MOA GROUP LIMITED

NOTICE OF SPECIAL MEETING

Notice is given that a special meeting of the shareholders of Moa Group Limited (*Moa*) will be held at Level 5 of the Seafarers Building, Britomart, Auckland on Tuesday 12 March 2019, commencing at 3.00pm.

Business

The business of the meeting will be to consider and, if thought fit, pass the following ordinary resolutions:

1 To approve, under NZX Listing Rule 9.1, the acquisition of the Savor Group businesses, as described in the explanatory notes.

2 To approve, under NZX Listing Rule 7.3.1, the issue of additional ordinary shares in Moa Group Limited to the vendors of the Savor Group businesses, as described in the explanatory notes.

3 To approve, under NZX Listing Rule 7.6.5, the acquisition and cancellation of ordinary shares in Moa Group Limited from the vendors of the Savor Group businesses, as described in the explanatory notes.

4 To elect Lucien Law as a director of Moa, subject to completion of the acquisition of the Savor Group businesses. A biography of Lucien Law is set out in the explanatory notes.

5 To elect Paul Robinson as a director of Moa, subject to completion of the acquisition of the Savor Group businesses. A biography of Paul Robinson is set out in the explanatory notes.

Moa's directors unanimously support the transaction and recommend that all shareholders vote in favour of resolutions 1 to 5 at the special meeting.

Explanatory notes

Transaction overview

On 21 December 2018, Moa announced it had entered into a conditional agreement to acquire Savor Group, one of New Zealand's largest bar and restaurant businesses. As previously signalled, one of Moa's five key strategies is ensure that Moa can successfully access valuable on premise venues. This acquisition aligns with and builds on the execution of that strategy, and adds to three recently secured significant pourage deals. Moa considers the transaction is not a change to the essential nature of its core business as a craft beer brewer and distributor, but is complementary to its existing business and is consistent with its previously announced growth strategies.

Moa's Executive Chairman, Geoff Ross and Strategy and Marketing Director, Stephen Smith, have led negotiations with the vendors. Moa also engaged BDO and Chapman Tripp to perform financial and legal due diligence, respectively.

Savor Group is a premiere Auckland based hospitality venture, and its acquisition would provide exposure to New Zealand's largest craft beer market (Auckland). The Savor Group assets which are proposed to be acquired include:

- Azabu restaurant, for which the vendor is Takashi (Ponsonby) Limited.

  Azabu is a popular and highly regarded Japanese-Peruvian fusion restaurant located in Ponsonby, Auckland, one of New Zealand's premier hospitality areas, and has traded since December 2015. The venue has capacity for 76 seated diners, plus 24 in the bar area.

Azabu has ratings of 4.5/5 on TripAdvisor (438 reviews) and 4.8/5 (251 reviews) on Zomato, and almost 2000 followers on Facebook.

- Ebisu restaurant and Fukuko bar, for which the vendor is Pondarosa Group Limited.

  Ebisu is a popular and highly regarded Japanese restaurant, and Fukuko is a Japanese inspired bar. Both Ebisu and Fukuko are located in Britomart, one of New Zealand's premier hospitality areas, and have been trading since 2011. Moa expects the Britomart precinct to benefit significantly from the upcoming 2020 America's Cup. Ebisu has capacity for 120 diners, and Fukuko for 25 people.

  Ebisu has ratings of 4/5 on TripAdvisor (328 reviews) and 4.6/5 on Zomato (458 reviews), and almost 12,000 followers on Facebook.

- Ostro brasserie and bar, the Seafarers Club business and Seven bar, for which the vendor is Northwest Holdings Limited.

  These businesses are located in the Seafarers Building, also located in Britomart. Ostro is a modern New Zealand brasserie renowned for its views and locally-sourced cuisine. Ostro has traded since November 2013. Moa expects the Seafarers Building in particular to be a key venue for the America's Cup, given its views over the Waitemata harbour. The Ostro restaurant seats 120 diners. Level 7 of the Seafarers building and the Ostro deck have space for 170 people.

