

ASX RELEASE

24 February 2023

HGV ANNOUNCES TENDER FOR INVESTMENT MANAGER

Hygrovest Limited (ASX: HGV) ("HGV" or the "Company") is an Australian-listed specialist investment company, which concentrates on producing capital growth for shareholders over the medium term from investments in listed and unlisted equities and other financial assets.

Tender for Investment Manager

As foreshadowed in September 2022, the Independent Directors of HGV wishes to advise that it has undertaken a review of HGV's operating structure to maximise the value of its investment portfolio having regard to the significant discount which HGV's share price trades to its net asset value.

The HGV Board has concluded that:

1. The majority of HGV's investments are unlisted minority interests in cannabis businesses which are more likely to be realised at their fair value in conjunction with a public listing or trade sale of the companies.
2. HGV is reliant on the parties who control these companies to execute a liquidity event.
3. The realisation of these investments is dependent on a material improvement in demand from potential acquirers (both trade and listed equity markets).
4. It is in the interest of HGV shareholders to continue to operate as an ASX listed investment company with an external investment manager to:
 - a) maximise the value of the current portfolio compared to book value;
 - b) access the expertise of the Investment Manager (the "Manager") to maximise returns from redeployment of proceeds from sale of its portfolio; and
 - c) minimise the level of fixed costs in HGV's cost structure.
5. HGV will undertake a process to appoint a Manager which is expected to be completed before 30 June 2023.

The current Investment Management Agreement with Parallax Ventures Inc. ("Parallax") expires on 30 June 2023. HGV has invited Parallax to participate in the tender process to appoint a new Manager. Michael Curtis, a Non-Executive Director and Managing Partner of Parallax will abstain from participating in the appointment of the new Manager.

Realised gains from the sale of HGV's investments would be distributed in accordance with HGV's Dividend Policy¹. HGV will also consider any proposals to use surplus capital to HGV shareholders in the event that HGV and its Manager are unable to deploy into attractive investment opportunities.

HGV expects the bulk of the Manager's remuneration would continue to be linked to material increases in HGV's share price and/or net asset value.

HGV will in due course update shareholders of the outcome of the tender process.

Investor and Media Enquiries

Announcement authorised for release to ASX by:
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¹ Refer HGV January 2023 Portfolio update.

About HGV

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