



## ASX Release

23 March 2015

Hudson Investment Group Ltd  
ABN 25 004 683 729

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Sydney NSW 2000 Australia

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### PROPOSED IN-SPECIE DISTRIBUTION

Hudson Investment Group Limited (ASX: HGL) (**Hudson**) advises that the attached Notice of Meeting and Explanatory Memorandum, to consider an in-specie distribution of its wholly owned Hudson Pacific Group Limited (**HPG**), has been dispatched to shareholders.

Following Hudson's appointment of Alan Beasley as Managing Director early this year, the board and management have undertaken an extensive review of Hudson's business and is seeking approval of shareholders to conduct the in-specie distribution.

Hudson will retain the Warnervale Project for focused commercial development, while distributing its other investments now held through HPG to shareholders.

Details of the proposed in-specie distribution are included in the Notice of Meeting.

The General Meeting will be held on 23 April 2015 at 10:00 am.

Shareholders may either attend the General Meeting or return the Proxy Form provided.

The Notice of General Meeting should be read in its entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

Hudson's Managing Director Alan Beasley said: *"We're excited about bringing to shareholders, the opportunity to acquire direct ownership in HPG by voting on the restructure proposal while maintaining their direct interest in Hudson which will focus on the Warnervale Project."*

**For further information, please contact:**

**Alan Beasley**  
**Managing Director**

**Hudson Investment Group Limited**  
**Telephone: +61 2 9251 7177**

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# **Notice of Extraordinary General Meeting and Explanatory Memorandum**

For a Meeting of Members to be held at  
Level 2 Hudson House, 131 Macquarie Street Sydney NSW 2000 at 23 April 2015 at 10:00 AM

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**Hudson Investment Group Limited**  
ACN 004 683 729

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# Hudson Investment Group Limited

ACN 004 683 729

## Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Hudson Investment Group Limited will be held at Level 2, 131 Macquarie Street, Sydney, NSW 2000, on 23 April 2015 at 10:00 AM (**EGM**).

The Explanatory Memorandum provides additional information on the business of the Meeting. The Explanatory Memorandum and the Proxy Forms form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of Hudson Investment Group Limited on 21 April 2015 at 5:00 PM (Sydney Time).

Capitalised terms and abbreviations used in the Notice are defined in Schedule 1.

### Special Business

#### Reconstruction Resolution

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To consider and if thought fit, pass the following as a **special resolution**:

*"That, in accordance with Section 256C of the Corporations Act 2001 (Cth) and for all other purposes approval be granted for Hudson Investment Group Limited to reduce its issued share capital by approximately \$4,365,559 and that such reduction be effected and satisfied by Hudson Investment Group transferring on the Distribution Date to each registered holder of Hudson Investment Group Limited Shares on the Record Date, one (1) Hudson Pacific Group Limited Share for every one (1) Hudson Investment Group Limited Share held by that holder as at the Record Date."*

**BY ORDER OF THE BOARD**



Julian Richard Rockett  
**Company Secretary**

20 March 2015

## **Explanatory Memorandum**

### **Introduction**

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This Explanatory Memorandum has been prepared for the information of Shareholders of Hudson Investment Group Limited (**Hudson**) in connection with the business to be conducted at the Extraordinary General Meeting (**EGM**) of Shareholders to be held on 23 April 2015 at 10:00 AM.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to approve the Resolution in the Notice.

**Capitalised terms and abbreviations used in the Explanatory Memorandum are defined in Schedule 1.**

A Proxy Form is located at the rear of this Explanatory Memorandum.

### **Resolution**

The Resolution, if passed will impact Hudson. This Explanatory Memorandum provides the information considered necessary for Shareholders to make an informed decision regarding whether to support the Resolution. However, it is also appropriate that Shareholders consider the impact on Hudson in the event that the Resolution is not passed.

### **Action to be taken by Shareholders**

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Shareholders should read the Notice, including the Explanatory Memorandum carefully before deciding how to vote on the Resolution.

A Proxy Form is enclosed with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a proxy) to vote in their place. All Shareholders are invited and encouraged to attend the EGM or, if they are unable to attend in person, sign and return the Proxy Form to Hudson in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending the EGM in person.

Please note that:

- (a) a member of Hudson entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of Hudson; and
- (c) a member of Hudson entitled to cast two or more votes may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and Proxy Form lodgement.

### **Forward-looking statements**

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Some of the statements appearing in this document may be in the nature of forward looking statements.

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and such deviations are both normal and to be expected.

None of Hudson, any of its officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward-looking statements in this document reflect views held only as at the date of this document. Hudson has no obligation to disseminate after the date of this document any updates or revisions to any such statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required so under the Corporations Act or under the ASX Listing Rules.

## No financial product advice

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This document is not financial product or investment advice nor a recommendation in respect of the Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act Shareholders and others should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Hudson is not licensed to provide financial product advice in respect of the Shares.

## No other material information

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Except as set out in this Explanatory Memorandum, in the opinion of the Directors, there is no other information material to the making of a decision on how to vote in relation to the Resolution, being information that is within the knowledge of any Director or of any related body corporate of Hudson which has not been previously disclosed to Shareholders.

Hudson will issue a supplementary document to the Explanatory Memorandum if it becomes aware of any of the following between the date this Explanatory Memorandum is lodged with ASIC and provided to ASX, and the date the EGM is held:

- (a) a material statement in the Explanatory Memorandum is false or misleading in a material aspect;
- (b) a material omission from the Explanatory Memorandum;
- (c) a significant change affecting a matter included in the Explanatory Memorandum; or
- (d) a significant new matter has arisen and it would have been required to be included in the Explanatory Memorandum if it had arisen before the date the Explanatory Memorandum is lodged with ASIC and provided to ASX.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Hudson may circulate and publish any supplementary document by:

- (a) making an announcement to ASX;
- (b) placing an advertisement in daily newspapers (as defined in the Corporations Act) ordinarily published in Australia;
- (c) posting the supplementary document to Shareholders at their registered address as shown on Hudson's register of Shareholders; or
- (d) posting a statement on Hudson's corporate website,

as Hudson in its sole and absolute discretion considers appropriate.

## ASIC Relief

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The *Corporations Act* restricts Hudson from issuing an invitation to Shareholders to vote on the Resolution in relation to the proposed in-specie distribution of the HPG Shares without Hudson issuing a prospectus under Chapter 6D of the *Corporations Act*. In addition, the *Corporations Act* restricts Shareholders from on-selling their HPG Shares issued (without a prospectus) under the proposed in-specie distribution within the first 12 months after the date on which they are issued.

Accordingly, a compliant prospectus in respect of the HPG Shares would be required to accompany this Notice of Meeting in order to comply with the disclosure obligations in Chapter 6D of the *Corporations Act*.

The Board considered that the disproportionately high costs involved in the preparation of a compliant prospectus were not justified and that the costs outweighed the benefits to Shareholders of receiving a compliant prospectus. Accordingly, Hudson submitted an application to ASIC for relief from the

obligation to issue a prospectus based on the principles set out in ASIC Regulatory Guide 188 – Disclosure in reconstructions (RG 188).

In broad terms, under Regulatory Guide 188, relief for capital reductions may be granted by ASIC where there is no significant change to a member's overall investment so that they are not making a new investment decision (such as an in-specie distribution).

ASIC granted relief from these disclosure and on-sale restrictions by way of the issue of an exemption and declaration under subsection 741(1) of the *Corporations Act* dated 18 March 2015. The effect of the relief is that Hudson may include the Resolution in this Notice and implement the proposed in-specie distribution of HPG Shares without issuing a prospectus.

Further, Shareholders who receive HPG Shares under the proposed in-specie distribution will be free to transfer them at any time after they are issued should they wish to do so.

In compliance with the requirements of the exemption and declaration granted by ASIC, Hudson confirms that this Notice of Meeting is substantially in the same form as the draft Notice of Meeting which was provided to ASIC in support of Hudson's application for relief under Regulatory Guide 188.



