proposal. The scope of the Report is to assess whether the Proposal is fair and reasonable to TSI Non-Associated Shareholders.
34. The Report will accompany the NoM to be sent to Shareholders.

3.2. Basis of evaluation

35. The Proposal represents a disposal of substantial assets (Eden Lassie Farm) to persons in a position of influence (e.g. TSI Director and Shareholder, Grove and his associates). ASX LR 10.1 and Guidance Note (**GN**) 24.7.3, provides guidance in these circumstances. That in turn refers to guidance contained in ASIC RG 111.
36. RG 111 guide states that 'fair and reasonable' is not a compound phrase and each element has to be assessed. 'Fair' is an assessment of the consideration received against the value of the asset to be sold. 'Reasonable' is an assessment of the merits of the Proposal and if there are sufficient reasons for the Proposal to proceed.
37. Therefore, Fairness is a "quantitative" assessment. Reasonableness is a "qualitative" assessment. In order to assess if the Proposal is fair and reasonable, we have:
 - Undertaken a quantitative assessment. The risk to Non-Associated Shareholders is if the Person of Influence receives a discount to fair value for the Eden Lassie Farm at its disposal. In this context, the Proposal is fair if the (Adjusted) Sale Price TSI receives for the Eden Lassie Farm is equal to or greater than the fair value of the Eden Lassie Farm disposed of.
 - Assessed the qualitative merits as reasonable if it is fair, or despite not being fair, if the advantages to Shareholders outweigh the disadvantages. We have included an assessment of the lease terms in our qualitative assessment.
38. In accordance with RG 111.60 the Proposal is reasonable if it is fair. If despite not being fair, it may be reasonable if we think that the advantages to Shareholders outweigh the disadvantages.
39. In accordance with RG 111, those assessments of fair value include an analysis of value employing accepted valuation methodologies (DCF, CME, Asset based and Market Comparable transactions) which are most applicable.
40. We have undertaken our valuations assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. This is a standard of fair value.
41. We have also assumed premise of value as a going concern.

3.3. Limitations

42. We have only considered the effects of the Proposal.
43. We are not aware of any other significant limitations on scope. Had our work not been limited in scope, then our opinion could differ, perhaps materially.

3.4. Revision of draft

44. We disclose that we issued redacted drafts of this Report to TSI for factual review on 27 February 2024 as per ASIC RG 112.54. We then issued an unredacted draft of this Report to TSI on 12 March 2024 as we understood the Proposal to be final. That showed our opinion as Not Fair but Reasonable.
45. Subsequently TSI advised that the terms of the sale and lease back were not acceptable to a proposed replacement debt provider, and elements of the sale and lease back arrangement were changed to:
 - Sale of land and buildings only, (changed to exclude distillery plant & equipment³) with a corresponding reduction in price.
 - Removal of certain lease default conditions.
46. In accordance with ASIC RG 112.57, in our opinion it is appropriate to reflect the above changes in our final report. We confirm that there was no significant impact on our analysis of the transaction and that our overall not fair but reasonable opinion did not change.

3.5. Terms of reference

47. We have conducted our Services according to the guidelines contained in APES 110 "*Code of Ethics for Professional Accountants*" and the principals of APES 225 "*Valuation Services*".
48. We confirm MAV are the holder of AFLS licence 247 262, which authorises us to provide reports and advice in respect of securities. A copy of our Financial Services Guide is included in **Appendix 4**.
49. Regulatory guidance includes:
 - RG 112 "Independence of Experts March 2011". We confirm our qualifications and independence in **Appendix 3**.
 - RG 111 "Content of Experts Reports – October 2020". Relevant guidance is given on the basis of evaluation including the standard of fair value on a control basis and the use of prospective financial information only where there is a 'reasonable' (and not hypothetical – per RG 170) basis to do so.
 - RG 170 "Prospective Financial Information – April 2011" – factors that indicate 'reasonable grounds' for prospective financial information.
 - RG 74 "Acquisitions approved by members – December 2011".
 - RG 76 "Related party transactions" – March 2011.
 - ASX LR 10 "Transactions with persons of influence" and the associated Guidance Note 24 – December 2019.

³ The TSI announcement on 12 April 2024 also stated it was previously contemplated to include the distillery plant and equipment in the sale.

4.0 PROFILE OF TSI

4.1. Background⁴

50. TSI is an Australian alcoholic drinks company first listed on the ASX in December 2020. Its headquarters, distillery and bottling & flexible packaging plant are located in Campbellfield, VIC (Melbourne). It is focussing on premium Australian made bottled and ready to drink spirits and includes the following brands:
- NED Australian Whisky. An aged product with different premium award winning releases. Up to 1.6m litres under maturation in oak vats and barrels in Somerton Vic. Maturation is a minimum of 2 years.
 - Grainshaker Australian Vodka. This grain based product does not require extensive maturation.
51. TSI plans to make and market its own brand of premium tequila, “Act of Treason”. As for Vodka, this product does not require extensive maturation. However, it requires a steady supply of Agave plants grown to a mature size, not traditionally grown in Australia.
52. To this end, TSI owns a 430 hectare land and a distillery under commissioning in Eden, QLD located between Bowen and Airlie Beach in the Whitsundays, (Eden Lassie Farm). The land has 766,000 Agave plants under cultivation or in nurseries which Directors believe to be the largest single estate outside of Mexico. When commissioned, Directors state it will be amongst the largest plant to bottle agave facilities.
53. In addition to its own brands, TSI also provided canning, bottling and packaging services to a range of customers.
54. The large investment in plant & equipment, whisky maturation, and the Agave land and cultivation means that the Company is yet to record a profit.

4.2. Financial Performance of TSI

55. The historical financial information in this Section is extracted from the Audited accounts of TSI for the year ending 30 June 2023 including the comparative year.
56. Those accounts were audited by BDO Audit Pty Ltd (Melbourne) who issued unmodified opinions dated 31 August 2023. Without modifying their opinion, they highlighted a material uncertainty related to going concern, (see Section 4.3). This was repeated in BDO’s opinion dated 29 Feb 2024 for the half-year review for the 6 months ended 31 Dec 2023.
57. We set out below the recent historic operating financial performance for FY22, FY23 taken from the above together with audit reviewed amounts for the 6 months ending 31 December 2023. We have not included any forecasts as we think that they are either not relevant to our analysis or lack reasonable grounds for disclosure.

⁴ Company materials.

Table 2: Profit and Loss.

\$ '000s	Note	FY22 Audit extract	FY23 Audit extract	H1FY24 (6 months) Reviewed extract
Branded products (net of discounts and rebates)	a	12,368	20,044	10,653
Contract packaging	a	7,848	7,503	4,574
Total revenue		20,216	27,547	15,227
Other income		149	269	42
Raw materials		(6,616)	(7,632)	(4,014)
Employee benefits expense		(997)	(1,381)	(875)
Excise		(5,866)	(10,434)	(4,602)
Manufacturing overhead (excl. D&A)		(659)	(516)	(302)
Gross Margin	b	6,227	7,583	5,476
Distribution expense		(962)	(983)	(332)
Selling expense	c	(5,935)	(5,820)	(1,907)
Marketing expense	c	(6,484)	(6,828)	(2,909)
Operating, general & admin expense		(12,719)	(14,102)	(5,276)
Management Underlying EBITDA	d	(19,873)	(20,151)	(4,948)
Fair value gain on biological assets		6,305	2,277	78
Share based payments expense		(443)	(995)	(303)
Whisky liquid cost in (COGS)		(404)	(747)	(372)
Asset write downs		(2,552)	(5,630)	-
Non-recurring expenses		(1,020)	(2,293)	(545)
Reported EBITDA		(17,987)	(27,539)	(6,090)
Depreciation and amortisation (incl, factory overhead)		(1,154)	(1,716)	(1,129)
Net Finance costs		(2,570)	(4,586)	(2,610)
Income tax benefit / (loss)		5,273	(14,450)	(226)
Net loss		(16,438)	(48,291)	(10,055)
KPI's				
YoY Revenue growth	a		36.3%	10.6%
Gross margin	b	30.8%	27.5%	36.0%
Selling expense / Branded revenue	c	-48.0%	-29.0%	-17.9%
Marketing expense / Branded Revenue	c	-52.4%	-34.1%	-27.3%
Management Underlying EBITDA / Revenue	d	-98.3%	-73.1%	-32.5%
Cashflows from operations	d	(22,397)	(22,837)	(8,750)

Source: Audited and unaudited management accounts and MAV analysis. Some classifications may differ to aid comparability. Amounts may not add due to rounding.

TSI Historical Earnings Review

58. Table 2 notes are as follows:

- a) TSI continued to rapidly grow sales on an annualised basis of its own branded products, (NED Australian Whisky and Grainshaker Vodka), notably with Coles Liquor Group and Endeavor Group (Dan Murphy and BWS). Contract packing revenues are becoming less important to sales overall as own brands grow.
- b) Gross margin % declined in FY23 mostly due to channel and product mix in the brand business, and challenges in the contract packaging business, but has improved in H1FY24.
- c) Relative savings have been made in selling and marketing costs compared to branded revenue growth as the brands gain some traction.
- d) Along with some savings in overhead and general expenses, Management's Underlying EBITDA loss / margin has improved with higher revenues. The improvement is also illustrated with improved lower negative cash flows from operations.

59. Nevertheless, TSI exhibits the profile of a growth stage business with operating losses due to sub-scale operations.

Outlook

60. We have been provided with a FY24 budget and longer term outlook for the business. This shows continued losses for FY24 but that the business may achieve positive cashflows in the medium term if branded product revenues scale substantially.

61. RG 111.115 and RG 111.16 requires an expert to only use forward looking information where there are 'reasonable grounds'. Further guidance on 'reasonable grounds' is given in RG 170.25 and includes forward contracts, industry expert reports and short-term estimates.

62. On this basis we think.

- It is plausible that losses and negative cashflows will continue for at least the remainder of FY24 in the short term, with operating costs at similar to observed levels.
- For the medium and longer term, uncertainty underpinning revenue assumptions means those forecasts likely lack reasonable grounds as defined by ASIC. Therefore, the point at which financial sustainability is achieved is also uncertain.
- This is not a pejorative comment on the business or management, but simply reflects the early growth profile of the business which is inherently uncertain.

4.3. Financial Position of TSI

63. We set out below a summary of the financial position for TSI as at 30 June 2022 and 2023 taken from the same audited accounts noted above. We also set out the position on 31 December 2023 per the audit reviewed half year accounts.

