

12 September 2024



HS Fresh Food Holding Pty Ltd ACN 638 495 673 (“HS Holding”)

HS Fresh Food Pty Ltd ACN 638 495 655 (“HS Food”)

HS Fresh Farms Pty Ltd ACN 638 495 664 (“HS Farms”)

HS Salads Pty Ltd ACN 640 565 966 (“HS Salads”)

(All Administrators Appointed)

(collectively “the Group”)

Supplementary report to creditors – Section 75-225 of the Insolvency Practice Rules (Corporations) 2016 (“IPR”)

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1. About this report: a guide for creditors

1.1 Purpose of this report

- This supplementary report follows the Administrators' Report to Creditors pursuant to Section 75-225 of the Insolvency Practice Rules (Corporations) 2016 issued on 11 July 2024 ("the Administrators' Report").
- The Second Meeting of Creditors held on 19 July 2024 was adjourned for a period of up to 45 business days to allow time for PM Fresh to complete the Asset Sale Agreement ("ASA")
- Completion of the ASA with PM Fresh occurred on 31 July 2024, as such the purpose of this report is to provide an updated Estimated Statement of Position, provide a general update on the Voluntary Administration and to reconvene the Second Meeting of Creditors.
- This supplementary report should be read in conjunction with the Administrators' Report dated 11 July 2024 unless otherwise stated.
- This report contains the information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the Group's future.
- This report and its attachments contain details about the forthcoming reconvened second meeting of creditors to be held on **Friday 20 September 2024** and our opinion and recommendation about the future of the Group and what is considered to be in the creditors' interests. Creditors are required to decide whether:
 - the Group should execute a deed of company arrangement ("DOCA"), or
 - the administration of the Group should end, or
 - the Group should be wound up.
- All details, forms and instructions relating to the meeting have been included with the covering letter and other documents attached to this report.

1.2 Meeting registration

PLEASE READ CAREFULLY

Who can attend the reconvened second meetings of creditors?

- The following parties may attend the second meetings of creditors:
 - Creditors of one or more of the entities in the Group; or
 - A person appointed by a creditor to attend the meeting on behalf of the creditor.

What if I submitted a proxy form for the Second Meeting held on 19 July 2024?

- General proxies are still valid for the reconvened meeting.
- Special proxies are only valid for the resolutions selected in the previous proxy form. Should you wish to vote on new resolutions, a new proxy form must be completed.
- Regardless of the type of proxy submitted for the prior meeting, ALL creditors wanting to attend the reconvened meeting must register using the link below.

What do I need to do to attend the Reconvened Second Meeting of Creditors?

Completion and return of documents

- If you wish to attend the meeting, you must complete and return specific documents to us by the date and in the manner specified in the section “When and how do I return the completed documents” below.
- The required documents are shown in the below table and are dependent on the class of creditor to which you belong. An explanation of the documents is provided below the following table.

Creditor Class	Registration Form (Via Link)	Formal Proof of Debt	Appointment of Proxy
Employee	✓	✓	Refer to note below
Individual / Partnership	✓	✓	Refer to note below
Company	✓	✓	✓
Statutory	✓	✓	✓

Note: Only a company or statutory creditor is required to appoint a proxy. Individuals (including employees) and partnerships may appoint a proxy, but only if they want that proxy to attend the meeting on their behalf.

Explanation of documents

- An explanation of the documents described in the table is set out below.
 - **Meeting Registration.** The Registration Notice, which is accessed via the below link, provides us with your contact details. We will use those contact details to provide you with the necessary access and voting codes for the meeting.

Registration link: <https://forms.office.com/r/56miwiWAp8>

- **Proxy form (if applicable).** Completing a proxy form allows you to appoint another person (known as a proxy) to attend the meeting on your behalf. It is mandatory for a company or statutory creditor to appoint a proxy to attend the meeting on its behalf. If an individual is attending in person, a proxy form is not required. Please note if you are a creditor of more than one company in the Group, you must complete a new proxy form for each additional company.
 - **Formal proof of debt.** The formal proof of debt provides us with details of the debt owing by, or your claim against any of the companies in the Group. If available, please attach to the proof of debt supporting documents (e.g. invoices) that substantiate your claim.
- Employees do not need to provide a formal proof of debt.
 - If you are a creditor of more than one company in the Group, you must complete a proof of debt for each additional company.

How do I access the above meeting documents?

- The meeting registration form is an online form and is available via the following link:
<https://forms.office.com/r/56miwiWAp8>
- Copies of the below meeting documents are located at **Appendix 4 and 5** respectively.
 - Proxy form
 - Proof of debt form

When and how do I return the completed documents?

- The required completed documents must be returned to us no later than **10:00AM (AEST) on Thursday, 19 September 2024**. Please return your documents via one of the following methods:
 - Email:** HSFF.Creditors@fticonsulting.com
 - Post:** Attn: HS Fresh Food Group (Administrators Appointed)
C/- FTI Consulting
GPO Box 3127
Brisbane QLD 4001
- If you are returning the documents via post, please allow sufficient time for the documents to arrive prior to the cut-off time.

What happens next?

- Following return of all your documents, we will:
 - Email you or your proxy a confidential link to access the meeting online; and
 - Provide a unique code so you can vote at the meeting.

How do I ask a question at the meeting?

- Creditors may submit questions by email sent to HSFF.Creditors@fticonsulting.com prior to the meeting. Alternatively, creditors can use the question-and-answer function during the meeting.

- The Administrators may be unable to answer all questions due to time constraints. If this occurs, the Administrators will select questions that are more relevant to the broader creditor base, ahead of those relevant to specific creditors. Creditors with specific questions may contact us by email after the meeting.

What if I can't access the meeting?

- All parties attending the meeting are responsible for ensuring they have the technology and internet connection to attend the meeting online. Unfortunately, we are unable to assist with any technical issues relating to accessing the meeting.

1.3 Questions and help

Please contact FTI Consulting on (07) 3225 4900 or HSFF.Creditors@fticonsulting.com if you are unsure about any of the matters raised in this report or the impact any decision about the Groups' future may have on you.

2. Key messages for creditors

Set out below is a summary of the key messages and recommendations which are detailed in this report. Please read this summary in conjunction of the remainder of the report and the Administrators' Report including the terms of reference contained in **Appendix 1** and any other attachments.

Key areas	Commentary	Analysis																																			
Estimated outcome for creditors	The estimates shown are based on the information presently available, our view of the Group’s estimated realisable value of assets and estimated claims of creditors: <table><tr><th>Estimated Returns</th><th>HS Holding</th><th>HS Food</th><th>HS Farms</th><th>HS Salads</th></tr><tr><td>Secured creditors</td><td>Nil</td><td>39.4 ¢/\$</td><td>11.1 ¢/\$</td><td>Nil</td></tr><tr><td>Priority Creditors: s560</td><td>Nil</td><td>16.4 ¢/\$</td><td>Nil</td><td>16.5 ¢/\$</td></tr><tr><td>Priority Creditors: Wages & Superannuation</td><td>Nil</td><td>16.4 ¢/\$</td><td>Nil</td><td>16.5 ¢/\$</td></tr><tr><td>Priority Creditors: Leave entitlements</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>Priority Creditors: Redundancy & PILN</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>Unsecured Creditors</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr></table>	Estimated Returns	HS Holding	HS Food	HS Farms	HS Salads	Secured creditors	Nil	39.4 ¢/\$	11.1 ¢/\$	Nil	Priority Creditors: s560	Nil	16.4 ¢/\$	Nil	16.5 ¢/\$	Priority Creditors: Wages & Superannuation	Nil	16.4 ¢/\$	Nil	16.5 ¢/\$	Priority Creditors: Leave entitlements	Nil	Nil	Nil	Nil	Priority Creditors: Redundancy & PILN	Nil	Nil	Nil	Nil	Unsecured Creditors	Nil	Nil	Nil	Nil	Section 6
Estimated Returns	HS Holding	HS Food	HS Farms	HS Salads																																	
Secured creditors	Nil	39.4 ¢/\$	11.1 ¢/\$	Nil																																	
Priority Creditors: s560	Nil	16.4 ¢/\$	Nil	16.5 ¢/\$																																	
Priority Creditors: Wages & Superannuation	Nil	16.4 ¢/\$	Nil	16.5 ¢/\$																																	
Priority Creditors: Leave entitlements	Nil	Nil	Nil	Nil																																	
Priority Creditors: Redundancy & PILN	Nil	Nil	Nil	Nil																																	
Unsecured Creditors	Nil	Nil	Nil	Nil																																	
Timing of payments to creditors	The indicative (estimated) timing of dividends are set out below for each class of creditor under a DOCA and liquidation scenario: <table><tr><td>■ Secured creditors</td><td>Subject to payments due under ASA</td></tr><tr><td>■ Priority claims</td><td>3-12 months</td></tr><tr><td>■ Unsecured creditors</td><td>No return</td></tr></table> Subject to eligibility criteria, employees may be able to lodge a claim for their unpaid entitlements under the Federal Government’s Fair Entitlements Guarantee Scheme (“FEG”), which would significantly shorten the timing of payment.	■ Secured creditors	Subject to payments due under ASA	■ Priority claims	3-12 months	■ Unsecured creditors	No return	Section 6																													
■ Secured creditors	Subject to payments due under ASA																																				
■ Priority claims	3-12 months																																				
■ Unsecured creditors	No return																																				
Remuneration	Under Div 60-10 of the Insolvency Practice Schedule, the remuneration of the external administrator can be fixed by resolution of the creditors at the reconvened second meeting of creditors. Details of our proposed remuneration and resolutions are included in our Remuneration Approval Report.	Appendix 3																																			

Administrators' Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI")

At the second meeting held on 19 July 2024 the Administrators tabled their updated DIRRI which corrects, on page 11, the reference to David Anderson as a Director of the HS Fresh Food Group. David Anderson is not a Director but the Secretary of the Group. As required by the Act a copy of the updated DIRRI is included at **Appendix 2**.