# The Resolution

## Hudson's Current profile

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Hudson Investment Group Limited's (ASX: HGL) (**Hudson**) business can broadly be divided into two main arms. The first arm holds industrial property and the second is involved in the manufacture and marketing of industrial absorbents.

### Corporate Snapshot

|                       |                                                                                                                       |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------|
| No of Shares on Issue | 258,546,022                                                                                                           |
| Last Traded price     | \$0.042 <sup>1</sup>                                                                                                  |
| Market Capitalisation | \$10,858,933                                                                                                          |
| Directors             | Mr John W Farey (Executive Chairman)<br>Mr Alan Beasley (Managing Director)<br>Mr John Foley (Non-Executive Director) |
| Company Secretary     | Julian Rockett                                                                                                        |

It is not expected that Hudson's business will intrinsically change as a result of the Resolution being considered by Shareholders. It will continue to hold and focus on the development of industrial properties in New South Wales.

## Summary

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The information in this section is a summary of the key points only and is not intended to provide comprehensive details of the Resolution to be considered at the EGM.

You should read the full text of this Explanatory Memorandum and, if in any doubt, you should consult with your professional advisers.

Hudson owns the Warnervale Property. The Directors consider the Warnervale Property to offer the best potential return to Shareholders and propose to distribute the secondary assets to Shareholders by way of an in-specie distribution.

Having completed an internal restructure of Hudson's wholly owned subsidiaries in February 2015, Hudson Pacific Group Limited (**HPG**) holds all Hudson's assets other than the Warnervale Property. Hudson holds 258,546,022 shares in HPG (being 100% of its capital). Please refer to page 18 and 19 for a diagrammatic profile of the transfer.

## The Resolution

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Hudson proposes to distribute its shares in HPG in specie to existing Hudson shareholders. This initiative will facilitate an effective and cost-effective means to add value for existing Hudson shareholders by providing independent management of Hudson's current asset portfolios (held by HPG). The demerger will enable Hudson to focus on the Warnervale Property on a standalone basis to unlock its potential value for the benefit of its shareholders.

### Existing shareholders will retain their shares in Hudson.

Following the Resolution, Shareholders will hold HPG shares directly and no longer through Hudson.

The shares in HPG will not be listed and as such will not be able to be traded on the ASX. HPG will become an unlisted disclosing entity, and it will disclose information through ASIC, rather than through the ASX.

Shareholders should carefully read the section on risk factors outlined on page 17 and 18 of this Notice.

## Impact on Hudson Shareholders

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If passed by shareholders, the Resolution will have an impact on Hudson. The table below outlines the change to the share structure of Hudson following the approval, implementation and issue of HPG securities as a consequence of the Resolution. The table has been prepared as at 31 December 2014.

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<sup>1</sup> Last traded price for Hudson Investment Group securities as at 17 March 2015.

| Hudson                   | Number of Shares on Issue | Net Assets  |
|--------------------------|---------------------------|-------------|
| Current                  | 258,546,022               | \$8,107,420 |
| Following the Resolution | 258,546,022               | \$3,741,861 |

| HPG                                  | Number of Shares on Issue | Net Assets  |
|--------------------------------------|---------------------------|-------------|
| Following the Resolution (Unchanged) | 258,546,022               | \$4,365,559 |

## The Resolution – Reorganisation of capital

### (A) Background

Directors are of the view that a Distribution to members of the HPG Asset Portfolio (described below) will provide a structure and environment where a separate board and management will focus on optimising the returns and value of these assets.

Concurrently, Hudson will retain Hudson's principal industrial property, the Warnervale Property, with the plan to develop the Warnervale Property and increase shareholder value.

Shareholders are being asked to consider a special resolution authorising Hudson to reduce its issued share capital by a return of capital and distribution, in-specie to Shareholders of the HPG Shares.

Hudson currently wholly owns:

- 1) HTH Holdings Pty Limited (**HTH**), which holds the Warnervale Property which has a Net Asset value of \$3,741,861 as at 31 December 2014, and
- 2) HPG, which owns the following assets (**HPG Asset Portfolio**) with a Net Asset value of \$4,365,559 as at 31 December 2014:

The following table summarises the key assets currently within the HPG Asset Portfolio:

| Segment       | Company / Trust                    | Asset                          |
|---------------|------------------------------------|--------------------------------|
| Property      | Hudson Property Trust              | Car Park, 131 Macquarie Street |
|               | Hudson Capital Corporation Pty Ltd | Hudson Naming Rights           |
| Manufacturing | Sorbent Minerals Pty Ltd           | Hudson Marketing Pty Ltd       |
|               |                                    | Ecofix Pty Limited             |
| Investments   | Hudson Corporate Ltd               |                                |
|               | Bundaberg Coal Ltd                 |                                |
|               | Hudson Resources Limited           |                                |

## Hudson financials as at 31 December 2014

| As at 31.12.2014                                     | HTH<br>Warnervale Property | Property             | HPG<br>Manufacturing | Investments            | Hudson<br>Consolidated |
|------------------------------------------------------|----------------------------|----------------------|----------------------|------------------------|------------------------|
| <b>CURRENT ASSETS</b>                                |                            |                      |                      |                        |                        |
| Bank and deposit and cash equivalents                | 87,576.44                  | 12,055.80            | (77,450.01)          | 117,665.71             | 139,847.94             |
| Receivables - Trade and others                       | (103,511.42)               | 431,524.09           | 1,221,645.47         | 94,091.13              | 1,643,749.27           |
| Investments                                          | -                          | -                    | -                    | 1,636,601.14           | 1,636,601.14           |
| Inventories                                          | -                          | -                    | 2,197,297.10         | -                      | 2,197,297.10           |
| Other current assets                                 | 16,389.01                  | 46,626.78            | 133,821.59           | 26,253.72              | 223,091.10             |
| <b>TOTAL CURRENT ASSETS</b>                          | <b>454.03</b>              | <b>490,206.67</b>    | <b>3,475,314.15</b>  | <b>1,874,611.70</b>    | <b>5,840,586.55</b>    |
| <b>NON-CURRENT ASSETS</b>                            |                            |                      |                      |                        |                        |
| Receivable - Controlled entities                     | (0.00)                     | 11,233,505.30        | 1,735,017.47         | (9,940,888.36)         | 3,027,634.41           |
| Investments                                          | -                          | -                    | -                    | 5,032,492.17           | 5,032,492.17           |
| Investment Properties at fair value                  | 11,340,000.00              | 22,000,000.00        | -                    | (850,628.18)           | 32,489,371.82          |
| Land and Properties                                  | -                          | 900,000.00           | -                    | -                      | 900,000.00             |
| Plant, Equipment, Vehicle and fixtures - cost        | -                          | 596.44               | 1,943,945.89         | 47,850.85              | 1,992,393.18           |
| <b>TOTAL NON-CURRENT ASSETS</b>                      | <b>11,340,000.00</b>       | <b>34,134,101.74</b> | <b>3,678,963.36</b>  | <b>(5,711,173.52)</b>  | <b>43,441,891.58</b>   |
| <b>TOTAL ASSETS</b>                                  | <b>11,340,454.03</b>       | <b>34,624,308.41</b> | <b>7,154,277.51</b>  | <b>(3,836,561.82)</b>  | <b>49,282,478.13</b>   |
| <b>CURRENT LIABILITIES</b>                           |                            |                      |                      |                        |                        |
| Payable - trade and others                           | 35,025.46                  | 640.00               | 666,181.92           | 472,095.27             | 1,173,942.65           |
| Financial liabilities - Bank overdraft and borrowing | 223,748.00                 | 49,999.92            | 1,110,911.46         | -                      | 1,384,659.38           |
| Accruals and provision                               | 30,000.00                  | -                    | 349,641.21           | 329,527.05             | 709,168.26             |
| <b>Other Current Liabilities</b>                     | -                          | 49,004.57            | -                    | -                      | 49,004.57              |
| <b>TOTAL CURRENT LIABILITIES</b>                     | <b>288,773.46</b>          | <b>99,644.49</b>     | <b>2,126,734.59</b>  | <b>801,622.32</b>      | <b>3,316,774.86</b>    |
| <b>NON-CURRENT LIABILITIES</b>                       |                            |                      |                      |                        |                        |
| Payable                                              | 1,772,004.37               | -                    | 4,740,139.94         | 6,723,801.46           | 13,235,945.77          |
| Financial liabilities - Bank borrowing and loans     | 5,537,815.00               | 14,693,833.50        | 593,583.21           | -                      | 20,825,231.71          |
| Provisions                                           | -                          | -                    | 100,322.47           | 287,289.78             | 387,612.25             |
| <b>Other Non Current Liabilities</b>                 | -                          | 3,409,492.84         | -                    | -                      | 3,409,492.84           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                 | <b>7,309,819.37</b>        | <b>18,103,326.34</b> | <b>5,434,045.62</b>  | <b>7,011,091.24</b>    | <b>37,858,282.57</b>   |
| <b>TOTAL LIABILITIES</b>                             | <b>7,598,592.83</b>        | <b>18,202,970.83</b> | <b>7,560,780.21</b>  | <b>7,812,713.56</b>    | <b>41,175,057.43</b>   |
| <b>NET ASSETS</b>                                    | <b>3,741,861.20</b>        | <b>16,421,337.58</b> | <b>(406,502.70)</b>  | <b>(11,649,275.38)</b> | <b>8,107,420.70</b>    |