64. We also show how we classify balance sheet lines for the purposes of our analysis:

Table 3: Statement of Financial Position

\$ '000s	Notes	FY22	FY23	31-Dec-23	Classification
		Audit extract	Audit extract	Reviewed Extract	
ASSETS					
Current assets					
Cash and Cash equivalents	a	20,129	2,855	2,786	Cash
Trade and Other Receivables	b	6,475	3,958	6,072	Working Capital
Inventories	b	11,257	11,857	12,074	Working Capital
Biological assets	b,d	-	1,238	4,464	Working Capital
Other assets	b	1,930	624	617	Working Capital

\$ '000s	Notes	FY22 Audit extract	FY23 Audit extract	31-Dec-23 Reviewed Extract	Classification
Total current assets		39,791	20,532	26,013	
Non current assets					
Property, plant and equipment	c	28,939	32,355	34,881	Operating
Right of use asset		6,227	5,694	5,349	Operating
Intangible asset		2,211	2,330	2,518	Other
Biological assets	d	15,669	18,182	15,526	Operating
Deferred tax asset		12,616	-	-	Operating
Other assets		354	354	357	Operating
Total non current assets		66,016	58,915	58,631	
TOTAL ASSETS		105,807	79,447	84,644	
LIABILITIES					
Current Liabilities					
Trade and Other Payables	b	(13,064)	(14,016)	(10,937)	Working Capital
Borrowings	e	-	(32,904)	(23,607)	Debt
Lease liability		(1,042)	(387)	(447)	Operating
Provisions		(844)	(854)	(745)	Working Capital
Total current liabilities		(14,950)	(48,161)	(35,736)	
Non-current liabilities					
Borrowings	e	(23,913)	-	-	Debt
Lease liability		(6,073)	(6,550)	(6,311)	Operating
Provisions		(357)	(363)	(389)	Operating
Deferred tax liability		-	(1,698)	(2,104)	Operating
Total non-current liabilities		(30,343)	(8,611)	(8,804)	
Total liabilities		(45,293)	(56,772)	(44,540)	
NET ASSETS		60,514	22,675	40,104	
<i>Classification Subtotals</i>					
<i>Current Assets - Current</i>					
<i>Liabilities</i>		<i>24,841</i>	<i>(27,629)</i>	<i>(9,723)</i>	
<i>Net Working Capital</i>	b	<i>5,754</i>	<i>2,807</i>	<i>11,545</i>	
<i>NTA ex.debt (NWC+Operating)</i>		<i>62,087</i>	<i>50,394</i>	<i>58,407</i>	
<i>Debt</i>	c	<i>(23,913)</i>	<i>(32,904)</i>	<i>(23,607)</i>	
<i>Net Debt</i>	c	<i>(3,784)</i>	<i>(30,049)</i>	<i>(20,821)</i>	

Source: Audited accounts and MAV analysis. Some classifications may differ to aid comparability. Amounts may not add due to rounding.

TSI

65. Table 3 notes on TSI are:

- a) Cash levels have declined reflecting continued operating losses, partial repayment of debt and investment in capital items, particularly the Eden Lassie Farm plants and distillery.

- b) Net working capital items average around \$6.7m, most reflecting the trade receivables balance. Inventory (including maturing inventories) appears to be mostly offset by trade payables.
 - c) Growth in property, plant and equipment includes the investment in the Eden Lassie Farm distillery. The total book value at 30 Nov 2023 recorded for the land, buildings, plant and equipment is \$11.9m.
 - d) Biological assets reflect the Agave plants under cultivation at capitalised cost, adjusted to fair values. As set out in the FY2023 Annual Report, the 30 June 2023 766,000 plants were fair valued assuming:
 - a. An in-ground growing cycle of 4.0 years from planting date with the pina weight of a harvested plant of 35.0 kilograms.
 - b. Anticipated farm operating and plant harvesting costs.
 - c. Farmgate price of AUD \$1.3248 per kilogram.
 - d. A discount rate (pre-tax) of 13.0%
 - e) Borrowings include the “Longreach Direct Lending Fund” (**Longreach**) balance of \$23.6m at 31 Dec 2023, (being gross borrowings of \$25.0m before capitalised borrowing costs of \$1.4m). The interest rate is 10.25% (if market capitalisation is below \$75.0m) otherwise 8.25%. The market capitalisation of TSI is presently well below \$75.0m⁵, such that the higher rate applies. The loan matures 15 December 2024. The loan covenant requires a minimum cash reserve pegged to earnings forecasts.
66. TSI FY23 reported a net asset position of \$22.7m. As noted above, the Auditor highlighted a material uncertainty relating to going concern. This was on the basis of a cash balance of \$2.9m which was below the covenant threshold required by the lender, Longreach. As a result, the entire facility was classified as current, resulting in a net current deficiency of \$27.6m.
67. In July and August 2023, the Company completed a \$30.0m capital raising at \$0.25 per share. This enabled the Company to repay Longreach \$10.0m in the H1FY24 period and be compliant with the minimum cash reserve covenant.
68. We observe that the net asset position of TSI for FY23 is below the current market capitalisation of \$33.4m⁶, and above as of 31 Dec 2023.

4.4. Capital structure and relevant prior raisings

69. The current capital structure of TSI is set out below as of 11 April 2024.

Table 4: TSI Top shareholders

TSI Top shareholders	Associated with	Number of shares '000's	% of total shares
1 CITICORP NOMINEES PTY LIMITED BOND STREET CUSTODIANS LIMITED		38,315	18.4%
2 <SALTER - D79836 A/C>	Salter Brothers	33,390	16.0%
3 GROVE INVESTMENT GROUP PTY LTD	Stephen Grove	29,064	13.9%
4 UBS NOMINEES PTY LTD HSBC CUSTODY NOMINEES		17,123	8.2%
5 (AUSTRALIA) LIMITED		13,585	6.5%

⁵ \$33.4million as of 11 April 2024 at \$0.16 per Share – per S&PCapIQ.

⁶ IBID

TSI Top shareholders		Associated with	Number of shares '000's	% of total shares
6	SALTER BROTHERS CAPITAL PTY LTD		6,400	3.1%
7	WEE DRAM LIMITED		5,202	2.5%
8	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>		3,870	1.9%
9	M&S SKYLEISURE PTY LIMITED <M SKYLEISURE A/C>		3,840	1.8%
10	M&S SKYLEISURE PTY LIMITED <S SKYLEISURE A/C>		3,840	1.8%
Other shareholders			54,045	25.9%
Total			208,676	100.0%

Source: Company & MAV analysis.

70. The above table shows that Grove is a significant shareholder in the Company with 14% of the Shares.
71. The amounts shown are following a significant \$30.0m capital raising the Company undertook in July / August 2023 at \$0.25 per Share.

4.5. Share trading performance of TSI

72. We set out below the recent Share trading performance of TSI from April 2023 to April 2024:

Chart 1 – Share price & volume



Source: S&PCapIQ

73. The chart shows a general decline in price and higher level of activity around the July / August 2023 \$30.0m capital raising at \$0.25 per Share noted above. Since then, price exhibits more stability, followed by a recent decline.
74. The implied market capitalisation of TSI at the current Share price of \$0.16⁷ cents is \$33,4m.
75. We summarise recent Share trading in the following table:

Table 5: Recent Security trading summary

Share trading summary	Last 20 days	Last 3 months	Last 6 months	Last 12 months
\$whole Value	\$121,445	\$776,077	\$1,359,210	\$8,802,730

⁷ IBID

Share trading summary	Last 20 days	Last 3 months	Last 6 months	Last 12 months
Number of shares	634,809	3,465,258	6,567,023	33,929,510
VWAP \$ whole	\$0.191	\$0.224	\$0.207	\$0.259
Number of shares % to total issued	0.30%	1.66%	3.15%	16.26%
Annualised % shares traded in period	3.83%	6.64%	6.29%	16.26%
Market cap at VWAP \$Whole	\$39,921,792	\$46,734,941	\$43,190,711	\$54,139,219

Source: S&PCapIQ and MAV analysis on 11 April 2024

76. The table shows that the number of Shares traded over the past year was 16% of the total Shares on issue. Less annualised liquidity is exhibited more recently. We generally consider there is an active and liquid market when there is more than 15% of security turnover in a year, refer **Appendix 5**.

5.0 INDUSTRY OVERVIEW

5.1. Overview

77. We think that TSI operates within the Spirit Manufacturing in Australia industry, on which IBISWorld publishes data⁸.

Table 6: IBISWorld Summary of industry performance & trends.

Industry	Historical growth 5 years	2022 Industry Total Revenue	Profit margin	Outlook growth 5 years
Spirit Manufacturing in Australia	Revenue growth 1.0% Profit growth 2.2%	\$2.3 billion	13.5%	Revenue growth 2.9%

78. Industry key trends and participants:

Key Takeaways

- Premiumisation trends have aided spirit manufacturers' performance. Demand for spirits relative to other alcoholic beverages and within the spirit market, consumers have favoured premium products like ready-to-serve cocktails and native botanical gins.
- Sales growth and demand are projected to continue expanding. However, price competition and non-alcoholic beverage alternatives will likely maintain competitive tension on the industry.

Barriers to entry / success factors for new entrants

- Legal - Strict regulation provides a barrier to entry, as new entrants must understand and comply with a host of regulations before commencing production. Three licences are required: a manufacturers licence, storage licence, and movement licence.
- Start-up Costs - New entrants need to invest at least \$50,000 in plant and equipment. This covers costs for boilers, fermenters and stills. Website, marketing and the addition of a taproom brings costs significantly higher.
- Differentiation - Opportunities exist to compete on quality rather than price, allowing small-scale producers to succeed if consumers are willing to pay a premium. The success of Four Pillars has encouraged a wave of new entrants offering products with native Australian ingredients.
- Capital Intensity - Spirit manufacturing is moderately capital-intensive and requires substantial economies of scale. This allows larger manufacturers to produce at low cost, using the savings to fund advertising and marketing, or to sell their products at lower prices than smaller producers.
- How potential entrants overcome barriers to entry:
- Guarantee supply of key inputs - Spirit manufacturers require adequate supplies of suitable raw materials such as sugar, grain and grapes to provide consistent and guaranteed supply. This factor can help firms secure contracts with wholesalers and retailers.

⁸ IBISWORLD REPORT C1213: Spirit Manufacturing in Australia - Dec 2023.

- Develop new products - Spirit manufacturers that undertake product innovations are better able to boost sales by tapping into new consumer trends like RTD products.

Major participants:

- Diageo Australia
- Coca-Cola Europacific Partners API
- Asahi Holdings
- Bicardi-Martini Australia

5.2. Industry remarks

79. Given the above from IBISWorld, we observe that the macro conditions for premium spirit manufacturing are likely positive but highly competitive to establish brands and market share. Retaining control over raw materials (e.g., Agave plants) is a success factor.
80. Our assessment of the Proposal does not greatly depend on any further industry analysis.

6.0 VALUATION METHODOLOGIES

6.1. Available methodologies

81. The following summarises the various methodologies we have considered:
- **Market Based:** Business value or equity is determined by reference to comparable market buy/sell transactions or quoted market prices (**QMP**) if it is listed on an exchange or recent capital transactions.
 - **Income Based:** Value is determined by reference to capitalised future maintainable earnings (**CFME**) or discounted cash flows (**DCF**) derived by the business.
 - **Asset Based:** Value is determined by reference to the sale or realisable proceeds of individual assets or groups of assets in an entity.
82. We provide more details of the available valuation methodologies in **Appendix 2** of this Report.