Committee of Inspection ("COI")

At the date of writing the Administrators have not needed to call on the COI. Should the Group proceed into Liquidation members of the COI formed at the first meeting of creditors of the Voluntary Administration can remain should they wish. During Liquidation it is very likely the future Liquidators will need to call on the COI for various matters including but not limited to approving the Liquidators' remuneration and considering investigations into voidable transactions. If any other creditors would like to nominate to join the COI for the Liquidation period please contact our office at HSFF.Creditors@FTIConsulting.com

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3. Recommendation on the Group's future

In our opinion it is in the creditors' interests the Group be wound up and a liquidator appointed.

Options available to creditors	Option 1: Execute a DOCA	Option 2: Administration end	Option 3: Liquidation
Description	Whether it would be in the creditors' interests for the Group to execute a DOCA	Whether it would be in the creditors' interests for the administration to end	Whether it would be in the creditors' interests for the Group to be wound up
Key factors to considers	As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time	The Group is insolvent with no cash to pay all due debts and no confirmed prospects of obtaining external funding	We have not been provided with a proposal for a DOCA for consideration and it is not appropriate the administration ends as the Group is insolvent
Our opinion	Not in the creditors' interests the Group execute a DOCA	Not in the creditors' interests the administration should end	Is in the creditors' interests the Group be wound up
Recommended option	Not recommended	Not recommended	Recommended

4. Strategy and financial position

4.1 Actions and strategy to date

As communicated in the Administrators' Report we continued to operate the Group on a 'business as usual' basis whilst pursuing a sale and/or recapitalisation of the business ("Sale Process"). Set out below is a brief summary of works completed since our last report:

General and statutory

- Prepared and attended to lodgement of required forms with ASIC and ATO;
- Held and adjourned the second meeting of creditors;
- Maintained and prepared a summary of our receipts and payments during the Administration. Refer to **Appendix 6** of this report.
- Prepared this supplementary report pursuant to section 75-225 of the IPR.

Suppliers and service providers

- Notified all suppliers of completion of the Asset Sale Agreement ("ASA");
- Finalised numerous supplier accounts for the period 15 June 2024 to 31 July 2024;
- Worked with internal management to transition control to PM Fresh;
- Engaged in frequent correspondence and discussions with suppliers and service providers regarding transition;
- Facilitated and attended stocktakes undertaken by PM Fresh in each state.

Employees

- Attended in person and virtual town halls in all states to communicate PM Fresh transition plan and connect employees with PM Fresh's preferred labour hire company;
- Communicated termination of employment and resources available to retrenched workers and non-transitioning staff;
- Communicated PM Fresh desire to continue employment of certain staff;
- Prepared and provided employees with 'Frequently Asked Questions' documents (including translations into five languages);
- Notified Services Australia and union officials of proposed dismissals;
- Liaised with Department of Employment and Workplace Relations;
- Reviewed and processed payroll for the Group and attended to various payroll matters including workers compensation, superannuation and long-service leave queries.

Landlords and lessors

- Attended to payment of liabilities associated with our period of occupation or use of property;
- Facilitated discussion between PM Fresh and selected landlords to progress novation of leases;
- Issued notices pursuant to section 443B of the Act to landlords for premises which were no longer required;

Investigations

- Conducted further investigation into the Directors' ability to claim Safe Harbour protection from insolvent trading;
- Conducted further investigation into voidable preferences, commerciality and collectability of same;
- Established and maintained remote desktop connections to the Group's servers to assist in our ongoing investigations;

4.2 Sale outcome

As detailed in the Administrators' Report, the Sale Process resulted in an Asset Sale Agreement ("ASA") being executed on 8 July 2024 for the sale of the Group's assets. The parties to the ASA were as follows:

- HS Salads, HS Food, and HS Farms (together "the Sellers");
- PMF 2024 Pty Ltd ("the Buyer");
- PMFresh Pty Ltd, SPM Fresh Holdings Pty Ltd and SPM Fresh 2023 Pty Ltd (together "the Guarantors"); and
- the Administrators.

Completion of the ASA occurred on 31 July 2024. The purchase price comprises a deposit, completion payment, numerous deferred payments and two contingent payments. PM Fresh will make payments in tranches as outlined below:

Item	Days due post Completion	Amount Due \$
Deposit	N/A	3,000,000✓
Completion payment	N/A	2,000,000✓
First Deferred Payment	30	1,000,000✓
Second Deferred Payment	60	500,000
Third Deferred Payment	90	500,000
Fourth Deferred Payment	120	1,000,000
Fifth Deferred Payment	180	1,000,000
Sixth Deferred Payment	210	1,000,000
Seventh Deferred Payment	240	1,000,000
Eighth Deferred Payment	270	1,000,000

Ninth Deferred Payment	300	1,000,000
Tenth Deferred Payment	330	1,000,000
Sub-total	-	14,000,000
Inventory Adjustment	N/A	TBD
First Contingent Payment	N/A	TBD
Second Contingent Payment	N/A	TBD
Total Purchase Price		\$TBD
<i>✓ indicates funds received at date of writing</i>		

The First and Second Contingent Payment(s) are subject to achievement of a financial metric which will be assessed based on criteria set out in the ASA. If certain EBITDA targets are met in FY26 and FY27, the first and second contingent payments will be \$3m each. However downward adjustments will be made in the event EBITDA targets are not met.

Completion of the ASA was subject to satisfaction and/or waiver of two conditions precedent being agreement to the assignment of a contract with a key customer and approval of the ACCC.

Under the ASA, PM Fresh have acquired:

- Substantially all of the Company's assets, excluding receivables up to Completion Date;
- Inventory being, raw materials, work in progress, spare parts and crop in ground;
- Rights in and to all business contracts the Group held with its customers;
 - Including the right to receive any rebates payable under any business contracts from Completion Date;
- Rights in and to all water entitlements held by the Group¹; and
- Goodwill and intellectual property.

Security, by way of a purchase money security interest ("PMSI") has been granted to the Sellers over the assets sold to PM Fresh, with the PMSI's to be released upon full payment by PM Fresh.

\$3m of the payments made to date by PM Fresh is a contribution towards their purchase of Inventory. Under the ASA, there is to be an adjustment for the amount of Inventory to be purchased by PM Fresh. A stocktake of the Inventory was conducted at completion on 31 July 2024. If the agreed value of the Inventory at stocktake is greater than \$3m, PM Fresh is to pay an adjustment amount; if the value is less, they will receive a refund. The Administrators are currently in negotiations with PM Fresh to reach an agreed value.

¹ Tasmanian Irrigation Pty Ltd is a first ranking secured creditor in respect of these proceeds, if any.

Since completion, and under the protection afforded by the Voluntary Administration, PM Fresh have elected to retain a number of the premises to facilitate stocktakes and the transfer of equipment to their existing sites in Perth and Brisbane. A number of staff were also retained for a short period to facilitate the transition.

As PM Fresh did not request or offer for any employee of the Group be transferred to their employment, all remaining employees of the Group were made redundant by the Administrators effective 31 July 2024.

The Administrators retained several 'indirect employees' (finance and operations staff) of the Group to assist with the closure of certain premises and to wind down the operations of the Group, including collections from customers, payments of accrued payroll and supplier liabilities of the Group during trade on. We understand some indirect employees may have been offered short-term contracts with PM Fresh.

Direct employees (farm and processing staff) were invited to register their details with TLH Recruitment (a recruitment and labour hire company) to perform work for PM Fresh if required moving forward. Presently, we understand 104 former staff have completed the registration process with TLH Recruitment, with 64 of those staff having commenced work.

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5. Investigations, offences and voidable transactions

5.1 Progress to date

The law requires us to investigate and specify whether there appear to be any voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

In the Administrators' Report it was advised preliminary investigations had been made into the Group's solvency and potential voidable transactions where money or property may be recoverable for the benefit of creditors. Since the Administrators Report we have progressed our investigations into preference payments and safe harbour.

Voidable transactions – preference payments

Further analysis has been conducted into the Group's aged payables and payment arrangements with creditors. As outlined in the updated ESOP we estimate recoverable preferences may be in the range of \$560,000 to \$1.6m after deduction of estimated legal fees to pursue. This estimate does not take into account the considerable further work to be conducted on a creditor-by-creditor basis and investigations required into each business relationship which would involve review of the Group's correspondences with creditors and their representatives.

Safe Harbour Protection

We have also undertaken further work in relation to Safe Harbour protection from insolvent trading which the directors may be able to avail themselves of. As part of this work we have reviewed advice and financial analysis undertaken by the Group's advisors and believe at this preliminary stage the actions taken were likely to have led to a better outcome than an immediate liquidation.

Under the Act, substantial compliance with the eligibility criteria must exist to allow directors to avail themselves of Safe Harbour protection from insolvent trading. One eligibility criteria is compliance with tax reporting obligations. In this regard we are aware the FY 2022 income tax returns remain outstanding. As the Safe Harbour regime is relatively new there is little case law available to understand whether one outstanding lodgement is likely to negate Safe Harbour protection; the Directors have also advised of extenuating circumstances, including the Brisbane floods of 2022, which could be relevant to this assessment.

Independent legal advice will be sought once the Group enters liquidation and a further update on our investigations will be provided in the Liquidators' Statutory Report, which would be issued within three months of the liquidation date.

As mentioned in the Administrators' Report we considered the Group was treated as one business for the purpose of day-to-day operations, as such our investigations have been conducted on a consolidated basis.

6. Estimated return to creditors

6.1 Administrators' estimated statement of position

Below is an updated estimate statement of position for the Group and estimated return to creditors in a Liquidation. Positions are shown individually by company and followed by a consolidated ESOP showing the status of actual and future asset realisations under the sale.