Any in-specie distribution of the HPG Shares will be to Shareholders on a pro rata basis by way of an equal capital reduction under section 256C of the Corporations Act (**Demerger**).

Shareholders will not be required to pay any consideration for the HPG shares, as Hudson will make an appropriate capital reduction to reflect the distribution. As a result of the return of capital Hudson's paid-up share capital (contributed equity) will be reduced by approximately \$4,365,559.

The terms of the capital reduction are the same for each Shareholder. The date for determining which Shareholders are entitled to participate in the return of capital is the Record Date.

The Board retains discretion on whether to proceed with the proposed Resolution. If Hudson Shareholders pass the Resolution, the Board may resolve not to proceed should market conditions and other factors impacting on the proposed Demerger cause the Directors to believe that proceeding with the Demerger would not be in the best interests of the Shareholders.

### (B) HPG summary

HPG currently holds the HPG Asset Portfolio. The HPG board of directors are presently considering alternatives to realise further value of the HPG Asset Portfolio with the aim of increasing shareholder value.

## Corporate Snapshot

|                       |                                                                                      |
|-----------------------|--------------------------------------------------------------------------------------|
| No of Shares on Issue | 258,546,022 (Fully Paid Ordinary Shares)<br>13,000,000 (Class "A" Preference Shares) |
| Directors             | Mr John W Farey<br>Mr Vincent Tan<br>Mr Alan Beasley                                 |

HPG currently has 13,000,000 Class "A" Preference Shares on issue. A holder of preference shares does not have voting rights in the company however is entitled to an annual dividend from after tax profits of \$0.01 per preference share held, to be paid at the HPG directors' discretion. Any unpaid dividend accrues and is a liability owed to Class "A" Preference shareholders.

It is not the current intention of the directors of HPG to raise any funds or conduct any businesses other than dealing with the HPG Asset Portfolio. Whilst there is no dividend policy at this time, the directors intend to pay dividends should the appropriate circumstances arise.

### (C) Directors

#### **John William Farey, B.Com, FAIM, FAICD**

Appointed a director on 20 May 1998

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John W Farey has over 45 years' experience in financial services including merchant and investment banking, having held directorships/management positions in Australia, UK, South East and Far East Asia with major international banks and companies.

#### **Alan Beasley, B.Ec, CPA, FGIA, FAICD**

Appointed a director on 24 February 2015

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Alan Beasley has worked in the Investment Banking and Investment Management businesses for over 30 years, with Bankers Trust Australia, Goldman Sachs, BNP Paribas. Alan is a director and former director of several listed (Chairman, Admiralty Resources (ASX: ADY)) and unlisted public and private companies including two public charities.

#### **Vincent Tan, B.Com & Admin, CA**

Appointed on 19 September 2003

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Vincent Tan is a chartered accountant and has over the past 35 years worked in a range of industries, including insurance, securities trading, finance and property.

Mr Tan has held senior management positions in a number of public and non-government organisations and has broad experience in corporate structuring.

## Assets Being Distributed

Hudson is proposing to redistribute the HPG Asset Portfolio to existing Hudson shareholders, by way of an in-specie distribution.

### (A) Hudson Car Park

#### (a) Profile

The Hudson Car Park at 131 Macquarie Street Sydney held in trust for the benefit of HPG. The Hudson Car Park is managed by Secure Parking Pty Ltd (**Secure**).

The Hudson Car Park is located over four (4) split basement levels plus mezzanine level below the Hudson office building of seventeen (17) storeys completed in 1965. It contains approximately 111 self-park spaces but is approved by Council to stack up to 150 cars. It is subject to a leasehold interest in twenty one (21) licensed spaces for eighty (80) years. The strata also comprises of two (2) storage spaces owned by occupiers of the office building.

(b) Location

The Hudson Car Park is situated on the western side of Macquarie Street, fronting Macquarie Street and Phillip Lane, and between Bridge and Bent Streets, directly opposite the Royal Botanic Gardens, and caters to nearby Hotels (including The Intercontinental, Sofitel Wentworth, Sir Stamford) Conservatorium of Music and medical and dental centres.

The location in Macquarie Street is ideal being close to major buildings such as Governor Phillip and Governor Macquarie Towers, Chifley Tower, No.1 O'Connell Street, Aurora Place and the AMP centre. Good access is available to and from the Eastern Distributor, Harbour Bridge and Harbour tunnel.

Macquarie Street is considered to be one of Sydney's most renowned street addresses, with the surrounding developments attracting premium tenants paying prime rentals. The surrounding developments include Governor Phillip and Governor Macquarie Towers, 236 Philip Street, Chifley Tower, 1 O'Connell Street, the AMP Centre and Aurora Place. The location offers ease of access to the Airport and Southern Suburbs, Eastern Suburbs and the North Shore via the Cahill Expressway and Harbour Bridge and Tunnel.

(c) Key Management Personnel

The car park is managed by Secure. Secure charges a fixed monthly fee (plus CPI increases) for the provision of wages, extra manning hours, wages overheads and administration.

The current agreement will terminate on the 30 September 2015. Management are currently in negotiations with Secure to extend the current management agreement. It is expected that the current management agreement will be extended on substantially similar terms to the current agreement.

(d) Interests subject to security

The Commonwealth Bank (**CBA**) made a loan to the Trustee of Hudson Property Trust for the approved amount of \$14,000,000. Hudson is the guarantor of the CBA loan for the Hudson Car Park. The trustee of the Hudson Property Trust has entered into a Deed of Indemnity with Hudson against any claim by CBA in respect of a breach of the CBA loan agreement for the Hudson Car Park.

The guarantee by Hudson is a transitional arrangement and will cease upon maturity of the CBA loan.

**(B) Hudson Naming Rights**

(a) Profile

Hudson Capital Corporation Pty Ltd (a wholly owned subsidiary of HPG) owns the strata for the building naming rights for Hudson House and also the Hudson rooftop signage at Hudson's head office at 131 Macquarie Street, Sydney NSW. It includes ground floor signboard and rooftop signage space within the 17 storey commercial building known as 'Hudson House'

It consists of Lot 19, which is a small area on the wall facing Macquarie Street and Lot 20, which are the external faces of the Plant Room and Lift Motor Room Levels to the roof with good exposure to the east and moderate exposure to the north, south and west.

Hudson House is in a prominent CBD location and the signage has good exposure to traffic entering the city from the Eastern Distributor, the eastern suburbs and Sydney Harbour. The improvements are well maintained and the lots are leased to an associated entity at a below-market-rental rate. Despite regulations by City of Sydney Council, such signage can still be leased to prospective lessees who occupy the building.