6.2. Selected methodology for the Eden Lassie Farm

Market Based Value

83. The Eden Lassie Farm land component was primarily valued by IPN valuers using a market direct comparison approach. We also considered market comparisons to yields in sale and lease back transactions in our analysis.

Income Based Value

84. This approach was considered but not adopted by IPN.
85. We adopted a DCF income based technique to calculate the implied effective interest rate.

Asset Based Value

86. This was the primary method was not required given the above methods.

7.0 VALUE OF THE PROPOSAL

7.1. Eden Lassie Farm sale

87. We have compared the value of the Adjusted Sale Price proceeds to the fair market value and book value of the Eden Lassie Farm assets sold:

Table 7: Comparison

\$ '000s or \$ per share	Low	High
Comparison to the Proposal Sale Price	per book value	FMV per valuer reports
Cash sale price	5,000	5,000
Less avoidable transaction costs incurred by TSI	(325)	(325)
Adjusted Sale Price proceeds	4,675	4,675
Value of Eden Lassie Farm assets to be disposed	5,000	5,275
Difference	(325)	(600)
Post Proposal shares outstanding ('000's)	208,676	208,676
Difference per share	-\$0.002	-\$0.003

Headline cash sale price

88. This is taken from the sale & lease back terms of the Proposal in **Section 2.1**.

Avoidable transaction costs

89. As set out in **Section 2.1**, under the terms of the Proposal, TSI bear some costs of the proposal including stamp duty and legal costs.
90. Total transaction costs are estimated by TSI to be \$0.8m including adviser, legal fees and stamp duties. However, \$0.5m of the advisor / legal fees will be incurred regardless of whether the Proposal proceeds or not. We estimate \$0.3m of the total fees that could be avoided if the Proposal does not proceed of which stamp duty component is the majority.
91. In the ordinary course of selling real estate assets, it is usual for the buyer to incur those costs. However, under lending arrangements, it is usual for the borrower to pay lenders costs. This supports our view that this is a lending arrangement.

Adjusted Sale Price proceeds

92. The Adjusted Sale Price proceeds therefore represent the net proceeds TSI receives on sale of the Eden Lassie Farm.

Value of Eden Lassie Farm assets

93. The fair market value of the Eden Lassie Farm to be sold is based on the value of its improved land and buildings, including:
- The agricultural property title, fencing, water rights, civil improvements and building structures. The land value excludes the Agave plants under cultivation. The land value was determined by IPN Property Valuers, using a comparative market price approach. An extract from IPN's report is included in **Appendix 6** with the permission of IPN. We have read the report in detail including the author's credentials and independence. We think the report is suitable for reliance by us for the purposes of our analysis.
94. The independent value was determined on or around 30 November 2023 as \$5.3m. We have used this value in the high range in the table above.
95. The book recorded value at cost of the Eden Lassie Farm assets on 31 March 2024 is \$5.0m which we have used as the low value range in the table above for illustrative purposes by way of cross

check. The book value does not include any significant charges for amortisation as the assets were mostly capital works in progress at that date.

Difference

96. At both the low and high ranges, the value of the Eden Lassie Farm sold is \$0.3m to \$0.6m higher than the Adjusted Sale Proceeds.

Difference per share

97. We have taken TSI's Shares outstanding of 208.7m from Table 4, to express values per Share. The number of Shares does not change Pre to Post Proposal.

Post Proposal position of TSI

98. In our view, the sale and lease back arrangement is effectively a secured loan arrangement, despite the legal form and transfer of property title. This is because TSI has first rights to buy back the Eden Lassie Farm at any time at an agreed minimum price, which is higher than the sale price.
99. TSI are yet to confirm the final accounting treatment of the arrangement per AASB's which may differ. However:
- If treated as a loan, at the Proposal's completion, we do not expect any significant change in net assets (but for transaction costs). This is because the Sale Price received in cash equals the value of the loan.
 - If the transaction is accounted for as a sale of assets (and not a loan), the book value of net assets may decline as the Adjusted Sale Proceeds is below the current recorded cost of the Eden Lassie Farm assets. The lease accounting Right of Use Asset would equal the lease liability.

7.2. Eden Lassie Farm lease back

100. As set out in in **Section 2.1**, under the Proposal lease back terms, the rent commences at \$0.5m per year, represents a headline yield of 10% increased annually for CPI.
101. The following table sets out our research of comparable yields on leases disclosed by rural property funds:

Table 8: Rural Funds Yields

#	Fund Name	Fund Description	Data on Property Yields	Yield
1	Arrow Primary Infrastructure Fund	Agricultural property fund manager	7.3% average rental yield as at 30.06.23.	7.30%
2	Warakirri Asset Management Diversified Agriculture Fund	Agriculture property fund for wholesale investors.	Average gross rental yield of 6.6% as at 30.09.23.	6.60%
3	Centuria Agriculture Fund	Unlisted agriculture property fund.	Owns 3 agriculture properties with capitalisation rates ranging from 5.75% - 6.75% (mid point 6.25%).	6.25%
4	Rural Funds Management	ASX listed diversified agricultural REIT.	Rent from macadamia farm in FY23 was \$8m from a \$139m rental capital base implying a 5.8% yield.	5.80%
Average				6.49%

Sources: the above funds public materials and MAV analysis

102. Table 8 shows that the average yield disclosed by public rural property funds is 6.5%. This is less than the 10% headline yield under the Proposal.

103. However, we think that the risks associated with the specialised Agave plantation & tequila distillery and the financial position and performance of TSI itself are much higher than the comparable rural funds. This is because:
- Agave / tequila production in Australia is yet unproven at scale. The development and success of the “Act of Treason” brand is not yet proven.
 - TSI financial performance and position is vulnerable due to its pre-profit early stage of development as set out in **Section 4**.
 - By contrast, many of the comparable rural funds are for established activities with minimal on farm processing or brand development (e.g. fruit and nuts, intensive livestock and viticulture).
104. As noted, in our view, the Proposal is a lending arrangement and not simply a leasing arrangement. In this context:
- We observe TSI is presently paying interest of 10.25% to Longreach.
 - In **Appendix 7** we researched available evidence for corporate bond yields and the risk premium spread for CCC (high risk speculative grade) over AAA rated (lower risk investment grade) companies. This risk premium from 5.6% to 11.4% with an average of 8.7%. With current base rates around 4.4%⁹ we expect a comparable CCC rate risk adjusted rate to be around 10.0% to 15.8% with an average of 13.0%.
 - We calculate the Proposal’s implied effective interest rate of 16.0% given the receipt of Adjusted Sale Price proceeds from the sale (including estimated avoidable transaction costs at commencement of the lease); and assuming TSI pays the minimum purchase price to buy back the land after 10 years. This calculation is set out in **Appendix 8**. This is more than what is currently paid to Longreach, and at the high end range of what CCC bond market evidence may suggest.
 - As noted below in **Section 8.2**, TSI are not able to secure alternate sources of funding in the short term.
105. Given the above, we think the headline lease rent and yield of 10% is likely to represent fair value given the specific risks noted above.

7.3. Eden Lassie Farm Buy Back price

106. As set out in **Section 2.1**, under the Proposal terms TSI has right to purchase the Eden Lassie Farm at the greater of \$6.5m or the market value at any time during the lease term; including first right of refusal to purchase at any 3rd party offered terms.
107. The minimum buy back price is greater than the headline sale price, which we think supports our view the Proposal is a lending arrangement. We have therefore included our assessment of the minimum buy-back price in our estimate of the implied effective interest rate in Section 7.2.
108. We consider other advantages and disadvantages of the buyback terms in **Section 8.2** below.

⁹ S&PCapIQ: AU BBSW 3 months April 2024

8.0 EVALUATION

8.1. Quantitative (fairness) assessment

109. We summarise our quantitative assessment in the table below:

Table 9 Fairness

\$ per share	Ref	Low per book value	High FMV per valuer reports
Fairness assessment			
Adjusted Sale Price proceeds per share		\$0.022	\$0.022
Value of Eden Lassie Farm assets sold per share		\$0.024	\$0.025
Higher = Fair / (Lower = not fair)	Tbl.7	-\$0.002	-\$0.003
Evaluation		Not Fair	Not Fair

Fairness opinion

110. We are mostly persuaded by the high range value per the independent valuers' report. As the Adjusted Sale Price proceeds received by TSI is less than the Pre Proposal fair market value of the Eden Lassie Farm, we conclude that the Proposal is **NOT Fair** to the Non-Associated Shareholders.

8.2. Qualitative (reasonableness) assessment

111. We summarise the advantages and disadvantages of the Proposal and also any alternatives to the Proposal if it is not approved:

Advantages of the Proposal

- The financial situation of TSI is improved by a needed injection of cash as working capital to sustain loss making operations in the short-term and / or reduce debt. With a cash balance at 31 Dec 2023 of \$2.8m, and operating cash outflows averaging \$1.5m per month in H1FY24, the Company in our view is at risk of having insufficient funds to operate in the short term.
- Director's state, based upon external advice, that a lower than current debt level makes it feasible to refinance remaining senior debt. As stated in the H1FY24 Directors Report, the Company is targeting a refinancing process by 30 June 2024.
- TSI retains operational control over the Eden Lassie Farm (provided it makes the lease payments) such that there is no loss of business opportunity from the sale of the asset.
- TSI Directors advise that they have exhausted alternative funding options which are less appealing than the current Proposal (see further below).
- The key terms of the deal were extensively negotiated with Grove, and comprehensive due diligence of the Eden Lassie Farm was undertaken by Grove. Negotiations for TSI were led by independent Directors of the TSI board.
- The arrangement is supported by TSI's current debt provider, Longreach and Directors expect will be supported by an alternate debt provider.
- TSI has the right to buy back the Eden Lassie Farm from Grove at any time during the lease term, for the minimum buy back price (see below).

Disadvantages of the Proposal

- The offer is Not Fair at all ranges of the primary analysis of comparing the Eden Lassie Farm value to the Adjusted Sale Price proceeds offered by Grove.
- The avoidable transaction costs, estimated to be \$0.3m, mainly comprised of stamp duty and legal and advisor costs are borne by TSI. A further \$0.5m in TSI transaction costs have been incurred regardless of whether the Proposal proceeds or not.
- Whilst we regard the Proposal as a loan arrangement, the income tax treatment may be different from a regular loan if classified as a genuine lease for tax purposes. TSI could lose the ability to claim a deduction for depreciation on the assets sold. However TSI is presently in a loss position and has a large amount of accumulated tax losses such that this disadvantage is likely to be non-cash in impact for the medium term. TSI would be able to deduct the lease payments, (as for interest under a regular loan).
- Whilst TSI has the right to buy back the Eden Lassie Farm from Grove, this is at a minimum buy back price of \$6.5m, which may be greater than the market value at the time. We calculate that this increases the effective interest rate to 16.0%¹⁰. This is greater than the headline lease yield of 10% but at the top range of our estimate of CCC rated debt. If the market value of the Eden Lassie Farm exceeds the minimum buy back price, then the implied effective interest rate would be even higher.
- The sale also means that TSI will not benefit from an increase in market value for the Eden Lassie Farm (if any). However, given the primary rationale for developing the Eden Lassie Farm was to sustain long-term tequila operations, any gains would have likely been unrealised if held.