  Ostro has ratings of 4/5 (637 reviews) on TripAdvisor and 4.5/5 (357 reviews) on Zomato, and almost 20,000 followers on Facebook.

- Azabu@AFM eatery, Market Galley, The Wreck bar and Super Pizza pizzeria, for which the vendors are Ika-Roa Limited, Ika-Roa 2 Limited, Ika-Roa 3 Limited and Ika-Road 4 Limited.

  Azabu@AFM is the second iteration of the Azabu brand, and The Wreck and Super Pizza are new ventures. These businesses are located in the new Auckland Fish Market, which is one of Auckland's newest food and beverage destinations. Located on Auckland's waterfront in Wynyard Quarter, Moa also expects the area to benefit significantly from the upcoming America's Cup.

  These businesses are new, having commenced trading in December 2018. To date the businesses have traded in line with the parties' expectations (which were tested as part of Moa's financial due diligence).

- Las Vegas bar, located on Karangahape Road, Auckland, for which the vendor is Nevada Entertainment Limited. Las Vegas, in isolation, is not expected to make a material contribution to earnings before interest, tax, depreciation and amortisation (*EBITDA*) in the near future.

The acquisition venues together have a significant presence and good reputation in the Auckland hospitality scene. All of the venues are underpinned by long-term leases on arms' length commercial terms, and none of the existing businesses are expected to require any substantial near or medium term capital investment. Savor Group will be acquiring approximately $5.4m book value of fixed assets and approximately $275,000 book value of inventory. The balance of the purchase price (described below) will be goodwill.

In addition to the acquisition of Savor Group's existing venues, Moa would be acquiring the hospitality experience and talent of Lucien Law and his team, who will bring significant capabilities in terms of developing Moa's existing cellar door venue in Marlborough and the potential development of Moa branded craft beer venues.

Moa has been considering launching its own venues for some time, and this would become a business priority with the added capability of Savor Group. Subject to securing a desirable location, Moa's objective would be to have a Moa branded venue trading before the end of 2019. Moa expects that this could require up to $1m capital. The development and operation of this venue would be significantly assisted by the contribution Lucien Law could make in his role as an executive director of the post transaction Moa group. The successful launch of a Moa branded venue would also be a factor in determining whether the additional payment consideration (described below) becomes payable. Moa is actively working towards this in conjunction with its other strategic priorities.

Another of Moa's five key strategies is innovation. Owning and operating on premise venues will provide Moa with a platform to design, test and launch new products. Once the Savor Group business has been integrated into Moa, Moa intends to pursue the launch of innovative new products and venues with the benefit of Savor Group's expertise.

In particular, Moa sees an opportunity to launch an iconic premium New Zealand Lager and to expand the footprint of the Azabu business. If the acquisition is completed Moa plans to expand the Azabu business by launching more venues, with at least one planned during 2019. As part of the transaction, Moa is acquiring the intellectual property, brand and know-how required to expand Azabu. The new venues' future earnings could result in contribution towards payment of the additional payment and/or earn out consideration (described below). The first of these additional venues is expected to require approximately $550k of capital. The cost of establishing potential other venues has not yet been determined.

Further, the expanded team will be exploring the development of new brands and categories such as large format wine, spirits and non-alcoholic beverages, for launch both within Moa owned venues and via Moa's existing distribution channels.

The acquisition would add approximately $26m to Moa's consolidated revenue, taking total group revenue expectations to over $40m. Based on the parties' agreed earnings expectation for FY20, Moa expects the businesses acquired to be earnings accretive, with a contribution of $3.6M to EBITDA in the first full financial year following completion of the transaction. The existing Moa business has traded at an EBITDA loss ($1.17m for the most recently reported half year to 30 September 2018), and has given guidance of breakeven EBITDA for the second half ending 31 March 2019. This earnings expectation is based on the vendors' management forecasts, but was tested by BDO and Moa as part of Moa's financial due diligence.

The calculation of EBITDA will be determined in accordance with generally accepted accounting practice, as applies to the Moa group's current financial reporting.