(b) Interests subjected to security

Lots 19 (ground floor signage) and 20 (rooftop signage) are subjected to a registered mortgage by the National Australia Bank (**NAB**) and Hudson has provided a guarantee for the NAB Loan for up to \$500,000. HPG, the owner of the Hudson Naming Rights has entered into a Deed of Indemnity with Hudson, indemnifying Hudson for any claim by NAB against Hudson in respect of a breach of the NAB loan agreement for the Hudson Naming Rights.

The guarantee by Hudson is a transitional arrangement and will cease upon maturity of the NAB loan.

## **(C) Sorbent Minerals Pty Limited**

Sorbent Minerals Pty Limited (**Sorbent Minerals**) wholly owned subsidiaries Hudson Marketing Pty Ltd (**HMPL**) and Ecofix Pty Limited (**Ecofix**), manufacture and market products for consumer, industrial, mining & automotive, agriculture, horticulture and oil purification applications.

Sorbent Minerals is well positioned for business growth:

- Established manufacturing and distribution base operating for 30 years;
- Access to industrial minerals reserves;
- Manufacturer and owner of leading Australian brands in kitty litter and industrial spill absorbents;
- Supplier of private label kitty litter to supermarkets;
- Manufactures carriers for crop nutrient and crop protectant products;
- Customises specialty industrial products and solutions for industrial applications including high-performance filtration media;
- Research and development initiatives to develop eco-friendly filtration technologies focused on waste water treatment and fluid purification; and
- Dedicated and experienced Technical & Customer Service team.

Sorbent Mineral's mission is to deliver reliable, high quality products and services, to service and grow loyal customers and to innovate through Research & Development.

Whilst Sorbent Minerals is the holding company it does not market its products under its own name.

The business profiles of HMPL and Ecofix are outlined below.

## **(D) Hudson Marketing Pty Ltd (HMPL)**

### **(a) Profile**

HMPL is one of the largest Australian-owned manufacturer and marketer of attapulgite (also known as "Fuller's Earth") products for cat care, industrial, mining, automotive, agriculture, horticulture, oil purification and pharmaceutical applications

HMPL operates a processing plant in Geraldton, Western Australia and supplies its products throughout Australia, New Zealand and Asia.

HMPL's processing facility in Geraldton is endowed with skilled operators and technical team. The processing plant is close to raw material source and transport.

HMPL is also ISO 9001:2008 certified and meets retailer's Quality Assurance requirements for the manufacture of retail cat care products.

### **(b) Business Overview**

HMPL values "natural & environmental friendly" solutions. It is also able to leverage over 20 years of brand power and enjoys national distribution in mainstream retail stores. The Geraldton processing plant has been in operation since 1979.

HMPL's strong engineering capabilities allow it to provide economic and customised solutions to cater to our customers' specific product requirements in. With complimentary marketing, sales & technical skills and a dedicated and experienced Technical & Customer Service Team HMPL is able to drive brand value, innovation and broaden distribution.

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### **(c) Products**

HMPL owns and distributes leading all-natural cat litter brands such as Chandler®, Fussy Cat® and Cat's Choice® to leading supermarkets, pet stores and catteries.

It also owns and distributes spill absorbent, SpillFIXER® for industrial, mining and automotive use and customises specialty industrial products and solutions for applications which includes:

- high-performance filtration media for jet fuel refining (Jetfix) and oil clarification (Clearfix)
- carriers for crop nutrients and crop protectant products (Agrifix), and
- pharmaceutical uses (Pharmfix).

(d) Key Management Personnel

- *General Manager – John Wang*

John Wang has many years of experience in banking and finance in the property, retail, consumer and industrial sector.

- *Research & Development – Dr. Venkata Kambala*

The Research & Development is headed by Dr. Kambala, who is an experienced environmental professional specialising in the fields of contamination assessment and remediation with a special interest in wastewater treatment. He is an expert in clay based absorbents and is the inventor of several wastewater treatment products.

- *Western Australia State Manager – John Matlaga*

Mr John Matlaga has many years of experience in mining and beneficiation of industrial minerals. He has overseen the building and commissioning of milling, pelletising, calcining and packaging plants.

- *Senior Consultant – Michael Leu*

*Michael has over 30 years of experience in range of mineral commodities in Australia and Asia-Pacific regions, including industrial absorbents and its applications.*

(e) Historical Financial Performance

HMPL recorded net sales of \$5.7M in the financial year of 2013, \$6.4M in the financial year of 2014.

HMPL continues to focus on a number of key business segments in the medium to long term, underpinned by strong customer driven Research & Development initiative and scientific knowledge to deliver new solutions and technology offerings to add value for its customers'.

HMPL also enjoys good customer relationship and partnership with industrial customers to maximize distribution and market opportunities. It continues to seek improved manufacturing methods to reduce time and cost of finished products and to improve margin and turnover.

(f) Interests subjected to security

HMPL has an Invoice Discount Facility provided by the St. George bank. Hudson is the guarantor for an amount limited to \$1,500,000. HPG, the owner of Hudson Marketing Pty Ltd, has entered into a Deed of Indemnity with Hudson, indemnifying Hudson for any claim by St George against Hudson in respect of a breach of the St George loan agreement for the Invoice Discount Facility.

The guarantee by Hudson is a transitional arrangement and will be replaced by HPG.

**(E) Ecofix Pty Limited**

(a) Profile

Ecofix, through its Research & Development initiatives, is seeking to become a manufacturer of specialty adsorbents in Australia, and is focussed on research and development programs of product applications for the wastewater and water filtration sector.

(b) Products

The products of Ecofix are outlined below:

- CMAX™, specialty adsorbent to capture contaminants found in commercial laundry, car-wash and mine vehicle-wash waste water treatment systems;
- GREYFIX®, an activated granular filter media designed to capture and reduce contaminants in greywater recycling systems;

(c) Key Management Personnel

Dr. Venkata Kambala is the Head of Research & Development and a director of Ecofix.

(d) Future Objectives

Ecofix will focus on the commercialisation of its product brands across the wastewater treatment and filtration industries.

## **(F) Hudson Corporate Limited**

Hudson Corporate Limited (**HCL**) provides corporate and financial services to both listed and unlisted entities (**Executive Services**). These Executive Services include:

- Provision of management staff and support;
- Accounting staff and support;
- Company Secretarial staff and support;
- Office premises and facilities support;
- Mining management and tenement administration; and
- Other miscellaneous support.

HCL charges a fee for providing the Executive Services. These fees are on commercial terms. Currently HCL has agreements in place to provide Executive Services to various ASX-listed and unlisted companies.

## **(G) Investment – Bundaberg Coal Limited**

Bundaberg Coal Limited holds a coal tenement in Queensland. Presently, Bundaberg has entered into an agreement with Psoa Resources Pty Ltd (ACN 166 957 240) dated 6 February 2014 for the sale of the coal tenement, which is expected to conclude by 15 August 2015.

## **(H) Investment – Hudson Resources Limited**

Hudson Resources Limited (**HRS**) is an unlisted Australian company specialising in investments in mining assets and listed resources companies. These investments are primarily origination by HRS' own geological team through proprietary exploration work and farm-in mineralisation opportunities.

## **(I) Other controlled entities**

The following entities are also controlled by HPG and will no longer be controlled by Hudson should the Resolution be approved:

|                                       |                 |
|---------------------------------------|-----------------|
| • Hudson Imports Pty Limited          | ACN 089 139 373 |
| • Raffles Equities Limited            | ACN 080 195 642 |
| • HSC Property Pty Limited            | ACN 087 265 763 |
| • Hudson Underwriting Limited         | ACN 096 422 810 |
| • Hudson Asset Management Pty Limited | ACN 076 539 458 |
| • Base Metal Resources Limited        | ACN 145 058 546 |
| • EPC 1262 Pty Ltd                    | ACN 159 987 238 |

These are non-operating subsidiaries and have no intrinsic value.