Other considerations including no change in circumstances

- TSI continue to be responsible for all outgoings and costs for the Eden Lassie Farm and retains ownership of the distillery plant and equipment. We view this as unchanged from the present circumstance.
- The Proposal does not result in any change in Board or management control of TSI.
- The Proposal is unlikely to change the liquidity for TSI shares.
- TSI Directors state the Eden Lassie Farm has no special value to the purchaser, other than a means by which Grove can continue to support TSI and his protect his share investment in TSI.

If the Proposal is NOT approved

- TSI must reimburse Grove for Groves reasonable due diligence and transaction documentation costs.
- The Directors have advised that if the Proposal is not approved, then other sources of funding will be required which are likely to be on less favourable terms to Shareholder. Such terms may be at a higher

¹⁰ Refer Section 7.2.

interest cost, more onerous security guarantees, or at steeply discounted asset price or dilutive share price. The July 2023 equity raise was at \$0.25 per share and the share price has declined since.

- The Directors advise that preliminary soundings for alternative asset sales or funding resulted in a lack of interest or are likely to take too long compared to the current Proposal.
- As no such alternative sources of funds are immediately available, there is also an increased risk of TSI breaching its minimum cash covenant with Longreach or being unable to continue as a going concern.

112. We are mostly persuaded by the advantage of the Proposal in providing funds such that TSI can continue to operate, and the poor consequences if those funds are not received. Therefore, in our opinion the advantages of the Proposal outweigh the disadvantages, and the Proposal is reasonable to TSI Non-Associated Shareholders.

8.3. Summary of Opinion

113. On the balance of the above matters considered, we think that the Proposal is **Not Fair but Reasonable** to the Non-Associated shareholders of TSI.

APPENDIX 1 – SOURCES OF INFORMATION

- TSI draft NoM and explanatory materials.
- Sale and Leaseback term sheet dated 11 April 2024.
- Audited FY23 Annual Report and Reviewed H1FY24 Report.
- IPN Property Valuers report as set out in **Appendix 6**.
- Company announcements, emails and discussion with TSI management.
- S&PCAPIQ, Merger Market and other sources listed throughout the Report.

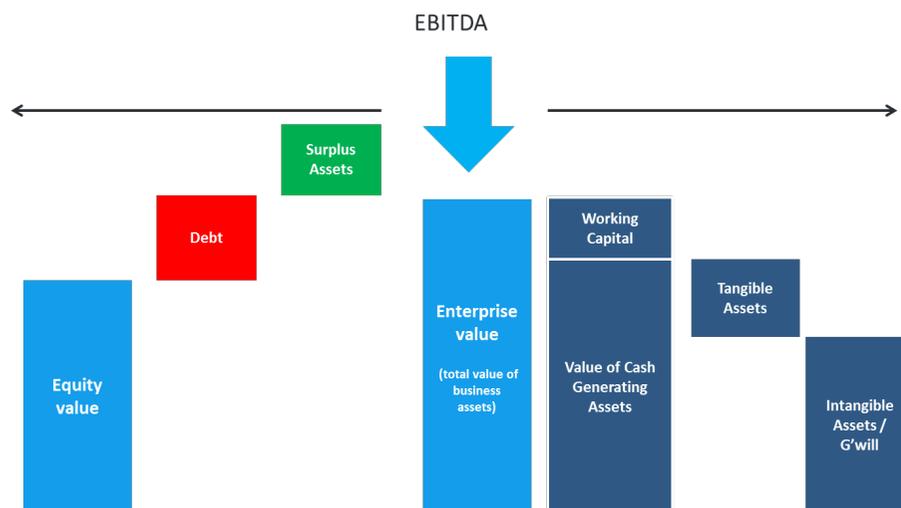
APPENDIX 2 – OVERVIEW OF VALUATION METHODOLOGIES AND PRINCIPLES

Type	Method	Description	When method used
Income Approaches	Discounted Cash Flow	<p>The Discounted Cash Flow (DCF) method derives the value of a business on a controlling basis based on the future cash flows of the business discounted back to a present value at an appropriate discount rate (cost of capital). The discount rate used will reflect the time value of money and the risks associated with the cash flows.</p> <p>The DCF Method requires:</p> <ul style="list-style-type: none"> • Forecasting cash flows over a sufficient long period (at least 5 years and usually 10 years) • Assessing an appropriate discount rate (typically derived using judgment and aids such as the Capital Asset Pricing Model (CAPM)). The cost of equity (Ke) can be built up from first principles or benchmarked against comparable companies (“Co-Co”) or transactions (“Co-Tran”), and • Estimation of the terminal value (value of the business into perpetuity) at the end of the period (typically derived using the capitalisation of earnings method). 	<p>Reasonably accurate forecast cash flows (minimum 5 years).</p> <p>Earnings or cash flows expected to fluctuate from year to year.</p> <p>Business is in start-up or turn around phase.</p> <p>Specific projects that have a finite or infinite life, for example, mining projects.</p>
	Capitalisation of Maintainable Earnings	<p>The Capitalisation of Maintainable Earnings (CME) method is the most commonly used valuation method. It involves the application of a capitalisation multiple to an estimate of the Future Maintainable Earnings (FME) of the business. The FME must be maintainable by the business and must not include one-off gains or losses. The capitalisation multiple will reflect the risk, time value of money and future growth prospects of the business.</p> <p>The appropriate capitalisation multiple is determined with reference to the observed multiples of entities whose businesses are comparable (“Co-Co”) to that of the business being considered and/or comparable transactions, (“Co-Tran”).</p>	<p>The business has a history of profits with a reasonably consistent trend and that trend is expected to continue.</p> <p>The business has an indefinite life.</p> <p>Cash flow forecasts are not available.</p>

Type	Method	Description	When method used
	Capitalisation of Dividends	This method involves the capitalisation of forecast future maintainable dividends. The maintainable level of dividends is estimated by assessing the expected level of future maintainable earnings and the dividend policy of the entity. The appropriate capitalisation rate reflects the investor's required rate of return.	Valuation is for a minority interest. Stable business. High payout ratios.
	Yield Based	This method is primarily used for property assets and involves capitalising forecast distributions by an estimated future maintainable yield. The yield or rate is determined based on analysis of comparable entities.	Commercial or investment properties including retail, industrial and commercial.
Market Approach	Market	<p>This method values a Group bases on the traded prices of its equity on a public market/exchange. The approach can adopt the prevailing spot rate of the entity's securities at valuation date or the Volume Weighted Average Price (VWAP over a set trading period i.e. the preceding 30, 60 or 90 trading days to the valuation date).</p> <p>In the absence of market data specific to the entity, the market approach can also be used by examining market values for comparable companies ("Co-Co") or comparable transactions ("Co-trans").</p> <p>Comparable transactions may be observed as being based upon a widely used industry practice such as a multiple of revenue instead of earnings.</p>	<p>Group's equity is listed on public market/exchange i.e. ASX.</p> <p>Securities in the entity are actively traded on the market/exchange.</p> <p>As above for comparable companies or transactions</p>
Asset Approach	Asset Based	<p>Asset based valuation involve separating the business into components that can be readily sold, such as individual business units or items of plant and equipment, and ascribing a value of each component based on the amount that could be obtained if sold.</p> <p>The asset value can be determined on the basis of:</p> <ul style="list-style-type: none"> • Orderly realisation • Liquidation • Going concern 	<p>Asset rich entities</p> <p>For wind-up or realisation value</p>

Type	Method	Description	When method used
Asset Approach	Cost approach	The value of an asset determined by: <ul style="list-style-type: none"> • Reproduction cost less depreciation (in basic terms, the cost of replicating functionality). • Reproduction cost (in basic terms, the cost of recreating the asset). 	The cost-based approach can be used to derive market value where market or income factors are difficult to obtain or estimate with reliability (for example, for some intangible assets).

Valuation Principles



In adopting an income approach, a multiple of EBITDA or a DCF of cash flows is typically used to determine Total Enterprise Value (TEV), which represents the total value of the net business assets. Any excess over tangible and identified intangible assets (moving right in the diagram above) represents goodwill.

Moving left in the diagram, adjustments are made to TEV to add surplus assets (e.g. cash) and deduct debt so as to determine equity value. Surplus assets are any assets that are not required to generate the business's earnings or cash flows.

Further discounts may be applied to equity to determine a minority or illiquid value.

APPENDIX 3 – QUALIFICATIONS, INDEPENDENCE, DECLARATIONS AND CONSENTS

Statement of Qualifications, Independence, Declarations and Consents

Qualifications

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) is a Melbourne based accounting, audit and business advisory practice and is a licensed investment adviser within the terms of the Corporations Act 2001. Moore is an independent practice and a member of Moore International. Moore International is a national and international association of separate accountant and advisor entities represented in all capital cities of Australia and with 266 member firms operating in 112 countries worldwide.

The AFSL licence (No 247262) allows Moore to act for clients only in the capacity of providing reports in relation to certain corporate transactions or to provide general financial product advice on certain classes of financial products. Senior directors at Moore specialise in such advice and regularly perform corporate and asset valuations and advice on company restructures, acquisitions and Proposals. Moore Australia Audit (Vic) is affiliated with Moore and, acting through different directors, also performs audits on the accounts of Australian companies.

The primary persons responsible for preparing this Report on behalf of Moore are Mr Colin Prasad (B.Com ACA and BVS) (with the assistance of staff), who has a significant number of years of experience in relevant corporate matters including valuations, independent expert reports and investigating accountant engagements.

Independence

Moore considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC relating to independence of experts and has developed and issued an opinion and report on an unbiased basis.

Moore and its related entities or any of its Directors have not had within the previous two years, any shareholding in the Company. During the 2 years period to this report Moore and its related entities have not provided any professional services to the Company or any related parties to the Company.

None of Moore, Mr Colin Prasad, nor any other member, director, partner or employee of any of Moore has any interest in the opinion reached by Moore except that we are entitled to receive professional fees for the completion of this Report based on time incurred at normal professional rates. Our fee for the preparation of this report is \$34,000. With the exception of these fees no parties will receive any other benefits, whether directly or indirectly, for or in connection with issuing this Report.

Disclaimers

This Report has been prepared at the request of the Directors of the Company and was not prepared for any other purpose than stated in this Report in Section 3. This Report has been prepared for the sole benefit of the Directors and the Non-associated Shareholders of the Company. This Report should not be used or relied upon for any purpose other than as set out in Section 3. Accordingly, Moore expressly disclaims any liability to any person (other than the Directors or Non-associated Shareholders of the Company) who relies on our Report, or to any person at all who seeks to rely on the Report for any other purpose not set out in Section 3.