Subject to satisfaction or waiver of conditions, the parties are targeting a completion date of 1 April 2019 (*Completion*).

The Mission Bay Pavilion business, which is a Savor Group asset, does not form part of this transaction.

Over the previous 18 months Moa has been confidentially considering undertaking a transaction of this nature with a number of operators. Savor Group was selected as Moa considers the group to provide quality exposure to New Zealand's largest craft beer market (Auckland) through its premium venue offering and clientele, and a desirable opportunity to execute on Moa's on premise and innovation strategies. The strategy to expand into on premise is consistent with the approach taken by other brewers in Moa's key Auckland market.

Particular risks associated with the new businesses include:

- Possible rises in labour costs due to increases to the minimum wage;
- Difficulty finding skilled staff due to constraints in the labour market, which could be made worse by changes to immigration laws;
- Changes in consumer preferences; and
- A general downturn in economic conditions,

The risks associated with changes in consumer preferences and an economic downturn are common to Moa's existing business.

Combination with / effect on Moa's existing business
The acquisition of Savor Group is not expected to have a significant impact on Moa's existing brewing operations. Following completion it is anticipated that both Moa's brewing operations and Savor Group's operations will continue to operate as they do at present, although will share some head office functions.

The acquisition would lead to a substantial increase in the number of employees in the Moa group. Savor Group has about 190 employees, although approximately 90% are employed on a casual basis. Savor Group's trading operations would primarily be funded out of its existing operations, and a small Moa group bank overdraft facility. Moa currently has 18 full time equivalent employees.

Sale and purchase agreements
Under six sale and purchase agreements dated 20 December 2018 (the *SPAs*), Savor Group Limited (*Purchaser*), a wholly owned subsidiary of Moa, has agreed to purchase the business assets described above from the relevant vendors, including plant and equipment, stock and goodwill. The corporate vendors are majority owned by Lucien Law and Paul Robinson. There is also a sale and purchase agreement for Savor Group's intellectual property, including rights to the brands used in the existing restaurant operations, under which Lucien Law and Paul Robinson are the vendors. Moa has agreed to guarantee the Purchaser's obligations, and Paul Robinson and Lucien Law have agreed to guarantee the corporate vendors' obligations under the SPAs.

Completion of the transaction is subject to satisfaction of the following conditions by 12 March 2019:

- Approval of Moa's shareholders (such approval being the purpose of the special meeting).
- Obtaining counterparty consents to transfers of key contracts, being the leases and certain business agreements identified as material by Moa during its due diligence.
- Key employees signing employment agreements with the Purchaser.
- Relevant authorities granting licences required to permit the Purchaser to operate the businesses.

- The Purchaser arranging acceptable finance. Moa intends to satisfy this condition by obtaining a bank facility and conducting a placement and rights issue to raise additional capital. More detail on this is included below under 'Funding'.

The standalone SPA for Savor Group's intellectual property reflects the fact that the vendors of the group's intellectual property are different to those of the sale businesses. It is also under that agreement that the Purchaser is acquiring the expertise of Lucien Law and Paul Robinson as executive directors.

As detailed below, the consideration for the acquisition is to be satisfied by a combination of cash and shares. The issue price for all Moa shares issued in connection with this transaction will be the 20 day volume weighted average price of Moa shares for the 20 trading days ending on the last trading day immediately before Completion (*Completion Share Price*).

The sale and purchase agreements also contain customary commercially negotiated warranties.

The liabilities Moa has agreed to assume are limited to Savor Group's obligations with respect to leases, supply contracts and employees. These are ordinary course liabilities for businesses operating in the vendors' industry, and Moa considers that assuming these obligations is usual for a commercial transaction of this nature.

In addition, to ensure that Moa obtains the full benefit of the Savor Group, the vendors have agreed to restraints of trade for a period of 12 months from Completion. The vendors, Paul Robinson and Lucien Law are prevented from carrying on, promoting, holding interests in, or financially assisting or materially assisting any competing businesses (or causing any person to do so). The restraint does not apply to the Mission Bay Pavilion, and some minor pre-existing business interests.