## **Outlook 2015**

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The domestic economy continues to show a slow, steady recovery and management are reviewing HPG Asset Portfolio to develop a strategic position to increase the value of the assets.

## **Assets Being Retained by Hudson**

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### **Warnervale Property**

#### **(a) Profile**

The Warnervale Property, wholly owned by HTH, encompasses two sites separated by Mountain Road comprising:

- 14.5 hectares of industrial land with 10 hectares currently surplus
- 8 hectares zoned SP2 for water management
- 22 hectares zoned E2 environment special use



Part of this area comprises of a factory and office complex on Sparks Road Warnervale on the NSW Central Coast which is leased to Bunnings Group Limited (a wholly owned subsidiary of Wesfarmers Limited) and Better Concrete Products Pty Ltd.

The NSW Department of Planning in late 2008 rezoned part of this site as IN1 General Industrial. Part of the rezoned land is to be acquired by Wyong Shire Council. The Company will be compensated based on market rates for the best use of the land. The Board of Directors are reviewing various options and business models for developing its surplus land.

The site is located close to the Sydney – Newcastle Freeway, 100km north of Sydney and 60km south of Newcastle, and located within proximity of existing and proposed local landmarks, including:

- Proposed \$500 million China Theme Park development
- Warnervale Airport and Woolworths Wyong Distribution Warehouse

The Warnervale Property is situated within the Warnervale Employment Zone, which has been identified as future area of development and employment growth by the state government and local council, with the aim to create 6,000 jobs and \$1.5 billion in investment,

(b) Existing lease

The property is fully leased to two tenants. They are both due to expire concurrently in 2018, which may potentially affect the cash flow profile should both tenants vacate and not exercise their options.

1. *Bunnings Group Limited*

One of the lessees is Bunnings Group Limited, which is a subsidiary of Wesfarmers. Bunnings is the leading retailer of home improvement and outdoor living products in Australia and New Zealand and a major supplier to project builders, commercial tradespeople and the housing industry. It operates from a network of large warehouse stores, smaller format stores, trade centre and frame and truss sites and caters for consumers and commercial customers.

2. *Better Concrete Products*

The other lessee is Better Concrete Products, formerly Beresfords Concrete Products. It is a fully operational manufacturer and supplier of precast concrete components. Better Concrete Products is a registered company owned by the Tellam Group based in Queensland. It services the civil, construction and mining industries and, in conjunction with the Tellam Group, caters for all standard pre cast requirements and special structures to specific design needs

(c) Interests subjected to security

A mortgage from Commonwealth Bank to HTH exists in the amount of \$5,817,500. There is a registered mortgage on title by CBA over the Warnervale Property.

## **Rationale for the Proposed Capital Reduction and In-specie Distribution**

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The Company believes that an in-specie distribution is an equitable way to distribute the value of the Hudson Pacific Group to its shareholders.

Shareholders can decide whether to maintain an ongoing investment in Hudson and HPG based on their own circumstances.

The Distribution facilitates a return of capital. The Company will continue to maintain a strong balance sheet position and a level of Shareholders' equity for prudent and efficient capital management. Additionally, the Distribution is expected to increase Hudson's return on shareholders' equity.

The Resolution proposes to distribute Hudson's shares in HPG to existing shareholders. This initiative allows Hudson to focus on managing and developing its principal Industrial property – Warnervale; it also allows HPG, which is more adept at managing a diverse asset portfolio, to manage Hudson's other existing businesses, independently.

This initiative achieves two objectives. First, greater management and professional expertise would be channelled to the management and development of Warnervale without expending time and resources in the management of its other business activities. Secondly, a dedicated management team in HPG is then free to focus exclusively on the management of its asset portfolio, which currently constitutes Hudson's secondary business activity.

In the event that Shareholders do not approve the in-specie distribution, Hudson will consider alternate means of achieving these shareholder value adding objectives.

Notwithstanding the in-specie distribution, the Shareholders will retain their Hudson Shares.

Should Shareholders approve the in-specie distribution, Shares in the Company will continue to be quoted on the ASX following the in-specie distribution of the HPG shares. Shares in HPG will be unlisted.

HPG intends to increase shareholder value through development of its asset portfolio including its attapulgitte business and other business activities with potential for distributing profits to its members as determined by its directors.

## **Risks Associated with the Proposed Capital Reduction**

It is important to note that HPG will be an unlisted disclosing entity and will disclose information through ASIC, rather than through the ASX.

HPG will continue to be subject to regulation under the *Corporations Act* and HPG's Constitution.

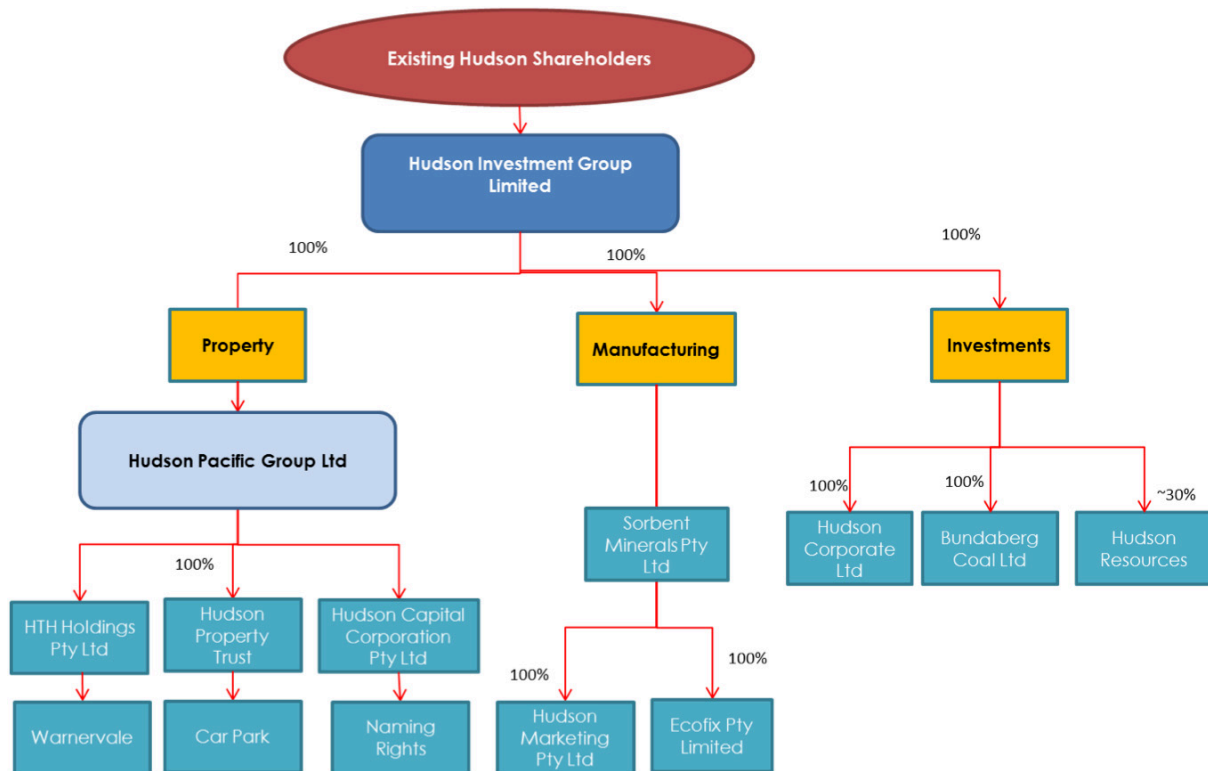
|                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders ability to sell HPG shares and realise their investment in HPG may be diminished                                                                                                                            | <p>As shares in HPG will not be traded on ASX, the liquidity of shares will be directly affected and may be further diminished.</p> <p>However, if a shareholder wishes to realise their investment after the reconstruction, HPG will try to facilitate such sales by matching these sellers to potential buyers, subject to applicable rules and regulations by maintaining a register of interested parties.</p>                                                                                                                                                                                                                 |
| If HPG is not listed, it will have limited means by which it can raise capital by the issue of securities, if required                                                                                                   | <p>In general, an unlisted company may be less able to raise capital from the issue of securities by means of limited disclosure fundraising documents. Therefore, the main means for the company (as an unlisted company) to raise equity funds will be by way of an offer of securities pursuant to a full form prospectus or by way of placement to sophisticated and other investors who do not require a prospectus.</p> <p>Balanced against these considerations is the fact that HPG presently has access to sufficient capital for its needs in any event and is not proposing any fundraising in the immediate future.</p> |
| If HPG is not listed, various requirements of the ASX Listing Rules will not apply to HPG                                                                                                                                | <p>The reduction of obligations associated with a listing on ASX may include relief from some reporting and disclosure requirements, removal of restrictions on the issue of shares by HPG, requirements concerning significant changes to HPG activities and relief from requirements to address ASX Corporate Governance Principles and Recommendations. The absence of continued restrictions in these areas may be perceived to be a disadvantage to some shareholders, particularly minority shareholders.</p>                                                                                                                 |
| If HPG is not listed, its ability to conduct any buy-back of Shares will be more limited as it will not be able to buy-back shares on market                                                                             | <p>HPG is however still able to conduct an off-market buy back should that be considered appropriate. The Directors have no present intention for HPG to conduct any buy-back.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| The Car Park, Hudson Naming Rights and HMPL have dealings with banks for which Hudson is the guarantor . If the Resolution passes, Hudson will be providing substantial guarantees to the assets of an unrelated entity. | <p>The risk to Hudson has been mitigated by a Deed of Indemnity provided by HPG to Hudson in the event there is a call by any of the banks on the Guarantee in respect of the individual loans provided by Hudson.</p>                                                                                                                                                                                                                                                                                                                                                                                                              |