HS Fresh Food Group - Liquidation estimated statement of position					
AUD\$	Notes	HS Holding	HS Food	HS Farms	HS Salads
Non-circulating assets					
Plant and equipment	1	35,913	8,749,641	3,197,899	16,548
Intellectual property	1	Nil	4,000,000	Nil	Nil
Biological assets	2	Nil	Nil	400,000	Nil
Bank guarantees	3	Nil	Nil	Nil	Nil
Total non-circulating assets		35,913	12,749,641	3,597,899	16,548
Circulating assets					
Cash at bank at appointment	4	Nil	1,633,022	14,831	Nil
Pre-appointment debtors	5	Nil	1,193,117	Nil	Nil
Trading position					
Trading income	6	Nil	9,422,556	Nil	Nil
Other income	6	Nil	2,186,573	Nil	120,000
Trading costs and estimated costs to completion	6	Nil	(13,802,549)	Nil	Nil
Accruals	6	Nil	(450,000)	Nil	Nil
Inventory	1	Nil	2,079,548	20,452	Nil
Trading contribution	7	Nil	1,000,000	Nil	Nil
Total circulating assets		Nil	3,262,266	35,283	120,000

HS Fresh Food Group - Liquidation estimated statement of position					
AUD\$	Notes	HS Holding	HS Food	HS Farms	HS Salads
Potential Liquidator recoveries (net of costs)					
Voidable transactions	8	Nil	Unknown	Nil	Nil
Insolvent trading claims	9	Nil	Unknown	Nil	Nil
Total potential Liquidator recoveries		Nil	Nil	Nil	Nil
Professional fees					
Administrators' remuneration and disbursements	10	(25,913)	(2,830,152)	(140,526)	(27,096)
Liquidators' remuneration and disbursements	10	(10,000)	(750,000)	(45,000)	(10,000)
Legal fees and agent costs excl liquidation costs	10	Nil	(350,000)	Nil	Nil
Professional fees		(35,913)	(3,930,152)	(185,526)	(37,096)
Net assets available to creditors		Nil	12,081,755	3,447,656	99,452
Priority creditors					
Assets available to priority creditors		Nil	3,262,266	35,283	120,000
less portion of Professional fees		Nil	(2,115,076)	(101,763)	(20,548)
Net assets available to priority creditors		Nil	1,147,190	Nil	99,452
Priority creditor claims					
Loan for Wages / s560 funding	11	Nil	(6,279,065)	(238,713)	(282,222)
Employees					
Wages - superannuation	12	Nil	(729,183)	(274,636)	(319,341)
Leave entitlements	12	Nil	(2,257,284)	(272,962)	(228,781)
Redundancy & payment in lieu of notice (PILN)	12	Nil	(2,703,723)	(414,245)	(441,498)
Total priority claims		Nil	(11,969,256)	(1,200,555)	(1,271,842)
Secured creditors					
Assets available to secured creditors		35,913	12,749,641	3,597,899	16,548
less portion of Professional fees		(35,913)	(1,815,076)	(83,763)	(16,548)
Net assets available to secured creditors		Nil	10,934,565	3,514,136	Nil
Total secured creditor claims	13	(32,371,657)	(32,371,657)	(32,371,657)	(32,371,657)

HS Fresh Food Group - Liquidation estimated statement of position					
AUD\$	Notes	HS Holding	HS Food	HS Farms	HS Salads
Unsecured creditors					
Net assets available to unsecured creditors		Nil	Nil	Nil	Nil
Unsecured creditors (unrelated)	14	(26,933)	(21,428,188)	(1,757,229)	Nil
Unsecured creditors (related party)	15	(7,126,088)	(20,945,441)	(11,423,092)	Nil
Total unsecured claims		(7,153,021)	(42,373,629)	(13,180,321)	Nil

The table below shows a consolidated position across the Group and more particularly to show the actual and forecast realisations expected under the sale to PM Fresh. The First Contingent Payment, and the Second Contingent Payment) detailed in **section 4.2** are not factored into this position.

HS Fresh Food Group - Liquidation estimated statement of position		As at 8 September 2024		
AUD\$	Notes	Received	Future	Total
Non-circulating assets				
Plant and equipment	1	2,000,000	10,000,000	12,000,000
Intellectual property	1	Nil	4,000,000	4,000,000
Biological assets	2	400,000	Nil	400,000
Bank guarantees	3	Nil	Nil	Nil
Total non-circulating assets		2,400,000	14,000,000	16,400,000
Circulating assets				
Cash at bank at appointment	4	1,647,853	Nil	1,647,853
Pre-appointment debtors	5	1,032,827	160,289	1,193,117
Trading position				
Trading income	6	9,387,734	34,822	9,422,556
Other income	6	2,070,387	236,186	2,306,573
Trading costs and estimated costs to completion	6	(12,625,635)	(1,176,914)	(13,802,549)
Accruals	6	Nil	(450,000)	(450,000)
Inventory	1	2,600,000	(500,000)	2,100,000
Trading contribution	7	1,000,000	Nil	1,000,000
Total circulating assets		5,113,166	(1,695,618)	3,417,549

HS Fresh Food Group - Liquidation estimated statement of position		As at 8 September 2024		
AUD\$	Notes	Received	Future	Total
Potential Liquidator recoveries (net of costs)				
Voidable transactions	8	Nil	Unknown	Unknown
Insolvent trading claims	9	Nil	Unknown	Unknown
Total potential Liquidator recoveries		Nil	Unknown	Unknown
Professional fees				
Administrators' remuneration and disbursements	10	Nil	(3,023,686)	(3,023,686)
Liquidators' remuneration and disbursements	10	Nil	(815,000)	(815,000)
Legal fees and agent costs excl liquidation costs	10	(244,025)	(105,975)	(350,000)
Professional fees		(244,025)	(3,944,662)	(4,188,686)
Net assets available to creditors		7,269,142	8,359,721	15,628,862
Priority creditors				
Assets available to priority creditors				3,417,549
less portion of Professional fees				(2,237,387)
Net assets available to priority creditors				1,246,642
Priority creditor claims				
Loan for Wages / s560 funding	11			(6,800,000)
Employees				
Wages - superannuation	12			(1,323,159)
Leave entitlements	12			(2,759,028)
Redundancy & payment in lieu of notice (PILN)	12			(3,559,466)
Total priority claims				(14,441,653)
Secured creditors				
Assets available to secured creditors				16,400,000
less portion of Professional fees				(1,951,299)

HS Fresh Food Group - Liquidation estimated statement of position		As at 8 September 2024		
AUD\$	Notes	Received	Future	Total
Net assets available to secured creditors				14,448,701
Total secured creditor claims	13			(29,612,629)
Unsecured creditors				
Net assets available to unsecured creditors				Nil
Unsecured creditors (unrelated)	14			(23,212,350)
Unsecured creditors (related party)	15			(39,494,621)
Total unsecured claims				(62,706,971)

6.2 Notes

1. Sale of assets (Plant and equipment, Intellectual Property and Inventory)

As detailed in **section 4.2**, the ASA reached completion with PM Fresh on 31 July 2024.

2. Biological assets

Comprises crop in ground (leaf varieties) planted at the Group's farms. Under the ASA, PM Fresh has purchased the biological assets of the Group. The biological assets were classified as inventory under the ASA. The Administrators are yet to agree the final inventory adjustment calculation with PM Fresh.

3. Bank guarantees

The Group has funds on deposit with CBA subject to a flawed asset agreement, as security for bank guarantees issued to a number of landlords. Based on the estimated amounts outstanding to landlords who hold bank guarantees, we do not anticipate any recoveries of bank guarantees.

4. Cash at bank at appointment

Cash at bank at appointment totalled \$1,652,963. The Group held monies in its own accounts totalling \$1,152,963 and an amount of \$500,000 was held in a trust account controlled by the Group's solicitors.

5. Pre-appointment debtors

The figures provided are based on actual pre-appointment debtor collections already received since appointment. The high scenario assumes the overdue amounts still owing can be collected successfully.

6. Trading position

The trading position considers the actual and forecasted cash inflows and outflows which relate to the period following our appointment.

7. Trading Contribution

A \$1m contribution from the proceeds under the ASA is allocated towards trading costs.

8. Voidable transactions

All voidable transactions identified relate to unfair preference claims, which require the Group to be insolvent at the time of entering into the transaction or as a result of the transaction. Please refer to **section 5.1** for further details. As further work is required to review and analyse each potential preference claim including defences which may be available, we are not yet in a position to provide a reasonable estimate of recovery prospects or range of recovery.

9. Insolvent trading claims

As detailed in the Administrators' Report to Creditors, our preliminary investigations indicate the Group may have traded insolvently from late January 2024. We note any claim of this nature is likely to be vigorously defended by the Directors, particularly given the protection they sought with regard to Safe Harbour protection from around March 2022 onwards.

10. Remuneration, disbursements and legal costs

The estimated remuneration and disbursements of the Administrators and Liquidators are subject to the approval of creditors at the reconvened second meetings of creditors.

In a liquidation, we have estimated Liquidator remuneration and disbursements and legal costs based on potential recoveries pursued. For HS Fresh Food Pty Ltd (Administrators Appointed), we are not yet seeking any prospective remuneration for the Liquidation period, we will report to the Committee of Inspection for this approval in due course, however for the purposes of the estimated statement of position, an estimate of remuneration has been assumed.

Please refer to the Remuneration Approval Report contained at **Appendix 3** for further details.

11. Section 560 loan

As outlined in section 5.4.2 of the Administrators Report, approx. \$7.5million of the secured creditor's debt has been funded by means of loans to the Group for the specific purpose of payment of wages and/or superannuation ("section 560 loan"). The total value of these loans has the same priority as the purpose for which the loan was provided, that is, these loans attain the same priority as employee entitlements.

12. Priority employee claims

Represents wages and superannuation, annual leave, annual leave loading, long service leave, payment in lieu of notice and redundancy amounts owed to employee creditors.

13. Secured creditor claims

Estimated debt owing to the Group's secured creditor, Tanarra.

14. Unrelated unsecured creditor claims

Estimated amounts owing to the Group's unrelated creditors.

15. Related unsecured creditor claims

Estimated amounts owing to unsecured creditors of the Group which are related to the Group. Refer to **section 6.5** for further details.

6.3 Summary of estimated returns

Below is a summary of the estimated returns to priority creditors and unsecured creditors in a liquidation scenario and before any recoveries by a liquidator for voidable transaction and insolvent trading.

Estimated returns are presented on a cents in the dollar basis.