Appendix 1 identifies the sources of information upon which this Report has been based. To the extent we have used historical information we are entitled to rely upon the information. Any forecast information which has been referred to in this Report has been prepared by the relevant entity and is generally based



upon best estimate assumptions about events and management actions that may or may not occur. Accordingly Moore cannot provide any assurance that any forecast is representative of results or outcomes that will actually be achieved. Whilst (unless stated otherwise in the Report) Moore has no reason to believe that such information is not reliable and accurate, it has not caused such information to be independently verified or audited in any way. Inquiry, analysis and review have brought nothing to our attention to indicate a material misstatement, omission or lack of reasonable grounds upon which to base our opinion.

The opinions given by Moore in this Report are given in good faith, based upon our consideration and assessment of information provided to us by the Directors and executives of the parties to the Proposal; and in the belief on reasonable grounds that such statements and opinions are correct and not misleading, (unless otherwise stated in the Report). This Report has been prepared with care and diligence.

Advanced drafts of this Report were provided to the Directors of the Company. Minor changes for factual content were made to this Report. There was no alteration to the methodology or conclusions reached as a result of discussions related to drafts of the Report.

Moore's opinion is based on prevailing conditions at the date of this Report including market, economic and other relevant circumstances. These can change over relatively short time period and any subsequent changes in these conditions in the value either positively or negatively.

Indemnity

The Company has agreed that it will indemnify Moore and its employees and officers in respect to any or all losses, claims, damages and liabilities arising as a result of or in connection with the preparation of this Report, except where the claim has arisen as a result of wilful misconduct or negligence by Moore.

Consent

This Report has been prepared at the request of the Company and may accompany materials to be given to shareholders.

Moore consents to the issuing of this Report and the form and context to which it is to be included with the materials. Other than the Report, Moore has not been involved in the preparation of the documents or other aspects of the Proposal or the materials to which this Report may be attached. Accordingly, we take no responsibility for the content of those materials or the Proposal as a whole. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without prior written consent of Moore as to the form and context to which it appears.

APPENDIX 4 – MOORE AUSTRALIA (VIC) PTY LTD FINANCIAL SERVICES GUIDE

This Financial Services Guide forms part of the Independent Expert Report.

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Moore has been engaged by the Company to provide an Independent Experts Report (the **Report**) for inclusion with materials to be sent Shareholders.

The Corporations Act, 2001 requires Moore to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Moore does not accept instructions from retail clients. Moore provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Moore does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

Moore is only responsible for this Report and this FSG. Moore is not responsible for any material publicly released by the Company in conjunction with this Report. Moore will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Moore's client is the Company to which it provides the report. Moore receives its remuneration from the Company. For this Report and other services, Moore will receive a fee based upon normal professional rates plus reimbursement of out-of-pocket expenses from the Company. Directors or employees of Moore or other associated entities may receive partnership distributions, salary or wages from Moore. Moore and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Moore has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act 2001.

Moore has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us in writing to Mr. Kevin Mullen, Moore Australia (Vic) Pty Ltd, Level 44, 600 Bourke Street, Melbourne, Vic, 3000. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

APPENDIX 5 – ARTICLE ON SHARE TURNOVER



WHEN IS SHARE TRADING LIQUID ENOUGH FOR IER VALUATION

By Colin Prasad

Independent Expert Reports (IERs), or "fair & reasonableness" reports require a valuation of the subject Company. When we write an IER we consider if we can use a listed company's share price as a valuation method. But there needs to be an "active and deep liquid market" for it to be a meaningful guide to value.

In deciding this we examine share turnover ratios. A share turnover ratio is the volume of a company's shares traded over a period, as a proportion of the number of total shares on issue. We look at this for a subject Company on both a share trading volume and weighted by value basis.

But what is usually considered a reasonable level of share volume turnover liquidity in a listed company?

For this example, we calculated the annual share turnover ratio of every ASX-listed stock in FY23. The market cap weighted average turnover of the whole market was 81%. This means that 81% of the total shares on issue was turned over in a single year.

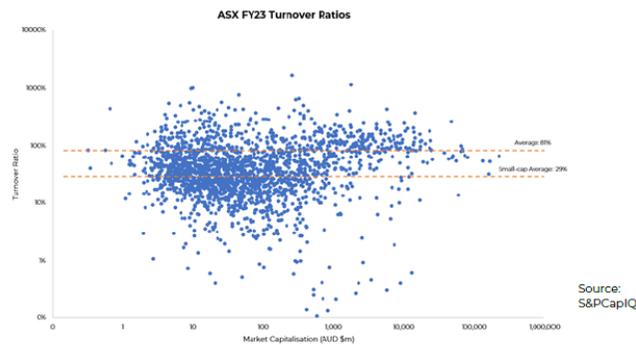
We expected this to be less than 100% given that superannuation funds and other institutional investors tend to hold a significant portion of listed shares for the longer term. For example, FY23 stock turnover by large but popular stocks was:

- BHP 67%
- CBA 53%
- CSL 55%
- WES 55%
- TLS 67%

Companies with very high (> 100% turnover) tend to be funds (e.g. "BetaShares") and resources companies with (presently) exposure to critical metals or batteries (e.g. ASX:PMT Patriot Battery Metals). Companies with less than 20% share volume turnover consisted of a mix of resources companies and industrials of varying market capitalisation. They shared no obvious characteristics, other than perhaps being closely held or unattractive. Macquarie Technology Group (ASX:MAQ) had just 18.2% turnover with a market cap of \$1.6 billion and is an example of a closely held company.

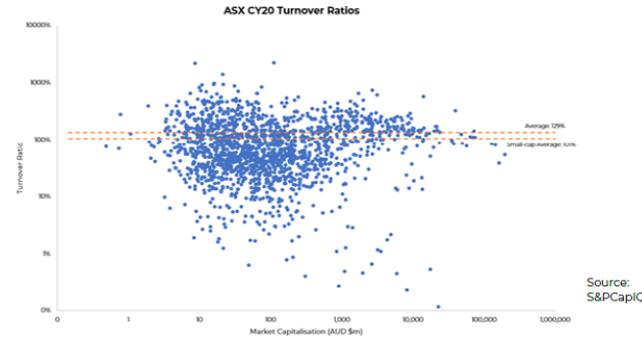
We also calculated the same for small-cap shares with <\$100m market capitalisation. The share volume turnover ratio dropped significantly to just 29% for FY23 for these companies.

FY23 Chart – Share turnover % vs Market capitalisation.
Note a Log scale is used due to the breadth of data.



Interestingly, we calculated the same for the 2020 calendar year, which experienced heightened economic (COVID-19) instability. The annual share turnover was much higher, both for all ASX-listed companies at 129%, and for small-cap stocks at 101%. This demonstrates how much large scale market selloffs and rallies can skew the apparent turnover of shares.

CY2020 Chart – Share turnover % vs Market capitalisation (log scale).



At Moore Australia, we tend to write IER's on companies with smaller market capitalisations. I view CY2020 data of 101% as abnormal and FY23 data of 29% as more usual.

Therefore, on balance, I think that share trading turnover volumes below 15% would indicate some concern on the reliability of using the share price as a guide to value.

Of course, there are other factors to consider when determining whether a stock is liquid, including:

- Buy/sell spreads (market depth)
- Ownership and the level of free float,
- Size or pattern of trades in the period. For example if trading activity was isolated to a few big trades or was spread throughout the year.

Whilst a share with a trading turnover volume of below 15% means that we probably can not use the share price as a guide to value, we still should not ignore it outright. It just means that we would likely adopt another valuation approach as our primary approach, (e.g. an income or asset based method). If that approach was significantly different from the implied market capitalisation, it may cause us to consider whether our primary approach is plausible, or if there are other reasons for the difference.

Therefore, our expertise and judgement as the valuer is required for the circumstances. There may not always be a firm answer on where the 'cut-off' on share turnover liquidity sits.

If you would like to discuss this further, Moore Australia has valuation experts across the network. Please contact us today to find out more.



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The information provided in this document is for general advice only and does not represent, nor intend to be advice. We recommend that prior to taking any action or making any decision, that you consult with an advisor to ensure that individual circumstances are taken into account.

CONTACT US

Victoria
Level 44, 600 Bourke Street
Melbourne VIC 3000
T +61 3 9608 0100

Level 1, 219 Pyrie Street
Geelong VIC 3220
T +61 3 5215 6800

194 High Street
Bentons VIC 3216
T +61 3 5241 3888

Tasmania
161 St John Street
Launceston TAS 7250
T +61 3 6334 0500
www.moore-australia.com.au

APPENDIX 6 – IPN VALUATION REPORT EXTRACT OF EDEN LASSIE FARM

114. Extracts from IPN Valuers Reports for the land and building component totalling \$5.3m are set out below.



VALUATION REPORT



**“Eden Lassie Agave Farm”, Bruce Highway,
Bowen Qld 4805**

Instructed by: Mr Michael Hennessy on behalf of Top Shelf Holdings Limited.

Reliant party: Top Shelf International (TSI) Pty Ltd, and Colin Prasad, Director of Moore Australia.

Purpose: Asset Register (Part related internal transfer) in connection with TSI's proposed sale & lease back of the land, including for the reliance of Moore Australia (Vic) Pty Ltd in writing an Independent Experts Report on the Proposal, (Moore IER), on a hold harmless basis.