The vendors have also agreed that any shares issued to them in connection with the transaction will be subject to a 12 month lock-up period from the date of each issue.

If any of the resolutions are not passed, the agreements will not become unconditional, and Moa will not be able to proceed with the acquisition. No penalties will be payable if the transaction does not proceed.

Funding
Moa is in the final stages of obtaining an acquisition bank facility for $5.5m with BNZ (Moa's existing bank), and plans to raise approximately $3m in a private placement to select investors before the shareholder meeting. The bank facility is on usual commercial terms and has a term of five years with monthly repayments of principal and interest. Moa group will grant BNZ first ranking security over its assets (including Savor Group). In addition, Moa intends to undertake a $2m rights issue, with a potential to take up to $1m of oversubscriptions. The rights issue is expected to launch in March 2019. Further details of the proposed equity raising will be advised to shareholders separately. Shareholder approval is not being sought for the funding.

If entry into the transaction is not approved by shareholders at the special meeting, none of the funding described above will be raised.

Consideration
The total consideration Moa could pay for Savor Group is contingent on future earnings of the sale businesses, as well as whether the vendors achieve certain agreed commercial milestones. The consideration has been structured as such in order to require the vendors to prove the businesses' earnings, and to achieve certain agreed commercial milestones, before full payment becomes due.

In addition, a significant element of the purchase price is being satisfied by the issue of Moa Group Limited shares, which aligns the interests of the vendors with those of Moa and its shareholders. Relative to recent comparable transactions, Moa considers that the transaction is priced competitively as a multiple of earnings, and has negotiated the purchase price on that basis. Moa Group Limited will contribute the cash component of the upfront purchase price to the Purchaser by way of additional share capitalisation.

There are three components to the purchase price:

- Base purchase price: The base purchase price for the transaction is $13.0m, which represents a 3.6x multiple of the parties' expected FY20 earnings plus approximately $400,000 of existing bank debt which Moa has agreed to assume.

  The base purchase price will be satisfied by way of a 60% cash payment, with the remaining 40% to be satisfied by the issue of new shares in Moa Group Limited, on Completion. To satisfy this component of the purchase price Moa is required to issue $5.04m of shares at the Completion Share Price. As further described below, if the sale businesses' average combined EBITDA over FY20 and FY21 is below $3m, up to $3m of these shares (valued at the Completion Share Price) will be acquired from the vendors and cancelled.

- Additional payment: If certain agreed commercial milestones are achieved within 24 months of Completion, subject to Moa's board being satisfied that the achievement will lead to:

  - Additional incremental EBITDA of $1,500,000 or more to the Purchaser;

  - Substantial growth of the Purchaser's brand, image, reputation or business;

  - Other financial, business or strategic outcomes that Moa's board agrees are desirable; or

  - Any combination of the above,

  an additional payment of $5.4m will be payable 12-24 months from Completion. To satisfy this component of the purchase price, Moa would be required to issue $2.2m of shares at the Completion Share Price.

  This was negotiated with the vendors and is intended to give Moa's board an opportunity to assess the satisfaction of the conditions listed above in conjunction with the achievement of the agreed milestones.

  If the additional payment becomes payable, payment will be due promptly. Accordingly, the relevant additional shares could be issued at any time between 12-24 months from Completion.

  Lucien Law and Paul Robinson would have a conflict of interest regarding whether the additional payment is payable, and accordingly would not take part in the board's determination of the achievement of commercial milestones.