	HS Holding	HS Food	HS Farms	HS Salads
Summary of Estimated Returns	Approx. return	Approx. return	Approx. return	Approx. return
Secured creditors	Nil	39.4 cents/\$	11.1 cents/\$	Nil
Priority Creditors: s560	Nil	16.4 cents/\$	Nil	16.5 cents/\$
Priority Creditors: Wages & Superannuation	Nil	16.4 cents/\$	Nil	16.5 cents/\$
Priority Creditors: Leave entitlements	Nil	Nil	Nil	Nil
Priority Creditors: Redundancy & PILN	Nil	Nil	Nil	Nil
Unsecured Creditors	Nil	Nil	Nil	Nil

6.4 Impact of related entity claims on dividend prospects

We are aware of the following related party creditor claims. These related parties are treated as unsecured claims and since the estimated return to unsecured creditors is nil, our view is that admitting the claims below will not have an impact on the dividend payable to unsecured creditors.

Related party creditor	Notes	Company records (\$)	Administrators' ERV (\$)	Relationship
Financial creditors				
Rockefeller loan	1	730,619	730,619	Shareholder and landlord
Tasmanian Development Fund		6,237,853	6,237,853	Shareholder and creditor
Fortitude Investment Partners	2	4,981,109	4,981,109	Shareholder
Chau Nominees		125,665	125,665	Shareholder
Rascall Pty Ltd		40,440	40,440	Shareholder
Terrafarm Pty Ltd		439,403	439,403	Shareholder
Trade creditors				
Houston Property Trust		183,660	183,660	Shareholder and landlord
Houston Properties Pty Ltd		11,419	11,419	Shareholder and landlord
Fortitude Investment Partners		10,291	10,291	Shareholder
Christopher Christopher		169,998	169,998	Shareholder and landlord
Birch & Waite		744,168	744,168	Common directorship
EP Foods*		324,580	354,657	Common directorship

**inadvertently omitted from Administrators' Report*

As outlined in the Administrators' Report, it is our preliminary opinion all these debts have been incurred by the Group in an arms' length manner and subject to review of the quantum's involved, are likely to be provable in a liquidation.

6.5 Estimated timing of payments to creditors

An indicative range of the estimated timing of dividends under each option (and to each class of creditor) is set out below:

- Secured creditors Subject to payments under Asset Sale Agreement
- Priority creditors 3-12 months
- Unsecured creditors No return

7. Administrators' opinion and recommendation

7.1 Opinion and recommendation to creditors

What creditors can decide at the meeting

At the reconvened second meeting of creditors, creditors are required to decide whether:

- The Group should execute a DOCA
- The administration of the Group should end, or
- The Group should be wound up.

In accordance with the requirements of Section 75-225 of the IPR, the Administrators must provide an opinion on each of the above options, and whether the option is in the creditors' interests.

Administrators' opinions on the options available to creditors

Execution of a deed of company arrangement

As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time. Therefore, we do not consider it would be in the creditors' interests for the Group to execute a DOCA.

The Administration comes to an end

If the creditors vote for this alternative, control of the Group would revert to the directors following the forthcoming meeting of creditors.

The Group is insolvent with no cash to pay the Group's debts and no confirmed prospects of obtaining external funding. Therefore we do not consider it would be in the creditors' interests for the administration to end.

The Group is wound up

We consider it would be in the creditors' interests for the Group to be wound up. The Group is insolvent. We have not been provided with a proposal for a DOCA for consideration and it is not appropriate the administration ends for the reasons noted above.

Administrators' opinion on voidable transactions

It is the opinion of the Administrators there are payments made by the Group which could be commercially recoverable as voidable as against the liquidators. This has been discussed in **Section 5**.

Dated: 12 September 2024



Joanne Dunn
Administrator

8. Appendix 1 – Glossary and terms of reference

Item	Definition
ACCC	Australian Competition and Consumer Commission
Act	Corporations Act 2001 (Cth)
Administrators	Joanne Dunn, Vaughan Strawbridge and Ben Campbell
Administrators' Report	Administrators' Report to Creditors dated 11 July 2024
ASA	Asset Sale Agreement dated 8 July 2024 between the Group (as seller) and PM Fresh (as buyer) for the sale and purchase the business and assets of the Group
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office (incorporating the Deputy Commissioner of Taxation, as applicable)
CBA	Commonwealth Bank of Australia
Completion Date	Being 31 July 2024, the date the ASA with PM Fresh achieved completion
DIRRI	Declaration of independence, relevant relationships and indemnities
DOCA	Deed of company arrangement
Directors	Raymond Butcher, Nicholas Dignam and Michal Wallas
EBIT / EBITDA	Earnings before interest and tax / Earnings before interest, tax, depreciation and amortisation
ERV	Estimated realisable value
ESOP	Estimated Statement of Position
FEG	Fair Entitlements Guarantee Scheme
FYXX	Financial year ended/ending 30 June 20XX, or substituted accounting period
GST	Goods and Services Tax, as applicable in Australia
Group or HS Fresh Food	HS Holding, HS Food, HS Farms and HS Salads
HS Farms	HS Fresh Farms Pty Ltd (Administrators Appointed) ACN 638 495 664
HS Holding	HS Fresh Food Holding Pty Ltd (Administrators Appointed) ACN 638 495 673
HS Food	HS Fresh Food Pty Ltd (Administrators Appointed) ACN 638 495 655
HS Salads	HS Salads Pty Ltd (Administrators Appointed) ACN 640 565 966
IPR	Insolvency Practice Rules (Corporations) 2016

PM Fresh	The purchasing entity in the Asset Sale Agreement dated 8 July 2024 being PMF 2024 Pty Ltd, a special purpose controlled by PMFresh Pty Ltd
Post-completion	After 31 July 2024
PPSR	Personal Property Securities Register
Sale Process	Process conducted by the Administrators for a sale and/or recapitalisation of the business operated by the Group
Second Meeting of Creditors	The second meeting of creditors held on 19 July 2024
Tanarra	Perpetual Corporate Trust Limited ACN 000 341 533 as custodian for the Trust Company (RE Services) Limited ACN 003 278 831 as trustee for the Tanarra Australian Recovery Fund No. 1 Trust ABN 97 174 430 526

Terms of reference

This report has been prepared for the creditors of Group to assist them in evaluating their position as creditors and in deciding on the Group's future. None of the Administrators, FTI Consulting and its staff shall assume any responsibility to any third party to which this report is disclosed or otherwise made available.

This report is based on information obtained from the Group's records, the Directors and management of the Group and from our own enquiries. While we have no reason to doubt the veracity of information contained in this report, unless otherwise stated we have proceeded on the basis the information provided and representations made to us are materially accurate, complete and reliable. We have not carried out anything in the nature of an audit, review or compilation.

This report may contain prospective financial information, including estimated outcomes for creditors, and other forward looking information. As events and circumstances frequently do not occur as expected, there may be material differences between estimated and actual results. We take no responsibility for the achievement of any projected outcomes or events.

We reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the forthcoming meeting of creditors.

Creditors should seek their own advice if they are unsure how any matter in this report affects them.

9. Appendix 2 – DIRRI

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

HS FRESH FOOD PTY LTD ACN 638 495 655 AND ITS RELATED ENTITIES AS LISTED IN SCHEDULE 1 (TOGETHER, “THE COMPANIES” OR “THE GROUP”)

(ALL ADMINISTRATORS APPOINTED)

The purpose of this document is to assist creditors with understanding any relevant relationships that we have with parties who are closely connected to the Companies and any indemnities or upfront payments that have been provided to us. None of the relationships disclosed in this document are such that our independence is affected.

This information is provided so you have trust and confidence in our independence and, if not, you can ask for further explanation or information and can act to remove and replace us if you wish.

This declaration is made in respect of ourselves, our fellow Senior Managing Directors/Managing Directors, FTI Consulting (Australia) Pty Ltd (FTI Consulting or Firm) and associated entities, as detailed in **Annexure A**.

We are Professional Members of the Australian Restructuring Insolvency and Turnaround Association (ARITA). We acknowledge that we are bound by the ARITA Code of Professional Practice.

This declaration has been updated since our initial declaration dated 17 June 2024, and our second declaration on 11 July 2024, which was updated to advise of an indemnity provided by Perpetual Corporate Trust Limited ACN 000 341 533 as custodian for the Trust Company (RE Services) Limited ACN 003 278 831 as trustee for the Tanarra Australian Recovery Fund No.1 Trust ABN 97 174 430 526 (“Tanarra”). This declaration is now further updated to correct the position of David Anderson as Secretary of the Group on page 11. No other relevant relationships or indemnities have otherwise changed.

Independence

We have assessed our independence and we are not aware of any reasons that would prevent us from accepting this appointment.

There are no other known relevant relationships, including personal, business and professional relationships that should be disclosed beyond those we have disclosed in this document.

Circumstances of appointment

How we were referred this appointment

This appointment was referred to FTI Consulting by Integral Financial who was an advisor to the Companies at that time.

We believe that this referral does not result in us having a conflict of interest or duty because:

- Integral Financial refers work to FTI Consulting from time to time. Neither the Administrators nor FTI Consulting have any formal or informal referral arrangements with Integral Financial, and to our knowledge they do not exclusively refer such work to us or FTI Consulting.
- Work referrals arising from networks of business professionals, advisors and other persons are normal and accepted arrangements, and do not inherently impact on us discharging our statutory duties and obligations with independence and impartiality.
- FTI Consulting is not reliant upon referrals from Integral Financial, who are one of a considerable number of firms, organisations and persons who refer work to, or seek advice from, FTI Consulting. This engagement is not financially significant to FTI Consulting and the receiving or otherwise of other referrals from Integral Financial is not material to FTI Consulting.
- There is no expectation, agreement or understanding between the Voluntary Administrators and Integral Financial regarding the conduct of the Voluntary Administration and we are free to act independently and in accordance with the law and applicable professional standards.

Did we meet with the Companies, the directors and/or their advisors before we were appointed?

☒ Yes ☐ No

FTI Consulting and the Group's representatives met and corresponded in two distinct points in time during the period from 1 June 2023 to 13 June 2024 as follows:

1. **1 June 2023 to 24 July 2023:** initial approach and contingency planning discussions; and
2. **21 May 2024 to 13 June 2024:** approach to undertake contingency planning for a potential voluntary administration appointment.