Valuation Date: 24 November 2023

IPN Valuer's Reference: T10774954 RPB

MVS National Mackay Pty Ltd trading as IPN Valuers Mackay Whitsunday.
 ABN 609 807 374
 Address Shop 1, 43 Wood Street, Mackay QLD 4740
 Phone / Email 07 4847 0737 / admin.mackay@ipnvaluers.com.au
 www.ipnvaluers.com.au



T10774954 RPB
 Eden Lassie Agave Farm”, Bruce Highway, Bowen Qld 4805
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IPN Valuers Mackay Whitsunday| Shop 1, 43 Wood Street, Mackay QLD 4740 | www.ipnvaluers.com.au
 Liability limited by a scheme approved under Professional Standards Legislation

1. EXECUTIVE SUMMARY

Report Summary																									
Instructing Party:	Mr Michael Hennessy on behalf of Top Shelf Holdings Limited.																								
Reliant Party:	Top Shelf International (TSI) Pty Ltd, and Colin Prasad, Director of Moore Australia.																								
Registered Owner(s):	Top Shelf International Pty Ltd																								
IPN Valuer's Reference:	T10774954 RPB																								
Date of Inspection	24 November 2023																								
Property Address:	Eden Lassie Agave Farm [™] , Bruce Highway, Bowen Qld 4805																								
Purpose:	Asset Register (Part related internal transfer) in connection with TSI's proposed sale & lease back of the land, including for the reliance of Moore Australia (Vic) Pty Ltd in writing an Independent Experts Report on the Proposal, (Moore IER), on a hold harmless basis. <i>This engagement includes a Hold Harmless clause. By committing to this appointment the parties agree to the release and indemnity in relation to any claims. IPN Valuers or related entities and the Valuer(s) forming part of this engagement will not be liable for any consequential loss or damage or loss of profits claimed which relates in any way to the services performed pursuant to these Terms, or any work done in connection with those services.</i> Refer to the Letter of Engagement Releases, indemnities and limitation of liability for the Hold Harmless clause, attached to the rear of this Report.																								
Interest Valued:	Freehold interest of Eden Lassie Agave Farm on an unencumbered basis excluding plant/ crop <i>in situ</i> .																								
Title Particulars:	<table border="1"> <thead> <tr> <th>Lot No.</th> <th>Plan</th> <th>Title Reference</th> <th>Land Area (ha)</th> </tr> </thead> <tbody> <tr> <td>16</td> <td>HR2013</td> <td>50270279</td> <td>94.33</td> </tr> <tr> <td>17</td> <td>HR2013</td> <td>50265801</td> <td>96.36</td> </tr> <tr> <td>27</td> <td>HR475</td> <td>50128418</td> <td>1.14</td> </tr> <tr> <td>248</td> <td>SP117314</td> <td>50206200</td> <td>131.42</td> </tr> <tr> <td>225</td> <td>K124373</td> <td>20822090</td> <td>48.56</td> </tr> </tbody> </table>	Lot No.	Plan	Title Reference	Land Area (ha)	16	HR2013	50270279	94.33	17	HR2013	50265801	96.36	27	HR475	50128418	1.14	248	SP117314	50206200	131.42	225	K124373	20822090	48.56
Lot No.	Plan	Title Reference	Land Area (ha)																						
16	HR2013	50270279	94.33																						
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27	HR475	50128418	1.14																						
248	SP117314	50206200	131.42																						
225	K124373	20822090	48.56																						
Zone / Planning Scheme:	Rural / Whitsunday Region Planning Scheme 2017																								
Total Land Area:	371.82 hectares.																								
Total Building Area:	1,654 square metres.																								
Property Description:	<p>The property consists of a total of five (5) freehold titles of land largely contiguous within the Proserpine water catchment region between Proserpine to the south and Bowen to the north, each of some 34 kilometres by road from the property.</p> <p>The land is largely cleared and cultivated of coastal alluvial and sandy loam soil types with creek lines to sections of the northern and southern boundaries and further includes a number of small floodplain areas.</p> <p>It is developed with a total of some 6.9 kilometres of part boundary and paddock fencing, well developed internal roadways and headlands, a large holding dam with a current holding capacity of some 9.73 megalitres, plus an irrigation license.</p> <p>It is an irrigation farm operation with underground mains of four (4) and six (6) inch piping extending some 12.3 kilometres throughout the property with the total of some 86 hydrants with the crop flood irrigated sourced from six (6) pump stations including water resource from Acacia Creek, a holding dam and bores.</p> <p>The property includes an irrigation license for a maximum irrigation land area of 16 hectares, and maximum rate of 12 Litres per second. This is a license and not allocation license and on this basis is not transferrable.</p> <p>Structural improvements include three (3) farmhouses including a new rendered block residence/ office, two (2) large igloo shelters, a large new machinery shed, expanded machinery shed providing distillery and office area, store shelters and pump sheds.</p>																								

Report Summary																	
Production History:	It has a long history of being used for horticulture cropping including sugar cane, tomatoes, vegetables, and cattle grazing. More recently under the current operators it has been redeveloped as an agave farm with land classification as follows:																
	<table border="1"> <thead> <tr> <th>Classification</th> <th>Land Area (ha)</th> </tr> </thead> <tbody> <tr> <td>Developed Cropping Production Area (CPA)</td> <td>147</td> </tr> <tr> <td>Potential CPA; cleared gently sloping, mixed soil types</td> <td>82.6</td> </tr> <tr> <td>Creek/ flood plain influenced low lying land</td> <td>49.85</td> </tr> <tr> <td>Office and residential curtilage areas</td> <td>3.35</td> </tr> <tr> <td>Headlands, roadways, dams</td> <td>57.27</td> </tr> <tr> <td>Land to southern side of Bruce Highway; cleared with low lying creek beds</td> <td>31.75</td> </tr> <tr> <td>Total Land Value (Treated, Fenced and Watered; TFW)</td> <td>371.82</td> </tr> </tbody> </table>	Classification	Land Area (ha)	Developed Cropping Production Area (CPA)	147	Potential CPA; cleared gently sloping, mixed soil types	82.6	Creek/ flood plain influenced low lying land	49.85	Office and residential curtilage areas	3.35	Headlands, roadways, dams	57.27	Land to southern side of Bruce Highway; cleared with low lying creek beds	31.75	Total Land Value (Treated, Fenced and Watered; TFW)	371.82
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	It is professionally managed under an employed arrangement and includes a total of six (6) full-time operators with Chris Monsour as the Head Agronomist and Manager.																
	It is reported some 586,000 agave plants with a Cropping Production Area (CPA) of approximately 147 hectares have been laid, with approximately 156,000 plants in nursery that are expected to be planted over the next 12 months.																
	<i>Our valuation is of the Real Estate component inclusive of all water infrastructure only with no regard to the cropping value <i>in situ</i>.</i>																
Methodology:	Direct Comparison and Summation.																
Property Issues:	None of notable impact upon the saleability of the property																
Environmental Risks:	None of notable impact upon the saleability of the property. Refer to Sections 4 and 5 for full details.																
Purchaser profile, demand & selling period:	<ul style="list-style-type: none"> - Purchaser profile – Local family or Agribusiness syndicate. - Sound demand at the assessed valuation in the prevailing market; and, - Selling period up to six (6) months at the assessed value, subject to suitable market campaign. 																

Report Summary

Last Sale: The property was acquired in mid-2019 for \$2.45 million. At the time it was under liquidator arrangement and the contracts were structured on a 12-month leaseback with lease payments allowed as a credit to the acquisition price.

Since this time the Owners and employed management have undertaken a substantial level of maintenance and capital works. We are advised TSI has invested over \$9.0m in relation to the agave distillery and supporting infrastructure. This has included the distillery building (conversion of the packing shed) (\$1.5m) and new farm house and machinery shed (\$1.0m)

The majority of project expenditure relates to the distillery plant & equipment, which is excluded from the scope of this valuation. Some of the items included in the valuation include:

- Continued ground and production area preparation and main dam expansion;
- Major irrigation improvements and repairs;
- Removal of a single homestead, and new main residence office, along with large machinery shed with water infrastructure; and,
- Refitting original machinery shed for distillery shed and expansion including office bay.

Mortgage Recommendation: Suitable

Date of Valuation: 24 November 2023

Assessment: The valuation is 'as is' at the date of inspection.
The land is free from contamination to a standard appropriate for the ongoing rural use.

Market Value \$5,275,000

Free of GST: (FIVE MILLION, TWO HUNDRED AND SEVENTY-FIVE THOUSAND DOLLARS)

The valuation can be further apportioned as follows:

Classification	Land Area (ha)	\$/ Rate / ha	Amount
Land as developed, treated fenced watered inclusive of water infrastructure	371.82 ha	\$10,691	\$3,975,000
Added Value of structural improvements			\$1,300,000
Valuation			\$5,275,000

Valuer and Qualifications:



Ryan Booth | Certified Practising Valuer | Principal
 AAPI No. 66171 QRV No. 2462
 Tax Agent (Quantity Surveyors) | Specialist Retail Valuer (Qld)

Independence: We have no pecuniary interest in this property, either past, present or prospective, and our Valuation and Report is free of any bias in that regard.

API Compliance Report complies with API / PINZ and IVSC Standing Instructions.

The Valuation and Summary appearing at the commencement of this Report should be read in conjunction with our entire Report. Reliance on this Report should only be taken upon sighting original document.

This document is prepared by MVS National Mackay Pty Ltd trading as IPN Valuers Mackay Whitsunday.

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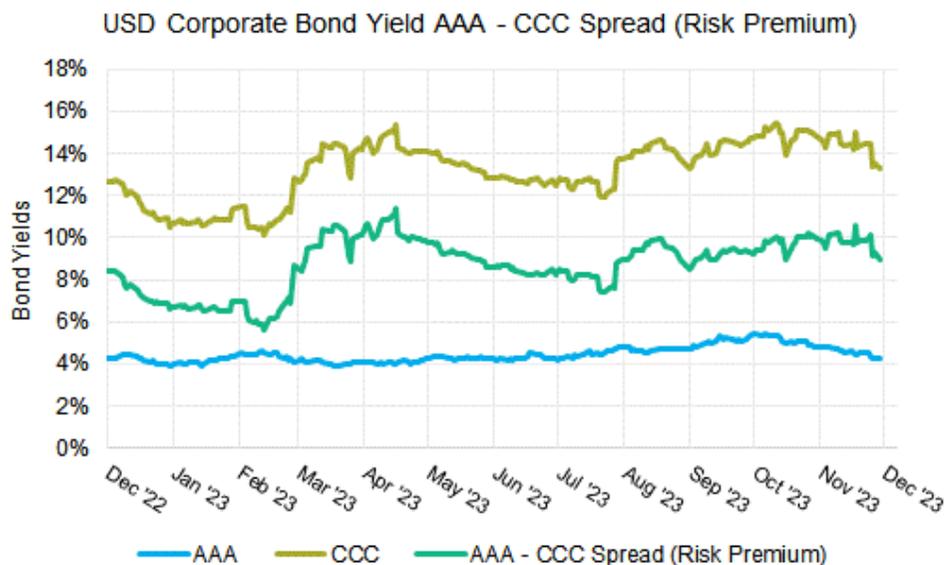
Sole responsibility for the provision of the valuation or advisory services by MVS National Mackay Pty Ltd trading as IPN Valuers Mackay Whitsunday rests with that entity and IPN Valuers assumes no responsibility nor otherwise acknowledges any liability for the provision of such services by reason of its licensing of MVS National Mackay Pty Ltd trading as IPN Valuers Mackay Whitsunday.

APPENDIX 7 – CORPORATE BOND YIELD SPREADS

According to S&P Global:

- AAA rated companies are “Investment Grade” – Extremely strong capacity to meet financial commitments.
- CCC rated companies are “Speculative Grade” - Currently vulnerable and dependent on favourable business, financial and economic conditions to meet financial commitments.

MAV conducted analysis of USD corporate bond yields spreads over the past year. Reliable data was only available for USD AAA and CCC corporate bonds (the Australian corporate bond market did not return any CCC rated companies). The average CCC risk premium over AAA rate companies ranged from 5.6% to 11.4% with an average of 8.7%. The current spread appears to be close to the average.



Source: S&PCapIQ and MAV analysis.