- Earn-out adjustment: The parties have agreed the following adjustments to the purchase price, depending on the EBITDA performance of the sale businesses over FY20 and FY21:

Sale businesses' average combined EBITDA in years ending 31/3/20 and 31/3/21	Purchase price adjustment/reduction (satisfied by issue/cancellation of Moa shares)
$5,500,000 - $5,999-999	$3,000,000
$5,000,000 - $5,499,999	$2,250,000
$4,500,000 - $4,999,999	$1,500,000
$4,000,000 - $4,499,999	$750,000
$3,000,000 - $3,999,999	N/A
$2,500,000 - $2,999,999	($750,000)
$2,000,000 - $2,499,999	($1,500,000)
$1,500,000 - $1,999,999	($2,250,000)
$1,000,000 - $1,499,000	($3,000,000)

Any upwards adjustment of the purchase price will be satisfied by issue of Moa shares at the Completion Share Price. If the purchase price is adjusted downwards the vendors will be required to transfer shares issued to them as part of the base purchase price to Moa, and those shares will be cancelled on acquisition. The earn out adjustment is expected to be made within 25 business days of the conclusion of FY21.

Under the NZX listing rules, ordinarily shares need to be issued within 12 months of shareholder approval. Similarly, shares must ordinarily be acquired and cancelled by a company within 12 months of shareholder approval. Moa has been granted a waiver of these timeframes for the additional shares to be issued (either as part of the additional payment for achievement of the agreed commercial targets, or as an upwards adjustment in accordance with the above EBITDA targets), or for the acquisition and cancellation of shares in accordance with the above EBITDA targets.

The maximum purchase price, if all contingent elements of the consideration were to become payable, is $21.4m.

New Moa shares: terms of issue

All new Moa shares issued to the vendors will be fully paid ordinary shares, and from the time of issue will rank equally in all respects with existing ordinary Moa shares.

The issue price for all Moa shares issued in connection with this transaction is the Completion Share Price, which as described above is the 20 day volume weighted average price of Moa shares for the 20 trading days ending on the last trading day immediately before Completion.

The shares will be issued to the vendors identified in the transaction overview section of these notes, with the exception of those shares which may be issued if the additional payment is made, which are to be issued to Lucien Law and Paul Robinson.

The vendors to which shares may be issued in connection with the earn out adjustment are likely to be 'Associated Persons' of Lucien Law and/or Paul Robinson, and therefore of Moa, for the purposes of the NZX Listing Rules at the time of issue (assuming that at that time Lucien Law and Paul Robinson are directors of Moa). Lucien Law is a director of all of the corporate vendors, and Paul Robinson is a director of the 'Ika-Roa' companies.

The maximum number of shares which could possibly be issued is not known at this time (as the Completion Share Price will not be calculated until just before Completion), but if the full upwards adjustments to the purchase price are achieved, it will be the number of shares required to satisfy payment of:

- $5.04m, being 40% of the base purchase price (excluding the $400k debt component); plus

- $2.2m, being 41% of the additional payment; plus

- $3m, being 100% of the maximum possible upwards earn out adjustment.

By way of example, the table below sets out approximate changes in the total number of Moa shares, and shows the extent of vendor shareholdings, if all components of the purchase price were to become payable.

This example assumes that $5m of new equity is raised from investors (assuming no oversubscriptions) at $0.38 per share in order to finance the acquisition, and that all shares issued to the vendors are also issued at $0.38 per share. If Moa raises additional equity during that time, the vendors' shareholdings may be further diluted.

Event	Total number of Moa shares	% held by Lucien Law interests	% held by Paul Robinson interests	% held by other vendor interests	Total
Pre $5m equity raise	60,140,131	0	0	0	0
$5m equity raise	73,298,026	0	0	0	0
Issue to satisfy base purchase price ($5.04m)	Total: 86,561,184 New shares: 13,263,158	5.75%	3.94%	5.63%	15.32%
Issue to satisfy additional payment ($2.2m)	Total: 92,350,657 New shares: 5,789,474	8.52%	6.83%	5.28%	20.63%
Issue to satisfy earn out ($3m)	Total: 100,245,394 New shares: 7,894,737	10.80%	8.32%	7.76%	26.88%

As noted above, the $0.38 issue price is an example only. The actual issue price will not be known until after publication of the notice of meeting. However, Moa intends to raise $5m of equity at $0.38 by way of private placement and subsequent rights issue. Moa therefore considers that $0.38 represents an accurate estimate of the Completion Share Price. If the Completion Share Price is below $0.38, the vendors would be issued more shares. Conversely if the Completion Share Price is above $0.38 the vendors would be issued fewer shares. All shares issued to the vendors will be issued at the Completion Share Price. The vendors' percentage shareholding interests will be diluted to the extent that Moa accepts oversubscriptions in its rights issue, and that Moa employees exercise options under the company's existing share scheme.