We have set out in **Annexure B** further details of the meetings held between the Group and its representatives prior to our appointment.

We confirm these meetings were for the purposes of:

- Discussing a potential engagement to assist the Companies assess restructuring options and undertake contingency planning for a voluntary administration appointment;
- Obtaining sufficient information about the Companies to enable discussion around the financial position of the Companies and positions of key stakeholders;

- Obtaining updates about the status of the Companies' restructuring and recapitalisation plan including potential timing for a formal restructuring appointment;
- Explaining the various forms of insolvency appointments, the options available, and the consequences of an insolvency appointment;
- Outlining the process following an insolvency appointment; and
- To provide a Consent to Act if the Group's directors resolve to appoint voluntary administrators.

We were not formally engaged nor did we receive any remuneration for the meetings that occurred before our appointment as voluntary administrators to the Companies.

In our opinion, this does not affect our independence for the following reasons:

- The Courts and relevant professional bodies recognise the need to adequately plan the insolvency process and the options available and do not consider that such planning discussions result in a conflict or are an impediment to accepting the appointment;
- No advice or reporting has been given to the Group, its management or associates in relation to its affairs or its solvency. The discussions related solely to understanding the financial affairs, operations and planning for a potential appointment as voluntary administrators;
- No remuneration has been received for any work or discussions held in relation to the Group;
- The nature of the pre-appointment dealings is such that they would not be subject to review and challenge during the course of our appointment;
- No advice has been given to the directors of the Group in relation to their personal circumstances;
- The pre-appointment dealings will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the appointment as Voluntary Administrators of the Companies in an objective and impartial manner; and
- The pre-appointment meetings and work undertaken have provided us with an understanding of the Group's affairs and its activities which will assist us to discharge our statutory and fiduciary duties as administrators in the best interests of the Group's creditors. In particular, much of the work undertaken includes the collation of information required to report to creditors under Rule 75-225 of the *Insolvency Practice Rules (Corporations) 2016*.

We have provided no other information or advice to the Companies' directors and its advisors prior to our appointment beyond that outlined in this DIRRI.

Relationships with secured creditors

Do we have a relationship with a secured creditor entitled to enforce security over the whole or substantially the whole of the Company's property?

☒ Yes ☐ No

FTI Consulting has a relationship with Tanarra Restructuring Partners ("Tanarra") which has provided loan facilities to the Group, secured by an All Present and After Acquired Property security registration over the Group. This relationship has largely involved external administrations conducted by FTI Consulting where Tanarra is a secured creditor or other stakeholder.

We believe that this relationship does not result in a conflict of interest or duty because:

- We have not undertaken any work for Tanarra in respect to the Group;
- Any previous engagements accepted for Tanarra are unrelated to this engagement; and
- We are not paid any commissions, inducements or benefits by Tanarra to undertake engagements and are not bound or obligated to deliver a favourable outcome to any party.

Relationships with unsecured creditors

Do we have a relationship with an unsecured creditor of the Company?

☒ Yes ☐ No

FTI Consulting has a relationship with the Australian Taxation Office ("ATO"). Certain Senior Managing Directors of FTI Consulting will, from time to time, act as Liquidators to unrelated companies which have been wound up in insolvency by the ATO.

We do not believe this relationship constitutes a conflict of interest or duty because, in external administrations where the ATO is an unsecured creditor, we do not act directly on their behalf; rather there are duties to all creditors.

The work that FTI Consulting undertakes in these circumstances will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with our appointment as Voluntary Administrators of the Company in an objective and impartial manner.

Declaration of Relationships

Other than disclosed above, within the previous 2 years we or our firm have had a relationship with:

The Companies	☐ Yes	☒ No
The directors	☐ Yes	☒ No

Any associates of the Companies?	☐ Yes ☒ No
As specified on page 1 and Schedule 1, we have been appointed as Voluntary Administrators of four companies in the Group and comment on the group appointment as follows: ■ Each of the companies listed in Schedule 1 (with the exception of HS Fresh Food Holding Pty Ltd) is a direct or indirect subsidiary of HS Fresh Food Holding Pty Ltd. ■ We have obligations in respect of each of the Companies individually (as defined in Section 435A of the Corporations Act 2001 and not to the Group as a whole. As such, it is acknowledged that potential conflicts could possibly arise in the course of carrying out our duties in respect of each company in the Group. ■ We are of the view that the appointment to the Group will have significant benefits to the conduct of the Voluntary Administrations, particularly as this will offer cost savings and will facilitate a comprehensive and accurate understanding of the activities and financial position of the Group as a whole.	
A former insolvency practitioner appointed to the Companies?	☐ Yes ☒ No
A secured creditor entitled to enforce a security over the whole or substantially the whole of the Companies property?	☐ Yes ☒ No

Do we have any other relationships that we consider are relevant to creditors assessing our independence?

☐ Yes ☒ No

Indemnities and up-front payments

Subsequent to our appointment, we have received the following indemnity from Tanarra as a secured creditor:

- Deed of Funding and Indemnity dated 8 July 2024 between Tanarra (the Indemnifying Party), the Group and the Administrators to indemnify the Administrators in respect of the:
 - Approved Debts incurred by the Administrators in the course of the Administration of the Group up to the Approved Debts Capped Amount; and
 - Administrators' Remuneration and Expenses.

- Approved Debts includes all debts and liabilities incurred by the Administrators within the meaning of section 443A of the Act, excluding the Excluded Liabilities.
- The Approved Debts Capped Amount is \$1million.

The Approved Debts Capped Amount has not been received by the Administrators as at the date of this DIRRI.

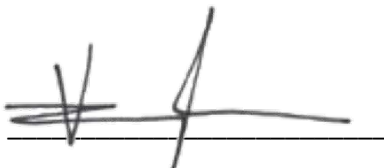
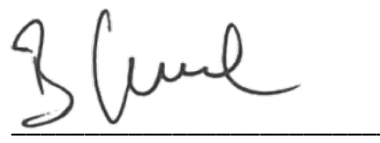
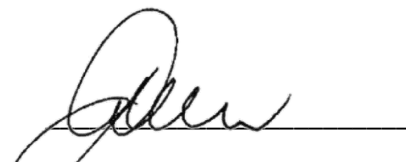
This indemnity is secured by the General Security Agreement between Tanarra and the Group bearing PPSR Registration numbers 202007070056520, 202004270050528, 202106290062843 and 202004270050117.

This indemnity is not conditional on any predetermined outcome and will not influence our ability to fully comply with the statutory and fiduciary obligations associated with our appointment as Administrators of the Group.

This does not include any indemnities we may be entitled to under the law.

We have not received any other indemnities or upfront payments.

Dated 22 July 2024


Vaughan Strawbridge
Ben Campbell
Joanne Dunn

Notes:

1. *The assessment of independence has been made based on an evaluation of the significance of any threats to independence and in accordance with the requirements of the relevant legislation and professional Standards.*
2. *If circumstances change, or new information is identified, we are required under the Corporations Act 2001 or Bankruptcy Act and ARITA's Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors. For creditors' voluntary liquidations and voluntary administrations, this document and any updated versions of this document are required to be lodged with ASIC.*

SCHEDULE 1

HS Fresh Food Pty Ltd ACN 638 495 655

HS Fresh Food Holding Pty Ltd ACN 638 495 673

HS Fresh Farms Pty Ltd ACN 638 495 664

HS Salads Pty Ltd ACN 640 565 966

ANNEXURE A

FTI Consulting (Australia) Pty Ltd and associated entities

FTI Consulting Inc (ultimate holding entity)

FTI Consulting – FD Australia Holdings Pty Ltd

FTI Consulting (Australia) Pty Ltd

FTI Technology (Sydney) Pty Ltd

FTI Consulting (Perth) Pty Ltd

FTI Consulting (Sydney) Pty Ltd

FTI Capital Advisors (Australia) Pty Ltd

FTI Consulting Australia Nominees Pty Ltd

Annexure B

Meetings between FTI Consulting staff and the Group's representatives during the period 1 June 2023 to 13 June 2024

Date	Medium	FTI Consulting attendees	External attendees	Agenda/purpose/discussion
1 June 2023	Microsoft Teams meeting	Ben Campbell Vaughan Strawbridge	Mike Wallas Nicholas Dignam	■ Introductory call ■ Discussion regarding a potential engagement to assist the Group with assessing restructuring options
5 June 2023	Microsoft Teams meeting	Ben Campbell Julian Gowdie	Mike Wallas Nicholas Dignam Raymond Butcher	■ Discussion regarding potential scope of engagement to assist with the Group with assessing restructuring options
6 June 2023	Microsoft Teams meeting	Ben Campbell Vaughan Strawbridge	Mike Wallas Nick Dignam	■ Further discussion regarding potential scope of engagement and status of the current restructuring/recapitalisation plan
8 June 2023	Microsoft Teams meeting	Ben Campbell	Mike Wallas Nick Dignam	■ Company update on progress with its restructuring / recapitalisation plan ■ Discussion regarding contingency planning and restructuring options
12 June 2023	In person	Ben Campbell	Mark Schneider Mike Wallas Nick Dignam	■ Discussion regarding potential restructuring options including a potential voluntary administration appointment
12 June 2023	Microsoft Teams meeting	Ben Campbell Julian Gowdie	Simon Vertullo Cameron Wall	■ Discussion regarding short term cash flow forecast and assumptions, and trade creditor positions
16 June 2023	Microsoft Teams meeting	Ben Campbell Vaughan Strawbridge	Nick Dignam Mike Wallas David Anderson Simon Vertullo Peter Taylor Mark Schneider	■ Company update on progress with restructuring plan and stakeholder discussions ■ Discussion regarding potential impact and outcomes of a voluntary administration appointment
23 June 2023	Microsoft Teams meeting	Ben Campbell Julian Gowdie Marco Bozzetto	Simon Vertullo Cameron Wall	■ Discussion regarding updated short term cash flow forecast and assumptions