Hudson has applied to the High Court to seek special leave in the case against Atanaskovic Hartnell.

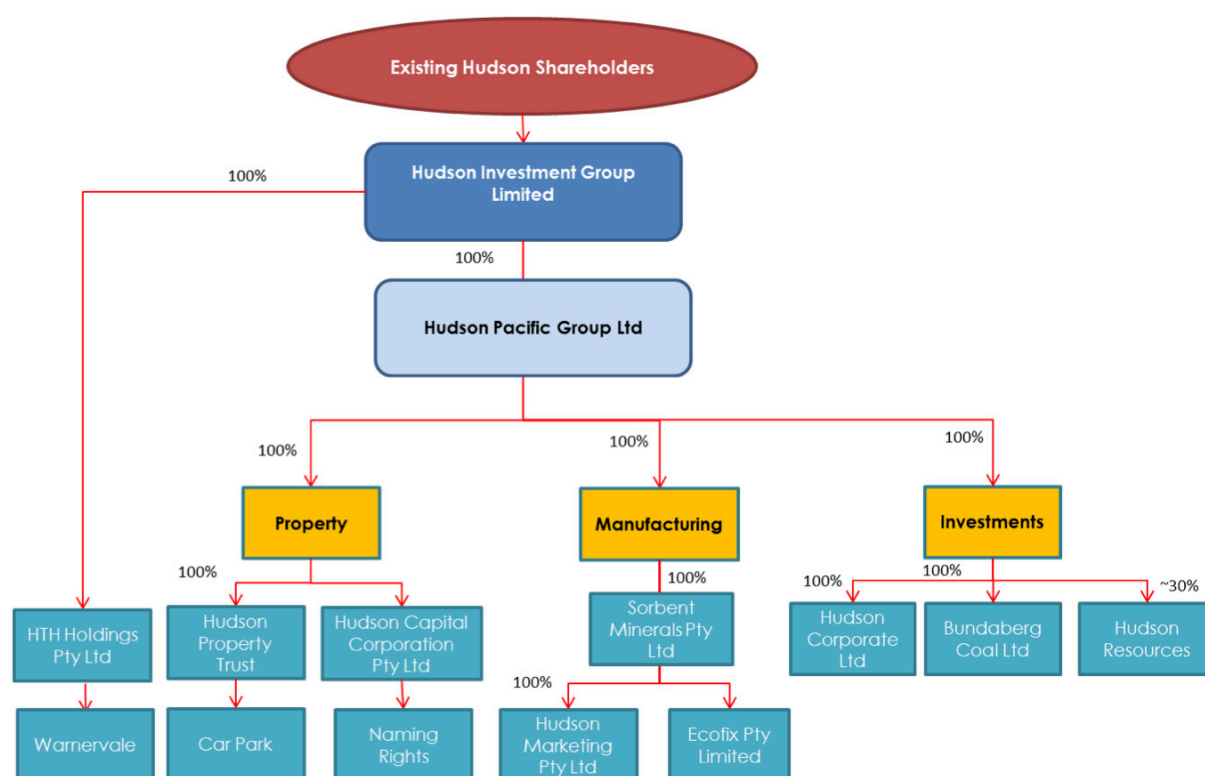
A provision has been made in Hudson's books in the event that a costs order is made by the court against Hudson

## Diagrammatic Profiles

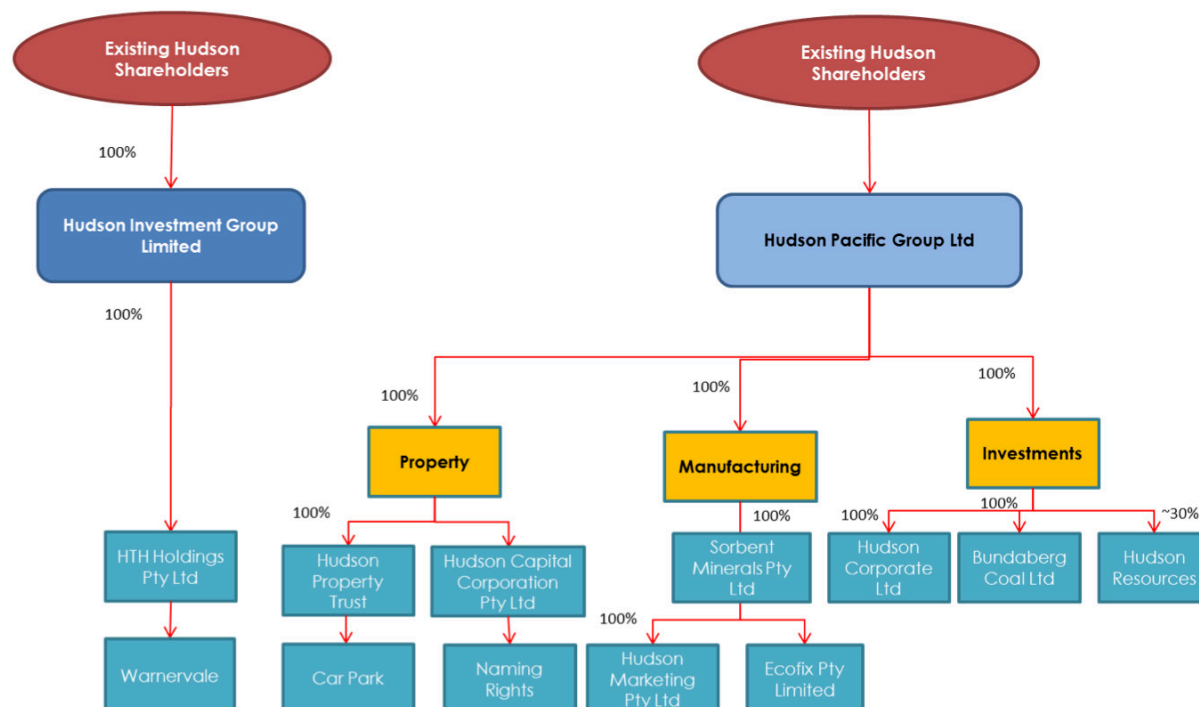
### Hudson corporate structure as at 31 December 2014



**Post Hudson internal restructure, as at February 2015,  
transferring the HPG Asset Portfolio to HPG, and HTH to HGL**



**Post-capital reduction**



As can be seen from the above diagram, current Hudson shareholders retain their interest in the HPG Asset Portfolio and also have a continuing shareholding in Hudson.