The dilutionary effect of the example described above for a shareholder who holds 1% of Moa's shares following the equity raise would be:

- Following the base purchase price issue, their shareholding would be reduced to 0.85%.

- Following the additional payment issue, their shareholding would be reduced to 0.79%.

- If the maximum number of earn out shares were issued, their shareholding would be reduced to 0.73%.

Moa does not consider that the issue of shares to the vendors will significantly affect the control of Moa.

Appointment of directors
The parties have also agreed that, subject to and from Completion, Lucien Law and Paul Robinson will be appointed as executive directors of Moa. Moa's board has determined that neither will qualify as independent directors.

Lucien Law is the founder of Savor Group, and will work across the Savor Group businesses, the Moa brand, and will also be charged with the development of new concepts for the group. Lucien has overseen the development of Savor Group, creating brands that have had a significant impact on Auckland's dining and entertainment scenes. Prior to entering the hospitality industry Lucien founded Shine Limited, a successful brand and creative business consultancy, whose clients include Spark, Hyundai, Fonterra and Lion Breweries. Before that he spent a number of years working for the London office of global communications and advertising agency Saatchi and Saatchi.

Paul Robinson is Lucien Law's business partner and a long time shareholder of Savor Group. Paul has twenty years' experience in structured finance and strategy. From 1999 Paul spent nine years originating structured trades based in London, working for Barclays Capital and then Swiss Re Financial Products Corp. In 2008 Paul transferred to New York to set up and head Swiss Re's North American Structured Finance Team, with responsibility for over USD 10 billion of bespoke financial arrangements with multi jurisdiction clients. In 2018 Paul and his family moved back to New Zealand to enjoy life here, manage his investments and to take an active role in Savor Group. Paul has deep experience both inside and out of traditional corporate structures. His personal investments are across sectors as diverse as mining, manufacturing, pharmaceuticals and hospitality. He has strong networks in Europe, the USA and New Zealand.

Lucien Law and Paul Robinson will not be paid directors fees.

Shareholder approval required
Shareholder approval by ordinary resolution for entry into the transaction is required under NZX Listing Rule 9.1.1(b), as the potential purchase price for the assets (a maximum of $21.4m) exceeds 50% of Moa's average market capitalisation.

Shareholder approval by ordinary resolution for the issue of shares in satisfaction of the purchase price, or for the cancellation of shares in the event EBITDA targets are not achieved, is required under NZX Listing Rules 7.3.1 and 7.6.5.

Ordinary resolution
In order to be passed, ordinary resolutions require approval by a simple majority of more than 50% of votes validly cast at the special meeting.

Shareholders entitled to attend and vote
Pursuant to section 125 of the Companies Act 1993, the Board has determined that, for the purposes of voting at the special meeting, only those registered shareholders of Moa as at 5.00pm on 11 March 2019, shall be entitled to vote at the meeting.

Proxies
Any person entitled to attend and vote at the special meeting may exercise the right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote in your place. A proxy need not be a shareholder of the Company. You may appoint the

Chairperson of the special meeting as your proxy if you wish. If appointed as a discretionary proxy, the Chairperson intends to vote in favour of all resolutions.

Alternatively, you can complete the proxy form attached to this notice and return it to Link Market Services in accordance with the instructions on the form.

Proxy appointments must be received by Link Market Services no later than 3.00pm on 10 March 2019, being 48 hours prior to the special meeting.

NZX review and approval
NZX Limited has reviewed and approved this notice of meeting and explanatory notes under Listing Rule 6.1, but does not take any responsibility for any statement contained in this document.