Date	Medium	FTI Consulting attendees	External attendees	Agenda/purpose/discussion
24 June 2023	Microsoft Teams meeting	Ben Campbell	Nick Dignam Mike Wallas Mark Schneider	Company update on its progress with restructuring plan and discussions with secured lender
12 July 2023	Microsoft Teams meeting	Ben Campbell	Nick Dignam Raymond Butcher Peter Taylor Mark Schneider	Company update on its progress with restructuring / recapitalisation plan
13 July 2023	Microsoft Teams meeting	Ben Campbell	Nick Dignam Mike Wallas David Anderson Simon Vertullo Cameron Wall Peter Taylor	Company update on forecast cash flows and its progress with restructuring/recapitalisation plan
24 July 2023	Microsoft Teams meeting	Ben Campbell Vaughan Strawbridge	Nick Dignam Michael Wallas Raymond Butcher Mark Schneider	Discussion regarding potential restructuring options and stakeholder discussions
21 May 2024	Microsoft Teams meeting	Ben Campbell	Nick Dignam Mike Wallas Mark Schneider Peter Williams	- Company update regarding current financial position and forecast cash flows - Discussion regarding a potential voluntary administration appointment
24 May 2024	Phone call	Ben Campbell	Nick Dignam	- Company update on its discussions with an interested party regarding a potential sale transaction - Discussion regarding potential voluntary administration appointment and overview of the process
3 June 2024	Microsoft Teams meeting	Ben Campbell	Nick Dignam	- Company update on its progress with a sale transaction - Overview of voluntary administration process - Discussion regarding additional focus areas for contingency planning
6 June 2024	Phone call	Ben Campbell	Nick Dignam	Company update on discussions with an interested party regarding a potential sale transaction

Date	Medium	FTI Consulting attendees	External attendees	Agenda/purpose/discussion
				■ Discussion regarding further contingency planning required, current cash position and timing for a potential voluntary administration appointment
7 June 2024	Phone call	Ben Campbell	Nick Dignam	■ Company update on various stakeholder discussions and potential sale transaction ■ Discussion regarding potential timing for a voluntary administration appointment
12 June 2024	Phone call	Ben Campbell	Nick Dignam	■ Company update on various stakeholder discussions and potential sale transaction ■ Discussion regarding next steps and potential timing for a voluntary administration appointment
13 June 2024	Microsoft Teams meeting	Ben Campbell Joanne Dunn	Nick Dignam Mike Wallas Raymond Butcher Mark Schneider	■ Discussion regarding plan for voluntary administration appointment

Non FTI Consulting staff positions held at the date of interactions

Name	Position/title held	Representing
Michael Wallas	Director and Chairman of the Group	The Group
Nicholas Dignam	Director of the Group	The Group
Raymond Butcher	Director of the Group	The Group
David Anderson	Secretary of the Group	The Group
Simon Vertullo	Interim Chief Financial Officer of the Group	The Group
Cameron Wall	Advisor to the Group	Vantage Performance
Peter Taylor	Shareholder representative	Fortitude Investment Partners
Mark Schneider	Legal Advisor to the Group	Hamilton Locke
Peter Williams	Legal Advisor to the Group	Hamilton Locke

10. Appendix 3 – Remuneration Approval Report

12 September 2024



Remuneration Approval Report

HS Fresh Food Holding Pty Ltd
(Administrators Appointed)
ACN 638 495 673

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Summary

This remuneration approval report provides you with the information that the Corporations Act 2001 (“Act”) and the Code of Professional Practice published by the Australian Restructuring Insolvency and Turnaround Association (“ARITA”) requires creditors to receive to make an informed decision regarding the approval of our remuneration for undertaking the Voluntary Administration of HS Fresh Food Holding Pty Ltd (Administrators Appointed) ACN 638 495 673 (“the Company”).

We are asking creditors to approve the following remuneration and disbursements:

Appointment type/Period	Remuneration (excl GST)
Voluntary Administration (8 July 2024 to 8 September 2024)	\$9,489.00
Voluntary Administration (9 September 2024 to 20 September 2024)	\$2,000.00
Liquidation (21 September 2024 to finalisation of Liquidation)	\$15,000.00
Total remuneration approval sought	\$26,489.00

Creditors have previously approved our remuneration as follows:

Appointment type/Period	Remuneration (excl GST)
Voluntary Administration for the period 14 June 2024 to 7 July 2024 (inclusive)	\$14,423.50

We estimate that the total cost of the Voluntary Administration of the Group will be \$2,986,674.50. This has increased from our previous estimate of \$1,821,430.50 (excl. GST) provided in the Administrators’ Report dated 11 July 2024 for the following reasons:

- **Trade-on management:** Significant time spent finalising supplier/trading liabilities
- **Sale of Business:** Significant time spent assisting with transition tasks and completion of ASA
- **Investigations:** Additional tasks associated with progressing investigations into potential voidable preferences and Safe Harbour protection of liability for insolvent trading
- **Employee Management:** Due to changes in approach and messaging from purchasers significant time was spent responding to and dealing with employee enquiries

Declaration

We, Ben Campbell, Vaughan Strawbridge and Joanne Dunn, of FTI Consulting, have undertaken a proper assessment of the claims for remuneration for the appointment as Administrators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration and disbursements claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment and further, that the disbursements that have been incurred in the conduct of the external administration are necessary and proper.

Remuneration sought

Details of our remuneration sought are set out in the following table:

For	Period	Amount \$ (excl GST)	Applicable rates	Timing of payment
Work already completed	8 July 2024 to 8 September 2024	\$9,489.00	As per the attached hourly rates at Schedule D	Immediately, when funds are available.
Future work to the reconvened second meeting of creditors	9 September 2024 to 20 September 2024	\$2,000.00	As per the attached hourly rates at Schedule D	As time is incurred and as funds are available
Future (Liquidation)	21 September 2024 to finalisation of Liquidation	\$15,000.00	As per the attached hourly rates at Schedule D	As time is incurred and as funds are available
Total		\$26,489.00		

Details of the work already done and future work that we intend to do are **enclosed at Schedule A**.

Schedule B includes a breakdown of time spent by staff members on each major task for work we have already done.

Actual resolutions to be put to the meeting are included at **Schedule C** for your information. These resolutions also appear in the proxy form for the second meeting provided to you.

Disbursements

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors. Details of these amounts are enclosed at **Schedule E**

For more information about disbursements, please refer to the Initial Remuneration Notice sent to you on 17 June 2024.

We are not seeking approval for any internal disbursements for the Voluntary Administration period.

Likely impact on dividends

The Act sets the order for payment of claims against the Company and it provides for remuneration of the Administrators and Liquidators, if appointed, to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators and Liquidators receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

There are not expected to be sufficient funds to pay a dividend to unsecured creditors should the Company enter into liquidation due to:

- Realisations to date;
- Estimated future realisations;
- Estimated remuneration to complete the Voluntary Administration; and
- The estimated total of creditor claims based on the Company's records and claims lodged.

Queries

Further supporting documentation for our remuneration claim can be provided to creditors on request.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for INFO 85).

If you have any queries in relation to the information in this report, please contact this office on (07) 3225 4900 or by email at HSFF.Creditors@fticonsulting.com.

Yours faithfully



Joanne Dunn

Joint and Several Administrator

Attachments:

Schedule A – Details of work

Schedule B – Time spent by staff on each major task (work already done)

Schedule C – Resolutions

Schedule D – FTI Consulting schedule of rates effective 1 July 2024

Schedule E – Disbursements

Schedule A – Details of work

Task area/General description	Work already done	Future work in Voluntary Administration	Future work in Liquidation
Period	8 July 2024 to 8 September 2024	9 September 2024 to 20 September 2024	21 September to finalisation of Liquidation
Amount \$ (excl GST)	\$9,489.00	\$2,000.00	\$15,000.00
Assets	Nil	\$400.00	\$3,000.00
Sale of business as a going concern	<i>Intentionally left blank</i>	■ Attend to post-completion requirements pursuant to the ASA ■ Attend to other post-completion issues and transition arrangements Ongoing discussions with Purchaser to facilitate transfer of assets, records and information as required	■ Attend to post-completion requirements pursuant to the ASA ■ Attend to other post-completion issues and transition arrangements Ongoing discussions with the Purchaser to facilitate transfer of assets, records and information as required
Cash and bank accounts	<i>Intentionally left blank</i>	■ Correspondence with pre-appointment bank regarding access to funds and bank statements Dealing with pre-appointment receivables paid into pre-appointment bank account(s) and recovering funds where possible	■ Correspondence with pre-appointment bank regarding access to funds and bank statements Dealing with pre-appointment receivables paid into pre-appointment bank account(s) and recovering funds where possible
Plant & equipment	<i>Intentionally left blank</i>	■ Dealing with any leased equipment not required by the Purchaser ■ Realising residual assets not acquired by the Purchaser	■ Dealing with any leased equipment not required by the Purchaser ■ Realising residual assets not acquired by the Purchaser
Creditors	4.2 hours \$2,994.50	\$1,000.00	\$7,500.00