APPENDIX 8 – IMPLIED EFFECTIVE INTEREST CALCULATION

We calculate the implied effective interest rate given the receipt of Adjusted Sale Proceeds from the sale (including estimated transaction costs at commencement of the lease); and assuming TSI pays the minimum purchase price to re-acquire the land after 10 years.

DCF - Loan \$'000's	Year 0 Agreed	Year 1 Agreed	Year 2 EST	Year 3 EST	Year 4 EST	Year 5 EST	Year 6 EST	Year 7 EST	Year 8 EST	Year 9 EST	Year 10 EST	Terminal Value	
Rental payments		(500)	(515)	(530)	(546)	(563)	(580)	(597)	(615)	(633)	(652)		
Estimated rental growth (CPI)			3%	3%	3%	3%	3%	3%	3%	3%	3%		
Avoidable transaction costs paid by TSI		(325)										(6,500)	
Free cashflow to firm		(325)	(500)	(515)	(530)	(546)	(563)	(580)	(597)	(615)	(633)	(652)	(6,500)
Period		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.00	
Implied interest rate	16.0%	92.8%	80.0%	69.0%	59.5%	51.2%	44.2%	38.1%	32.8%	28.3%	24.4%	22.6%	
PV cash flows		(4,675)	(464)	(412)	(366)	(325)	(288)	(256)	(227)	(202)	(179)	(159)	(1,471)

Source: MAV analysis

This results in an effective implied interest rate of 16.0%. We also ran a scenario assuming TSI exercise their right to acquire the Eden Lassie Farm after 5 years at the minimum purchase price. The implied effective interest rate increases to 19.9%.

If the market value of the Eden Lassie Farm (inclusive of all plant and equipment) is greater than the minimum re-purchase price, then the implied effective interest rate will be higher. Long term market factors driving demand for rural land and a specialised distillery facility in the region are difficult to predict. However, we expect that the plant and equipment component is more likely to decline in market value over time as it depreciates or becomes technically or functionally obsolete.

Moore Australia**Victoria**

Level 44, 600 Bourke Street
Melbourne Victoria 3000

T +61 3 9608 0100

Level 3, 237 Ryrie Street
Geelong Victoria 3000

T +61 3 5215 6800

Tasmania

161 St John Street
Launceston TAS 7250

T +61 3 6334 0500

victoria@moore-australia.com.au

www.moore-australia.com.au



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEST) on 17 September 2024.**

🖥 TO APPOINT A PROXY ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/tsiegm2024>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (AEST) on 17 September 2024.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/tsiegm2024>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Top Shelf International Holdings Ltd

ABN 22 164 175 535

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Top Shelf International Holdings Ltd** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Extraordinary General Meeting of the Company to be held as a virtual meeting by accessing <https://meetings.lumiconnect.com/300-610-922-814> on **19 September 2024 at 11:00 am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting is authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 2-5, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 2-5 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 2-6). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Approval of Sale and Leaseback	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval for the granting of Service Rights and Service Options in lieu of fees to Director, Julian Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval for the granting of Service Rights and Service Options in lieu of fees to Director, Stephen Grove	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for the granting of Service Rights and Service Options in lieu of fees to Director, Phil Baldock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval for the granting of additional Service Rights and Service Options to Director, Julian Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2024

Online Meeting Guide

Top Shelf International Holdings Ltd EGM

19 September 2024, 11:00 AEST



Scan to join the meeting

Attending the meeting virtually

Those attending online will be able to view a live webcast of the meeting. Shareholders and proxyholders can ask questions and submit votes in real time.

To participate online, visit <https://meetings.lumiconnect.com/300-610-922-814> on your smartphone, tablet or computer.

You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

To log in, you may require the following information:

Meeting ID: 300-610-922-814

Australian residents

Voting Access Code
(VAC)

Postcode

(postcode of your registered address)

Overseas residents

Voting Access Code
(VAC)

Country Code

(three-character country code)
e.g. New Zealand - **NZL**; United Kingdom - **GBR**; United States of America - **USA**; Canada - **CAN**

A full list of country codes can be found at the end of this guide.

Appointed Proxies

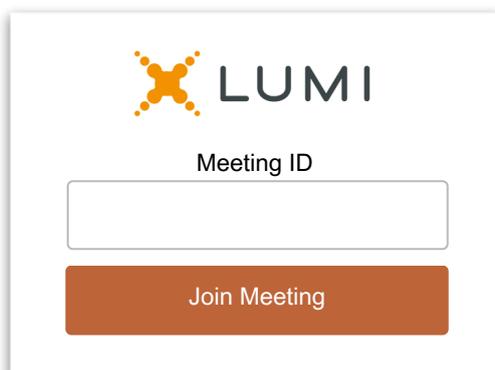
To receive your unique username and password, please contact Boardroom on 1300 737 760.

Guests

To register as a guest, you will need to enter your name and email address.

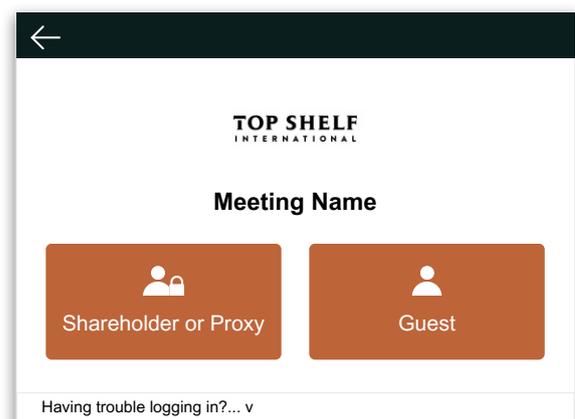
Registering for the meeting

- 1 To participate in the meeting, follow the direct link at the top of the page. Alternatively, visit **meetings.lumiconnect.com** and enter the unique 12-digit Meeting ID, provided above.



The screenshot shows the LUMI logo at the top, followed by the text "Meeting ID" above a text input field. Below the input field is a prominent orange button labeled "Join Meeting".

- 2 To proceed into the meeting, you will need to read and accept the Terms and Conditions and select if you are a shareholder / proxy or a guest. Note that only shareholders and proxies can vote and ask questions in the meeting.



The screenshot shows the "TOP SHELF INTERNATIONAL" logo at the top, followed by "Meeting Name". Below this are two orange buttons: "Shareholder or Proxy" (with a person icon) and "Guest" (with a person icon). At the bottom, there is a link: "Having trouble logging in?... v".

3 To register as a shareholder, enter your VAC and Postcode or Country Code and press Sign in.

To register as a proxyholder, you will need your username and password as provided by Boardroom. In the 'VAC/Username' field enter your username and in the 'Postcode/Country Code/Password' field enter your password.

A mobile app registration screen for 'TOP SHELF INTERNATIONAL'. The title is 'Meeting Name'. There are two input fields: 'VAC/Username *' and 'Postcode/Country Code/Password *'. Below the fields is a link 'Having trouble logging in?... v'. At the bottom right is a 'Sign in' button.

To register as a guest, enter your name and other requested details and press continue.

A mobile app registration screen for 'TOP SHELF INTERNATIONAL'. The title is 'Meeting Name'. There are three input fields: 'First Name *', 'Last Name *', and 'Email *'. Below the fields is a link 'Having trouble logging in?... v'. At the bottom right is a 'Continue' button.

Watching the meeting

4 On a desktop/laptop device, you will see the home tab on the left, which displays the meeting title and instructions. The webcast will appear automatically on the right. Press play and ensure your devices is not muted.



You can watch the webcast full screen, by selecting the full screen icon.



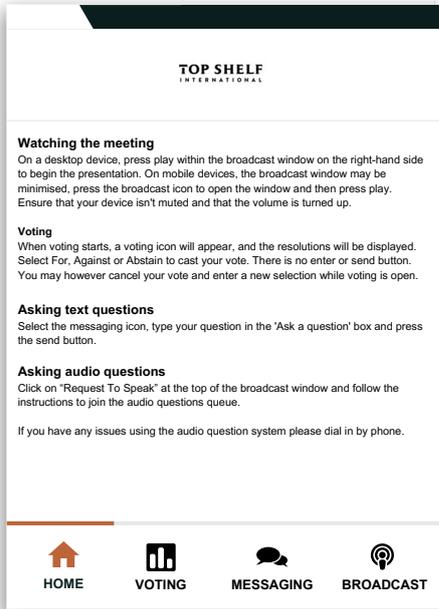
To reduce the webcast to its original size, select the minimise icon.

A desktop view of the meeting interface. On the left is a navigation menu with 'HOME', 'VOTING', and 'MESSAGING'. The main content area has the 'TOP SHELF INTERNATIONAL' logo and instructions under 'Watching the meeting', 'Voting', 'Asking text questions', and 'Asking audio questions'. On the right is a 'BROADCAST' window showing a man speaking at a podium. Above the video are 'Request to Speak' and a full screen icon. At the bottom left, it says 'MEETING ID XXX-XXX-XXX-XXX' and 'POWERED BY LUMI'.

5 On a mobile device, select the broadcast icon at the bottom of the screen to open the webcast. Press play and ensure your device is not muted.

During the meeting, mobile users can minimise the webcast at any time by selecting one of the other icons in the menu bar.

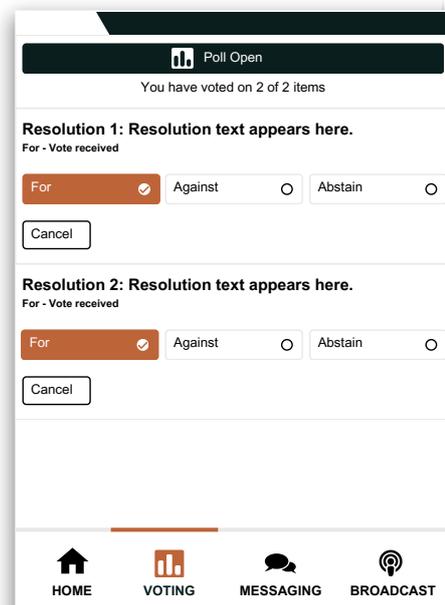
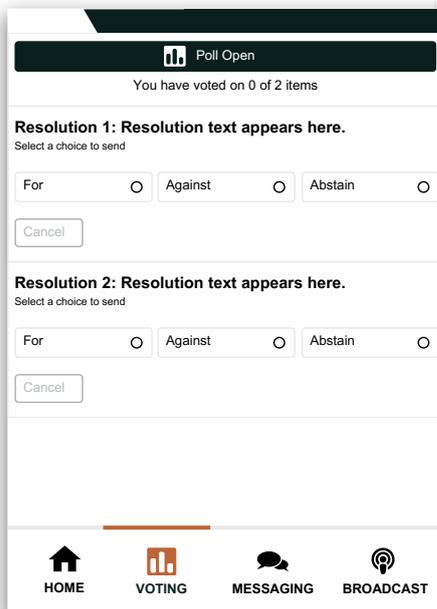
You will still be able to hear the meeting while the broadcast is minimised. Selecting the broadcast icon again will reopen the webcast.