## Statutory Requirements

The reduction of capital by way of an in-specie distribution to Shareholders is an equal capital reduction under the *Corporations Act*. Pursuant to section 256C of the *Corporations Act*, an equal reduction must be approved by an ordinary resolution passed at a general meeting of Hudson.

As provided in section 256B of the *Corporations Act*, Hudson may only reduce its share capital if the reduction:

- a) is fair and reasonable to the Shareholders as a whole; and
- b) does not materially prejudice Hudson's ability to pay its creditors; and
- c) is approved by Shareholders under section 256C of the Corporations Act.

In addition, Hudson must give Shareholders all information known to Hudson that is material to the decision on how to vote on the Resolution.

The proposed capital reduction is an equal reduction because it only relates to Shares of Hudson, applicable to each Shareholder in proportion to the number of Shares held and the terms of the reduction are the same for each holder of ordinary Shares. An ordinary resolution is therefore necessary to approve the proposed equal reduction of capital, under section 256C of the *Corporations Act*.

The Hudson Board considers that the proposed Distribution is fair and reasonable to Hudson Shareholders as a whole because they are all treated in the same manner given that the distribution of Hudson Shares is on a pro rata basis.

The Directors have received advice from KS Black and Co, the Company's auditors, that the proposed Distribution does not materially prejudice Hudson's ability to pay its creditors.

The advantages and disadvantages of the Demerger are discussed in more detail on page 20.

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### **ASX Listing Rule 7.20**

The Company confirms that there will be no change to the number of securities on issue following the Resolution.

There will be no fractional entitlements, as the Resolution will be completed on a one (1) for one (1) basis.

The Company confirms there are no convertible securities on issue.

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### **Constitutional Requirements**

Article 9.3 of the Constitution states that the Company in general meeting may by a special resolution, reduce its share capital. As such, the Resolution is a special resolution and requires approval of three-fourths (75%) of the votes cast by Shareholders present and eligible to vote.

The Corporations Act permits Hudson to conduct a distribution in-specie of shares in another company. Following approval of the Resolution, Hudson's Shareholders are deemed to be bound by the constitution of HPG.

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### **Advantages**

- ❖ Shareholders will continue to retain their current interest in the HPG Asset Portfolio originally held by Hudson through their individual pro rata shareholding in HPG.
- ❖ Shareholders will retain the same pro-rata interest in the capital of Hudson (for the effect of the Demerger on current shareholders).
- ❖ High likelihood for increments in values of Hudson's principal and secondary business activities, and therefore shareholder values, due to greater management resources in each of the asset portfolios.

---

### **Disadvantages**

- ❖ The shares in HPG will not be listed as HPG will be an unlisted company. Generally speaking, an unlisted company may not have the ability to raise capital from the issue of securities by means of limited disclosure fundraising documents. Therefore, the main means for HPG (as an unlisted company) to raise equity funds will be by way of an offer of securities pursuant to a full form prospectus or by way of placement to sophisticated and other investors who do not require a prospectus. See page 17 and 18 for other possible risks.

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### **Proposed Return of Capital**

Hudson proposes to transfer to each registered holder of Hudson Share, one (1) HPG Share for every one (1) Hudson Share held by the holder on the Record Date (representing approximately \$4,365,559 in total as a return of capital).

The record date for determining entitlements to receive the return of capital is 29 April 2015.

### **Timetable for Return of Capital**

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Set out below is an indicative timetable for the return of capital. These indicative dates are subject to change at the Board's discretion (subject to the Listing Rules).

| <b>Event</b>                                             | <b>Date</b>   |
|----------------------------------------------------------|---------------|
| Meeting of Shareholders                                  | 23 April 2015 |
| Trading in Shares on an "ex return of capital" basis     | 27 April 2015 |
| Record date                                              | 29 April 2015 |
| Anticipated date of distribution of HPG In-specie Shares | 6 May 2015    |

### **Trading in Shares**

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Shares will trade on an "ex return of capital" basis on 27 April 2015, which is the second business day after the meeting of the Shareholders has approved the return of capital.

### **Pro Forma Statement of Assessment of Assets And Liabilities**

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#### **Basis of Preparation**

The pro forma Statement of Assets and Liabilities sheet below includes the financial information of Hudson together with the entities, which will be controlled by Hudson following the Capital Reduction.

The pro forma Statement of Assets and Liabilities has been derived from the ASX Preliminary Unaudited Final Report of Hudson at 31 December 2014, and reflects the position as if the Capital Reduction were completed on that date.

The pro forma Statement of Assets and Liabilities has been prepared by applying relevant pro forma adjustments described in this section to the management consolidated balance sheet of Hudson as at 31 December 2014.

The pro forma Statement of Assets and Liabilities is presented in abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

### **Hudson Historical and Pro Forma Statement of Assets and Liabilities after Return of Capital**

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The following table sets out the Hudson historical and pro forma statement of assets and liabilities as at the 31 December 2014. For the purposes of presenting the Hudson pro forma statement of assets and liabilities, it has been assumed that the Reconstruction described above was completed on 31 December 2014.

| As at 31.12.2014                                     | Current              | Post-Demerger               |                                        |
|------------------------------------------------------|----------------------|-----------------------------|----------------------------------------|
|                                                      | Hudson Consolidated  | Hudson Pro forma (HTH only) | HPG Consolidated (HPG Asset Portfolio) |
| CURRENT ASSETS                                       |                      |                             |                                        |
| Bank and deposit and cash equivalents                | 139,847.94           | 87,576.44                   | 52,271.50                              |
| Receivables - Trade and others                       | 1,643,749.27         | (103,511.42)                | 1,747,260.69                           |
| Investments                                          | 1,636,601.14         | -                           | 1,636,601.14                           |
| Inventories                                          | 2,197,297.10         | -                           | 2,197,297.10                           |
| Other current assets                                 | 223,091.10           | 16,389.01                   | 206,702.09                             |
| <b>TOTAL CURRENT ASSETS</b>                          | <b>5,840,586.55</b>  | <b>454.03</b>               | <b>5,840,132.52</b>                    |
| NON-CURRENT ASSETS                                   |                      |                             |                                        |
| Receivable - Controlled entities                     |                      |                             |                                        |
| Receivable                                           | 3,027,634.41         | -                           | 3,027,634.41                           |
| Investments                                          | 5,032,492.17         | -                           | 5,032,492.17                           |
| Investment Properties at fair value                  | 32,489,371.82        | 11,340,000.00               | 21,149,371.82                          |
| Land and Properties                                  | 900,000.00           | -                           | 900,000.00                             |
| Plant, Equipment, Vehicle and fixtures - cost        | 1,992,393.18         | -                           | 1,992,393.18                           |
| <b>TOTAL NON-CURRENT ASSETS</b>                      | <b>43,441,891.58</b> | <b>11,340,000.00</b>        | <b>32,101,891.58</b>                   |
| <b>TOTAL ASSETS</b>                                  | <b>49,282,478.13</b> | <b>11,340,454.03</b>        | <b>37,942,024.10</b>                   |
| CURRENT LIABILITIES                                  |                      |                             |                                        |
| Payable - trade and others                           | 1,173,942.65         | 35,025.46                   | 1,138,917.19                           |
| Financial liabilities - Bank overdraft and borrowing | 1,384,659.38         | 223,748.00                  | 1,160,911.38                           |
| Accruals and provision                               | 709,168.26           | 30,000.00                   | 679,168.26                             |
| Other Current Liabilities                            | 49,004.57            | -                           | 49,004.57                              |
| <b>TOTAL CURRENT LIABILITIES</b>                     | <b>3,316,774.86</b>  | <b>288,773.46</b>           | <b>3,028,001.40</b>                    |
| NON-CURRENT LIABILITIES                              |                      |                             |                                        |
| Payable                                              | 13,235,945.77        | 1,772,004.37                | 11,463,941.40                          |
| Financial liabilities - Bank borrowing and loans     | 20,825,231.71        | 5,537,815.00                | 15,287,416.71                          |
| Provisions                                           | 387,612.25           | -                           | 387,612.25                             |
| Other Non Current Liabilities                        | 3,409,492.84         | -                           | 3,409,492.84                           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                 | <b>37,858,282.57</b> | <b>7,309,819.37</b>         | <b>30,548,463.20</b>                   |
| <b>TOTAL LIABILITIES</b>                             | <b>41,175,057.43</b> | <b>7,598,592.83</b>         | <b>33,576,464.60</b>                   |
| <b>NET ASSETS</b>                                    | <b>8,107,420.70</b>  | <b>3,741,861.20</b>         | <b>4,365,559.50</b>                    |

## Effect on Shareholders

In isolation the return of capital will have no effect on the number of Shares held by Shareholders or on their proportionate interests in the share capital of Hudson. However, Shareholder interest will reduce as a consequence of the Resolution being considered. A summary of the effect on Shareholders on the passing of the Resolution is set out below.