Task area/General description	Work already done	Future work in Voluntary Administration	Future work in Liquidation
Creditor Enquiries, Requests & Directions	■ Receive and respond to creditor enquiries ■ Maintaining creditor request log ■ Documenting requests and responses ■ Considering reasonableness of creditor requests ■ Documenting reasons for complying or not complying with requests or directions ■ Compiling information requested by creditors ■ Maintaining company creditor listing and updating as required ■ Corresponding with creditors regarding virtual meeting procedure and registration requirements	■ Receive and respond to creditor enquiries ■ Maintaining creditor request log ■ Considering reasonableness of creditor requests ■ Compiling information requested by creditors ■ Obtaining legal advice on requests if required ■ Corresponding with creditors regarding virtual meeting procedure and registration requirements	■ Receive and respond to creditor enquiries ■ Maintaining creditor request log ■ Considering reasonableness of creditor requests ■ Compiling information requested by creditors ■ Obtaining legal advice on requests if required ■ Corresponding with creditors regarding virtual meeting procedure and registration requirements
Secured creditor reporting	■ Preparing reports to secured creditor including cashflow forecasts and funding request ■ Preparation of documentation for funding request. ■ Responding to secured creditor's queries	■ Execute funding request agreement ■ Preparing reports to secured creditor including cashflow forecasts and funding request ■ Responding to secured creditor's queries	■ Preparing reports to secured creditor including cashflow forecasts and funding request ■ Responding to secured creditor's queries
Creditor reports	■ Distribution of Voluntary Administrators' report dated 11 July 2024 to creditors ■ Preparation of Voluntary Administrators' supplementary report to creditors dated 12 September 2024	■ Finalisation of Voluntary Administrators' supplementary report to creditors dated 12 September 2024 ■ Distribution of the above	■ Preparation of Liquidators' Statutory Report to Creditors ■ Distribution of the above
Dealing with proofs of debt	■ Receipting and filing POD when not related to a dividend ■ Maintaining a POD register ■ Corresponding with OSR and ATO regarding POD when not related to a dividend	■ Receipting and filing POD when not related to a dividend ■ Maintaining a POD register ■ Corresponding with OSR and ATO regarding POD when not related to a dividend	■ Receipting and filing POD when not related to a dividend ■ Maintaining a POD register ■ Corresponding with OSR and ATO regarding POD when not related to a dividend
Meeting of Creditors	■ Maintain schedule of registrations for Second Meeting of Creditors	■ Maintain schedule of registrations for Reconvened Second Meeting of Creditors	■ Preparation and lodgement of minutes of Reconvened Second Meeting with ASIC

Task area/General description	Work already done	Future work in Voluntary Administration	Future work in Liquidation
	■ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ■ Preparation of minutes of Second Meeting ■ Responding to stakeholder queries and questions immediately following meeting, and in lead up to meeting ■ Preparation of meeting notices, proxies and advertisements for Reconvened Second Meeting of Creditors ■ Forward notice of meeting to all known creditors	■ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ■ Prepare for and hold Reconvened Second Meeting of Creditors ■ Responding to stakeholder queries and questions immediately following meeting, and in the lead up to meeting	■ Responding to stakeholder queries and questions immediately following meeting
Employees	0.10 hours \$67.00	Nil	Nil
Calculation of entitlements	■ Reviewing employee files and company's books and records	<i>Intentionally left blank</i>	<i>Intentionally left blank</i>
Trade On	7.4 hours \$4,322.00	\$200.00	\$1,500.00
Trade on management	■ Liaising with suppliers ■ Liaising with management and staff ■ Meetings with staff in relation to supplier matters, continued operations and invoicing ■ Attendance on site ■ Authorising purchase orders ■ Maintaining purchase order registry ■ Preparing and authorising receipt vouchers ■ Preparing and authorising payment vouchers	■ Liaising with suppliers ■ Maintaining purchase order registry ■ Preparing and authorising receipt vouchers ■ Preparing and authorising payment vouchers ■ Finalising trading accounts	■ Liaising with suppliers ■ Maintaining purchase order registry ■ Preparing and authorising receipt vouchers ■ Preparing and authorising payment vouchers ■ Finalising trading accounts

Task area/General description	Work already done	Future work in Voluntary Administration	Future work in Liquidation
	■ Liaising with superannuation funds regarding contributions, termination of employees' employment ■ Liaising with OSR regarding payroll tax issues		
Budgeting and financial reporting	■ Ongoing preparation of budgets and cash flows ■ Finalising trading profit or loss ■ Meetings to discuss trading position ■ Reconciliation of debtor receipts on weekly basis in cashflow	■ Ongoing preparation of budgets and cash flows ■ Finalising trading profit or loss ■ Meetings to discuss trading position ■ Reconciliation of debtor receipts on weekly basis in cashflow	■ <i>Intentionally left blank</i>
Investigations	0.50 hours \$220.00	\$200.00	\$1,500.00
Conducting investigation	■ Further preparation of the investigation file ■ Review available books and records and other information	■ Further preparation of the investigation file ■ Review available books and records and other information concerning the aforementioned	■ Reviewing company's books and records ■ Review of specific transactions and liaising with directors regarding certain transactions ■ If deemed commercial, pursue potential claims ■ Conduct further investigations into potential claims available to the Liquidators and determine the commerciality of pursuing such claims ■ Investigate the capacity of the Directors to pay any insolvent trading claim ■ Preparation of investigation file ■ Obtaining legal advice if required ■ Lodgement of investigation with the ASIC ■ Preparation and lodgement of supplementary report if required

Task area/General description	Work already done	Future work in Voluntary Administration	Future work in Liquidation
ASIC reporting	■ Preparation and lodgement of various ASIC forms	■ Preparation and lodgement of various ASIC forms	■ Preparation and lodgement of various ASIC forms ■ Liaising with ASIC
Administration	4.2 hours \$1,885.50	\$200.00	\$1,500.00
Correspondence	■ General correspondence with various parties	■ General correspondence with various parties	■ General correspondence with various parties
Document maintenance/file review/checklist	■ Filing of documents ■ File reviews ■ Updating checklists ■ Internal management and team meetings	■ Filing of documents ■ File reviews ■ Updating checklists ■ Hold internal meetings with the engagement team	■ Filing of documents ■ File reviews ■ Updating checklists ■ Hold internal meetings with the engagement team
Insurance	■ Identification of potential issues requiring attention of insurance specialists ■ Correspondence with Arthur J Gallagher regarding initial and ongoing insurance requirements ■ Reviewing insurance policies ■ Correspondence with previous brokers	■ Correspondence with insurer regarding ongoing insurance requirements ■ Reviewing insurance policies ■ Correspondence with previous brokers	■ Correspondence with insurer regarding ongoing insurance requirements ■ Reviewing insurance policies ■ Correspondence with previous brokers
ASIC Forms and lodgements	■ Preparing and lodging ASIC forms ■ Correspondence with ASIC regarding statutory forms	■ Preparing and lodging ASIC forms ■ Correspondence with ASIC regarding statutory forms	■ Preparing and lodging ASIC forms ■ Correspondence with ASIC regarding statutory forms
ATO and other statutory reporting	<i>Intentionally left blank</i>	<i>Intentionally left blank</i>	■ Notification of appointment
Planning / Review	■ Discussions regarding status of administration	■ Discussions regarding status of administration and any next steps	■ Discussions regarding status of liquidation

Task area/General description	Work already done	Future work in Voluntary Administration	Future work in Liquidation
Books and records / storage	■ Dealing with electronic records	■ Dealing with electronic records	■ Dealing with electronic records

Schedule B – Time spent by staff on each major task (work already done)

Employee	Position	\$ /hour (excl GST)	Total actual hours	Total \$ (excl GST)	Creditors		Employees		Trade on		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Joanne Dunn	Senior Managing Director 1	\$ 850	5.00	\$ 4,250.00	2.20	\$ 1,870.00	0.00	\$ -	2.60	\$ 2,210.00	0.00	\$ -	0.20	\$ 170.00
Neil Dempster	Senior Director	\$ 670	0.60	\$ 402.00	0.50	\$ 335.00	0.10	\$ 67.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
James Macreadie	Director	\$ 625	0.70	\$ 437.50	0.70	\$ 437.50	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -
Grace Patterson	Consultant	\$ 440	0.80	\$ 352.00	0.80	\$ 352.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -
Travis Taylor	Consultant	\$ 440	8.30	\$ 3,652.00	0.00	\$ -	0.00	\$ -	4.80	\$ 2,112.00	0.50	\$ 220.00	3.00	\$ 1,320.00
Isabella Jansen	Consultant	\$ 440	0.60	\$ 264.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.60	\$ 264.00
Rachel Hughson	Core Operations	\$ 340	0.10	\$ 34.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.10	\$ 34.00
Michelle Oxnam	Core Operations	\$ 340	0.20	\$ 68.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.20	\$ 68.00
Ashleigh Ubank	Administration 2	\$ 295	0.10	\$ 29.50	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.10	\$ 29.50
Total (ex GST)				\$ 9,489.00		\$ 2,994.50		\$ 67.00		\$ 4,322.00		\$ 220.00		\$ 1,885.50
GST				\$ 948.90										
Total (Incl GST)				\$ 10,437.90										
Total hours			16.40		4.20		0.10		7.40		0.50		4.20	
Avg hourly rate (ex GST)				\$ 578.60		\$ 712.98		\$ 670.00		\$ 584.05		\$ 440.00		\$ 448.93

Schedule C – Resolutions

Resolution 1 – Voluntary Administrators' remuneration

8 July 2024 to 8 September 2024

"That the remuneration of the Voluntary Administrators of HS Fresh Food Holding Pty Ltd (Administrators Appointed) ACN 638 495 673 and their staff, for the period from 8 July 2024 to 8 September 2024 (inclusive), calculated at the hours spent at the rates detailed in the FTI Consulting Standard Rates (Corporate Finance & Restructuring) effective 1 July 2024, is approved for payment in the amount of \$9,489, exclusive of GST, to be drawn from available funds immediately or as funds become available."

Resolution 2 – Voluntary Administrators' remuneration

9 September 2024 to 20 September 2024

"That the future remuneration of the Voluntary Administrators of HS Fresh Food Holding Pty Ltd (Administrators Appointed) ACN 638 495 673 and their staff, for the period from 9 September 2024 to 20 September 2024 (inclusive), calculated at the hours spent at the rates detailed in the FTI Consulting Standard Rates (Corporate Finance & Restructuring) effective 1 July 2024, is approved for payment up to a capped amount of \$2,000, exclusive of GST, and that the Voluntary Administrators' can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available".

Resolution 3 – Liquidators' remuneration

21 September 2024 to finalisation of the Liquidation

"That the future remuneration of the Liquidators of HS Fresh Food Holding Pty Ltd (Administrators Appointed) ACN 638 495 673 for the period from 21 September 2024 to finalisation of the Liquidation (inclusive), determined at a sum equal to the cost of time spent by the Liquidators and their staff, calculated at the hours spent at the rates detailed in the FTI Consulting Standard Rates (Corporate Finance and Restructuring) effective 1 July 2024, is approved for payment up to a capped amount of \$15,000, exclusive of GST, and that the Liquidators' can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available".