Voting

- 6** When the Chair declares the poll open:
- A voting icon  will appear on screen and the meeting resolutions will be displayed.
 - To vote, select one of the voting options. Your response will be highlighted.
 - To change your vote, simply select a different option to override.

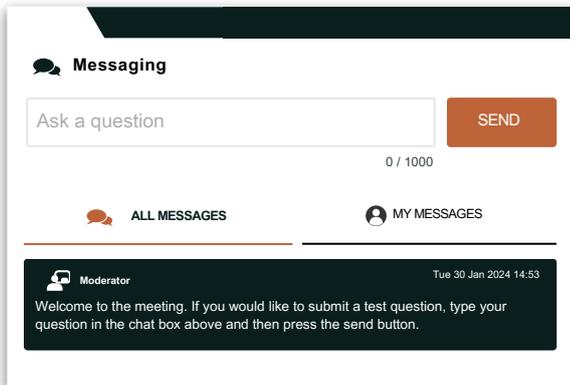
There is no need to press a submit or send button. Your vote is automatically counted. Votes may be changed up to the time the Chair closes the poll.



Text Questions

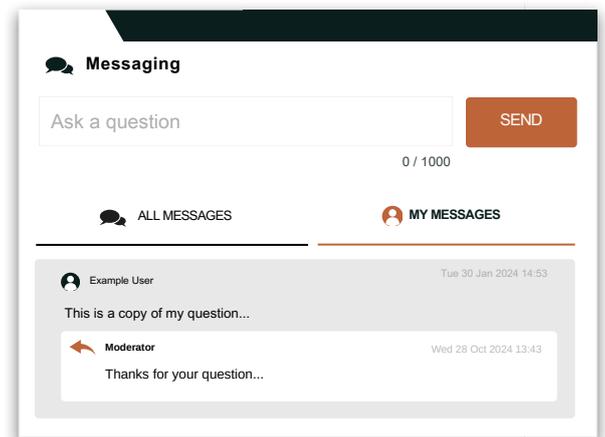
7 To ask a written question, tap on the messaging icon , type your question in the box at the top of the screen and press the send button .

Confirmation that your message has been received will appear.



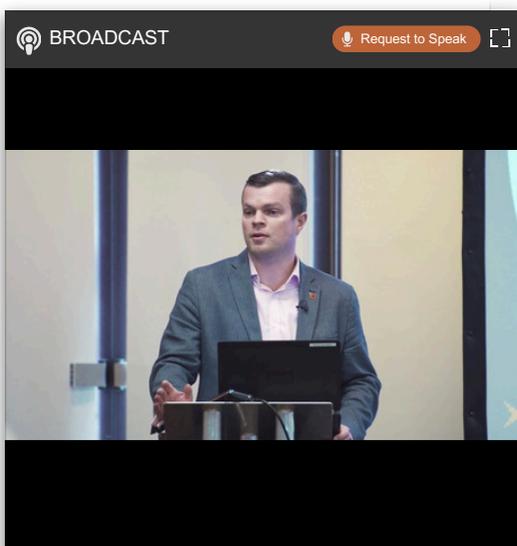
8 Questions sent via the Lumi platform may be moderated before being sent to the Chair. This is to avoid repetition and remove any inappropriate language.

A copy of your sent questions, along with any written responses, can be viewed by selecting "MY MESSAGES".



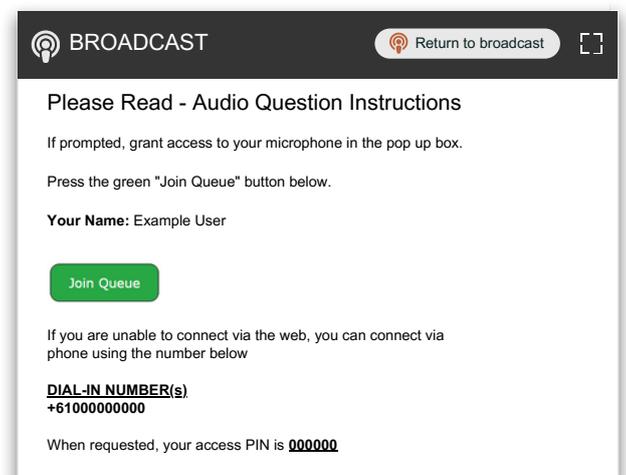
Audio Questions

9 If you would like to ask a verbal question, click the 'Request to Speak' button at the top right corner of the broadcast window.



10 The audio questions interface will now display. Confirm your details, click 'Submit Request' and follow the instructions on screen to connect.

You will hear the meeting while you wait to ask your question.



Country Codes - Boardroom

For overseas shareholders, select your country code from the list below and enter it into the password field.

ABW	Aruba	DOM	Dominican Republic	LAO	Lao Pdr	QAT	Qatar
AFG	Afghanistan	DZA	Algeria	LBN	Lebanon	REU	Reunion
AGO	Angola	ECU	Ecuador	LBR	Liberia	ROU	Romania Federation
AIA	Anguilla	EGY	Egypt	LBY	Libyan Arab Jamahiriya	RUS	Russia
ALA	Aland Islands	ERI	Eritrea	LCA	St Lucia	RWA	Rwanda
ALB	Albania	ESH	Western Sahara	LIE	Liechtenstein	SAU	Saudi Arabia
AND	Andorra	ESP	Spain	LKA	Sri Lanka	SDN	Sudan
ANT	Netherlands Antilles	EST	Estonia	LSO	Kingdom of Lesotho	SEN	Senegal
ARE	United Arab Emirates	ETH	Ethiopia	LTU	Lithuania	SGP	Singapore
ARG	Argentina	FIN	Finland	LUX	Luxembourg	SGS	Sth Georgia & Sandwich Isl
ARM	Armenia	FJI	Fiji	LVA	Latvia	SHN	St Helena
ASM	American Samoa	FLK	Falkland Islands (Malvinas)	MAC	Macao	SJM	Svalbard & Jan Mayen
ATA	Antarctica	FRA	France	MAF	St Martin	SLB	Soloman Islands
ATF	French Southern	FRO	Faroe Islands	MAR	Morocco	SCG	Serbia & Outlying
ATG	Antigua & Barbuda	FSM	Micronesia	MCO	Monaco	SLE	Sierra Leone
AUS	Australia	GAB	Gabon	MDA	Republic Of Moldova	SLV	El Salvador
AUT	Austria	GBR	United Kingdom	MDG	Madagascar	SMR	San Marino
AZE	Azerbaijan	GEO	Georgia	MDV	Maldives	SOM	Somalia
BDI	Burundi	GGY	Guernsey	MEX	Mexico	SPM	St Pierre and Miqueion
BEL	Belgium	GHA	Ghana	MHL	Marshall Islands	SRB	Serbia
BEN	Benin	GIB	Gibraltar	MKD	Macedonia Former Yugoslav Rep	STP	Sao Tome and Principle
BFA	Burkina Faso	GIN	Guinea	MLI	Mali	SUR	Suriname
BGD	Bangladesh	GLP	Guadeloupe	MLT	Malta	SVK	Slovakia
BGR	Bulgaria	GMB	Gambia	MMR	Myanmar	SVN	Slovenia
BHR	Bahrain	GNB	Guinea-Bissau	MNE	Montenegro	SWE	Sweden
BHS	Bahamas	GNQ	Equatorial Guinea	MNG	Mongolia	SWZ	Swaziland
BIH	Bosnia & Herzegovina	GRC	Greece	MNP	Northern Mariana Islands	SYC	Seychelles
BLM	St Barthelemy	GRD	Grenada	MOZ	Mozambique	SYR	Syrian Arab Republic
BLR	Belarus	GRL	Greenland	MRT	Mauritania	TCA	Turks & Caicos
BLZ	Belize	GTM	Guatemala	MSR	Montserrat	TCD	Chad
BMU	Bermuda	GUF	French Guiana	MTQ	Martinique	TGO	Congo
BOL	Bolivia	GUM	Guam	MUS	Mauritius	THA	Thailand
BRA	Brazil	GUY	Guyana	MWI	Malawi	TJK	Tajikistan
BRB	Barbados	HKG	Hong Kong	MYS	Malaysia	TKL	Tokelau
BRN	Brunei Darussalam	HMD	Heard & McDonald Islands	MYT	Mayotte	TKM	Turkmenistan
BTN	Bhutan	HND	Honduras	NAM	Namibia	TLS	East Timor Republic
BUR	Burma	HRV	Croatia	NCL	New Caledonia	TMP	East Timor
BVT	Bouvet Island	HTI	Haiti	NER	Niger	TON	Tonga
BWA	Botswana	HUN	Hungary	NFK	Norfolk Island	TTO	Trinidad & Tobago
CAF	Central African Republic	IDN	Indonesia	NGA	Nigeri	TUN	Tunisia
CAN	Canada	IMN	Isle Of Man	NIC	Nicaragua	TUR	Turkey
CCK	Cocos (Keeling) Islands	IND	India	NIU	Niue	TUV	Tuvalu
CHE	Switzerland	IOT	British Indian Ocean Territory	NLD	Netherlands	TWN	Taiwan
CHL	Chile	IRL	Ireland	NOR	Norway	TZA	Tanzania
CHN	China	IRN	Iran Islamic Republic of	NPL	Nepal	UGA	Uganda
CIV	Cote D'ivoire	IRQ	Iraq	NRU	Nauru	UKR	Ukraine
CMR	Cameroon	ISL	Iceland	NZL	New Zealand	UMI	United States Minor Outlying
COD	Democratic Republic of Congo	ISM	British Isles	OMN	Oman	URY	Uruguay
COK	Cook Islands	ISR	Israel	PAK	Pakistan	USA	United States of America
COL	Colombia	ITA	Italy	PAN	Panama	UZB	Uzbekistan
COM	Comoros	JAM	Jamaica	PCN	Pitcairn Islands	VNM	Vietnam
CPV	Cape Verde	JEY	Jersey	PER	Peru	VUT	Vanuatu
CRI	Costa Rica	JOR	Jordan	PHL	Philippines	WLF	Wallis & Fortuna
CUB	Cuba	JPN	Japan	PLW	Palau	WSM	Samoa
CYM	Cayman Islands	KAZ	Kazakhstan	PNG	Papua New Guinea	YEM	Yemen
CYP	Cyprus	KEN	Kenya	POL	Poland	YMD	Yemen Democratic
CXR	Christmas Island	KGZ	Kyrgyzstan	PRI	Puerto Rico	YUG	Yugoslavia Socialist Fed Rep
CZE	Czech Republic	KHM	Cambodia	PRK	North Korea	ZAF	South Africa
DEU	Germany	KIR	Kiribati	PRT	Portugal	ZAR	Zaire
DJI	Djibouti	KNA	St Kitts And Nevis	PRY	Paraguay	ZMB	Zambia
DMA	Dominica	KOR	South Korea	PSE	Palestinian Territory	ZWE	Zimbabwe
DNK	Denmark	KWT	Kuwait	PYF	French Polynesia		

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