Hudson has no partly paid shares on issue and no convertible securities on issue.

## Effect on Company's Capital Structure

The return of capital would not effect the total number of Shares on issue.

## Tax consequences

Hudson believes the distribution will constitute a disposal of the HPG Shares but will not result in a capital gain to Hudson.

Hudson believes the taxation implications to Shareholders will be a reduction in the cost base of their Shares in Hudson equal to the value of the HPG Shares distributed to them. Should the value of the HPG Shares distributed exceed this cost base, then an assessable capital gain may result-based on the number of HPG Shares being distributed and the value at which Shares have traded since listing on ASX,

Hudson believes this is unlikely to be the case. Shareholders should consult their own professional advisors to confirm these implications as they may vary depending on individual circumstances and taxation positions.

Hudson has not sought any class ruling from the ATO as to the tax implications of the return of capital to Shareholders. For specific taxation advice, Shareholders should consult their own taxation adviser so that their particular circumstances are taken into consideration.

### **Director's Recommendation**

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The Directors recommend that Shareholders vote in favour of the Reconstruction Resolution for the following reasons:

- (a) after a comprehensive assessment of all available material information, the Directors believe that the proposed share capital reduction and Distribution is in the best interests of Shareholders; and
- (b) the Directors believe the benefits of the proposed share capital reduction and In-specie Distribution outweigh the disadvantages as referred to on page 20 of this Explanatory Memorandum.

### **Declaration**

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Other than the information above and otherwise in this Explanatory Memorandum, the Directors believe that there is no other information that would be reasonably required by Shareholders in order to decide whether or not it is in the Shareholder's best interests to approve the Resolution herein.



# Hudson Investment Group Limited

ACN 004 683 729

## Schedule 1 - Definitions

In the Notice of Meeting, words importing the singular include the plural and vice versa.

**\$** means Australian Dollars;

**ASX** means the ASX Limited (ABN 98 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited;

**Chairman** means the person appointed to chair the Meeting of Hudson convened by the Notice;

**Company** means Hudson Investment Group Limited ACN 004 683 729 (ASX: HGL);

**Constitution** means the constitution of Hudson;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Class "A" Preference Shares** means preference shares in HPG;

**Demerger** means the Reconstruction corporate action, subject to the passing of the Resolution;

**Director** means a director of Hudson;

**Distribution Date** means 6 May 2015 or such other date the Directors determine;

**Distribution** means the distribution of HPG Shares to Hudson Shareholders on a one (1) for one (1) basis;

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice;

**HCL** means Hudson Corporate Limited ACN 075 068 923;

**Hudson** means the Company;

**Hudson Shares** means fully paid ordinary share in Hudson;

**HRS** means Hudson Resources Limited ACN 008 720 965;

**HPG** means Hudson Pacific Group Limited ACN 078 712 179;

**HPG Shares** means fully paid ordinary share in HPG;

**HTH** means HTH Holdings Pty Limited ACN 096 324 220;

**Hudson Car Park** means the property located at Lot 3 at 131 Macquarie Street, Sydney 2000, as described in Certificate of Title Folio Identifier 3/SP5278;

**Hudson Naming Rights** means the property located at Lots 19 and 20 at 131 Macquarie Street, Sydney, NSW 2000 as described in Certificate of Title Folio Identifier 19/SP5278 & 20/SP5278;

**Meeting** means the meeting of members of Hudson that is the subject of this Notice;

**Notice of Meeting** or **Notice** means this notice of meeting dated 20 March 2015;

**Proxy Form** means the proxy form attached to this Notice;

**Real Property** means the Warnervale Property, Hudson Car Park and the Naming Rights.

**Reconstruction** means the equal capital reduction in the issued capital of Hudson to be effected and satisfied by the Distribution authorised under the Resolution;

**Record Date** means 5:00 pm Sydney time on 29 April 2015 or such other date as the Directors specify as the record date for the Distribution;

**Resolution** means the special resolution contained in this Notice of Meeting; and

**Warnervale Property** means the property located at 171-175 Sparks Road and 59 Mountain Road, Warnervale comprising of Lots 74/755245, 1/796730, 2/796730, 7/239691 and 67/755245.

# Hudson Investment Group Limited

ACN 004 683 729

## Proxy Form

**Please complete, sign and return this document to:**

To: The Secretary  
Hudson Investment Group Limited  
Level 2, Hudson House  
131 Macquarie Street  
Sydney NSW 2000

fax executed from to: +61 2 9251 7177

email executed form to:  
[rockett@higl.com.au](mailto:rockett@higl.com.au)

I/We .....

being a member of Hudson Investment Group Limited appoint:

**Name of proxy:** .....

**Address of proxy:** .....

Or in his or her absence (or if left blank), the chairman of the meeting as my/our proxy to attend, vote and otherwise act on my/our behalf at the General Meeting of the Company to be held on **23 April 2015 at 10am** and at any adjournment of that meeting. If you wish to appoint the proxy in respect of only a specified number of your shares you must insert that number in the appropriate space below. In the absence of any such specification, the proxy will be taken to have been appointed in respect of all of your shares.

My/our proxy is authorised to exercise the vote rights in respect of ..... of my/our shares.

| RESOLUTION           | FOR                      | AGAINST                  | ABSTAIN                  |
|----------------------|--------------------------|--------------------------|--------------------------|
| Special Resolution 1 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

### Proxy Instructions

If you wish to direct how your votes are to be cast, place mark (X) in the appropriate box above. Unless otherwise directed, the proxy holder may vote as he/she thinks fit, or abstain from voting.

The Chairman intends to vote all undirected proxies that he receives in favour of each resolution to be brought before the meeting, except where the Chairman is expressly forbidden to do so, under the *Corporations Act 2001* (Cth).

### SIGNATURE OF MEMBER (S)

Individual or Member 1

Sole Director/  
Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Date: .....

Contact Name: ..... Contact Phone (daytime): .....

### **Notes on Proxies**

1. A Member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead pursuant to the Constitution.
2. If a Member appoints one proxy only, that proxy shall be entitled to vote on a show of hands, but if a Member appoints two proxies neither shall be entitled to vote on a show of hands.
3. Where more than one proxy is appointed, each proxy must be appointed to represent a specified portion of the Member's voting rights.
4. A proxy need not be a Member.
5. A proxy form must be signed by the Member(s) or the Member's attorney or, if a corporation, be executed in accordance with Section 127 of *the Corporations Act 2001* or by its attorney.
6. The instrument appointing a proxy and the power of attorney (if any) under which it is signed, or a notarially certified copy of the power and a declaration by the attorney of its non-revocation, must be deposited at the registered office of the Company or sent by facsimile to (+61 2) 9251 7500 not less than 48 hours before the person named in the instrument purports to vote pursuant to it.

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**Hudson Investment Group Limited**  
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