Schedule D – FTI Consulting schedule of rates effective 1 July 2024 (excluding GST)

Typical classification	Standard Rates \$/hour	General guide to classifications
Senior Managing Director 2	950	Registered Liquidator and/or Trustee or corporate advisory professional, with extensive specialist skills, experience in all forms of insolvency engagements, turnaround scenarios or restructures over many years. A market leader with proven leadership experience in business or industry, bringing recognised specialist expertise and knowledge to the engagement.
Senior Managing Director 1	850	Registered Liquidator and/or Trustee or corporate advisory professional, with specialist skills and experience in all forms of insolvency engagements, turnaround scenarios and restructures. Proven leadership experience in business or industry, bringing specialist expertise and knowledge to the engagement.
Managing Director	750	Broad specialist skills brought to the engagement. Extensive experience in managing large, complex engagements at a senior level over many years. May also be a Registered Liquidator and/or Trustee or has extensive leadership/senior management experience in business or industry.
Senior Director	670	Strong technical and commercial skill with significant experience in managing all types of large, complex engagements. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	625	Significant experience across all types of engagements. Strong technical and commercial skills. Has primary conduct of small to medium engagements, managing a team of professionals. Alternatively, has senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant	540	Typically studying to become or qualified to be a professional member of the Australian Restructuring Insolvency & Turnaround Association. Well developed technical and commercial skills. Has experience in large and complex engagements and may have primary conduct of small engagements, supervising a small team of professionals.
Consultant	440	Typically studying to become or qualified chartered accountant and member of Chartered Accountants Australia & New Zealand (or similar). Required to control the tasks on small engagements or responsible for select aspects on medium to large-sized engagements under supervision of senior staff.
Associate	375	Typically a degree qualified accountant, who assists with day-to-day tasks under the supervision of senior staff.
Treasury	340	Typically, qualified accountant and/or bookkeeper. Undertakes treasury activities and is skilled in bookkeeping and funds handling activities.
Junior Associate	275	Undergraduate in the latter stage of their university degree.
Administration 2	295	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management.
Administration 1	230	Has appropriate skills and experience to support professional staff in an administrative capacity.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review.

Schedule E – Disbursements

Disbursements

The table below provides a breakdown of the external disbursements claimed in the Voluntary Administration for the period 8 July 2024 to 8 September 2024 (inclusive):

Disbursement Type	Basis of Charge	Amount \$ (excl. GST)
Search Fees	At cost	57.00
Total		57.00

11. Appendix 4 – Proxy form

APPOINTMENT OF PROXY
HS FRESH FOOD HOLDING PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 638 495 673 ("THE COMPANY")

I/We (name)

.....

of (address)

.....

a creditor of the Company, appoint (add name and address of proxy)

.....

Or in his/her absence (add name and address of alternate proxy)

.....

as my / our proxy, to vote at the second meeting of creditors to be held at **2:00PM (AEST) on Friday, 20 September 2024** or at any adjournment of that meeting.

☐ **Option 1:** If appointed as a general proxy, as he/she determines on my/our behalf. **AND/OR**

☐ **Option 2:** If appointed as a special proxy for some or all resolutions, specifically in the manner set out below.

Voting instructions – for special proxy only

For Against Abstain

#	Resolution	Tick only one (1) option for each resolution		
1	The future of the Company			
1.1	"The Company be wound up"	☐	☐	☐
	OR			
1.2	"The Administration should end"	☐	☐	☐
2	Voluntary Administrators' Remuneration and Disbursements			
2.1	"That the remuneration of the Voluntary Administrators of HS Fresh Food Holding Pty Ltd (Administrators Appointed) ACN 638 495 673 and their staff, for the period from 8 July 2024 to 8 September 2024 (inclusive), calculated at the hours spent at the rates detailed in the FTI Consulting Standard Rates (Corporate Finance & Restructuring) effective 1 July 2024, is approved for	☐	☐	☐

Voting instructions – for special proxy only

For

Against

Abstain

	payment in the amount of \$9,489, exclusive of GST, to be drawn from available funds immediately or as funds become available.”			
2.2	“That the future remuneration of the Voluntary Administrators of HS Fresh Food Holding Pty Ltd (Administrators Appointed) ACN 638 495 673 and their staff, for the period from 9 September 2024 to 20 September 2024 (inclusive), calculated at the hours spent at the rates detailed in the FTI Consulting Standard Rates (Corporate Finance & Restructuring) effective 1 July 2024, is approved for payment up to a capped amount of \$2,000, exclusive of GST, and that the Voluntary Administrators’ can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available”.	☐	☐	☐
3	Liquidators’ Remuneration and Disbursements			
3.1	“That the future remuneration of the Liquidators of HS Fresh Food Holding Pty Ltd (Administrators Appointed) ACN 638 495 673 for the period from 21 September 2024 to finalisation of the Liquidation (inclusive), determined at a sum equal to the cost of time spent by the Liquidators and their staff, calculated at the hours spent at the rates detailed in the FTI Consulting Standard Rates (Corporate Finance and Restructuring) effective 1 July 2024, is approved for payment up to a capped amount of \$15,000, exclusive of GST, and that the Liquidators’ can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available”.	☐	☐	☐
4	Committee of Inspection			
4.1	“That members of the Committee of Inspection and related parties of member are entitled to enter into arms-length transactions or dealings in the ordinary course with the Liquidators, the Company or its creditors.”	☐	☐	☐
4.2	“That a Committee of Inspection be established for the Company and the appointed members are to be determined at the meeting.	☐	☐	☐

.....

.....

Dated

Name and signature of authorised person

CERTIFICATE OF WITNESS – only complete if the person given the proxy is blind or incapable of writing.

I, of

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Dated: Signature of witness:

Description: Place of residence:

12. Appendix 5 – Proof of debt form

FORM 535 – FORMAL PROOF OF DEBT OR CLAIM
HS FRESH FOOD HOLDING PTY LTD (ADMINISTRATORS APPOINTED)
ACN 638 495 673 ("THE COMPANY")

To the Administrators of HS Fresh Food Holding Pty Ltd ACN 638 495 673 ("the Company") ("Administrators Appointed")

1. This is to state that the Company was on 14 June 2024, and still is, justly and truly indebted to:

Creditor name:

Address:

Amount \$:

Particulars of the debt are:

Date	Consideration	Amount (\$/c)	Remarks
	<i>(state how the debt arose)</i>		<i>(include details of voucher substantiating payment)</i>

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:

(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

Date	Drawer	Acceptor	Amount (\$/c)	Due Date
------	--------	----------	---------------	----------

3. Signed by *(select correct option)*:

- ☐ I am the creditor personally
- ☐ I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied
- ☐ I am the creditor's agent authorised in writing to make this statement in writing. I know the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature: Dated:

Name: Occupation:

Address:

** If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor*

RECEIVE REPORTS BY EMAIL	YES	NO
Do you wish to receive all future reports and correspondence from our office via email?	☐	☐
Email:		

If being used for the purpose of voting at a meeting:

- a) Is the debt you are claiming assigned to you? ☐ Yes ☐ No
- b) If yes, attach written evidence of the debt, the assignment and consideration given. ☐ Attached
- c) If yes, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?) \$
- d) If yes, are you a related party creditor of the Company?
(If you are unsure contact the Administrators) ☐ Yes ☐ No

13. Appendix 6 – Administrators' Receipts and Payments

Administrators' receipts and payments

A summary of receipts and payments since the date of our appointment to 31 August 2024 is below:

	Total \$	HS Food \$	HS Farms \$
Intercompany transfers	-	(498,628.44)	498,628.44
Receipts			
Accounts Receivable (Pre-appointment)	2,219,663.89	2,219,663.89	-
Cash at Bank	1,643,486.86	1,638,132.00	5,354.86
Net Government Levies Withheld/(Paid)	4,592.39	4,592.39	-
Rent and Equipment Reimbursements	665,166.01	587,134.63	78,031.38
Sale of Business	5,000,000.00	5,000,000.00	-
Trading Receipts	10,442,913.07	10,427,718.93	15,194.14
Total Receipts	19,975,822.22	19,877,241.84	98,580.38
Payments			
Bank Charges	(755.45)	(755.45)	-
Cleaning and Waste Services	(133,470.69)	(133,426.21)	(44.48)
Consumables	(581,611.78)	(581,611.78)	-
Duress Payments	(269,319.66)	(269,319.66)	-
Freight	(2,534,771.61)	(2,533,522.01)	(1,249.60)
Funds Received in Error	(15,194.14)	-	(15,194.14)
GST Paid	(68,096.00)	(68,096.00)	-
Insurance	(307,974.01)	(307,974.01)	-
Labour Hire	(379,713.50)	(324,448.54)	(55,264.96)
Legal & Advisor Fees	(146,511.17)	(146,511.17)	-
Office Supplies	(12,417.86)	(12,417.86)	-
Packaging	(6,490.97)	(6,490.97)	-
Pallet and Storage Costs	(88,379.64)	(88,379.64)	-
PAYG Control: PAYG Paid	(735,144.00)	(682,332.00)	(52,812.00)
PAYG Control: PAYG Withheld	735,614.00	682,802.00	52,812.00
PILN	(559,771.35)	(511,634.75)	(48,136.60)
PPSR Creditors	(390,653.42)	(390,653.42)	-
Raw Materials	(2,547,574.73)	(2,505,825.15)	(41,749.58)
Rent and Outgoings	(788,264.03)	(734,151.80)	(54,112.23)
Repairs and Maintenance	(53,897.75)	(53,375.25)	(522.50)
Safety and Compliance	(31,175.16)	(31,175.16)	-
Secured Creditor Distributions	(1,000,000.00)	(1,000,000.00)	-
Staff Reimbursements	(22,038.93)	(21,447.48)	(591.45)
Superannuation Control: Withheld	462,268.65	431,813.31	30,455.34
Superannuation Control: Paid	(552,715.00)	(516,720.88)	(35,994.12)
Travel Costs	(1,277.25)	(1,277.25)	-
Wages, Salaries and Allowances	(3,565,024.32)	(3,365,026.66)	(199,997.66)
Total Payments	(13,594,359.77)	(13,171,957.79)	(422,401.98)
Cash at Bank as at 31 August 2024	6,381,462.45	6,206,655.61	174,806.84