



MEETING BOOKLET

NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

Issued by Aventus Capital Limited (ACN 606 555 480)
as the responsible entity of Aventus Retail Property Fund
(ARSN 608 00 764)

MEETING DATE

25 September 2018

TIME

11:00am (AEST)

VENUE

Herbert Smith Freehills
Level 34, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000



Prospectus

Issued by Aventus Holdings Ltd (ACN 627 640 180)

**THE ACL INDEPENDENT DIRECTORS UNANIMOUSLY RECOMMEND
THAT INVESTORS VOTE IN FAVOUR OF ALL RESOLUTIONS IN THE
ABSENCE OF A SUPERIOR PROPOSAL.**

This booklet contains important documents and requires your immediate attention.
Please read all information contained in this Booklet in full. If you have any queries,
you should consult an independent and appropriately licenced and authorised
professional adviser.

NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

INTERNALISATION PROPOSAL:

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

PLEASE READ THIS DOCUMENT IN FULL AND CONSULT YOUR PROFESSIONAL ADVISER IF YOU HAVE ANY QUERIES.

NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

Issued by Aventus Capital Limited (ACN 606 555 480; AFSL 478 061) as the responsible entity of Aventus Retail Property Fund (ARSN 608 000 764)

Meeting:

25 September 2018

11:00am (AEST)

Herbert Smith Freehills, Level 34, ANZ Tower, 161 Castlereagh Street
Sydney NSW 2000

THE ACL INDEPENDENT DIRECTORS UNANIMOUSLY RECOMMEND THAT INVESTORS VOTE IN FAVOUR OF ALL RESOLUTIONS IN THE ABSENCE OF A SUPERIOR PROPOSAL

The Independent Expert has concluded that in its opinion the Proposal described in this Explanatory Memorandum is fair, reasonable and therefore in the best interests of securityholders who are not associated with the Sellers.

ABOUT THIS DOCUMENT



This Document comprises a Notice of Meeting and Explanatory Memorandum which, together with the Prospectus, contains detailed information about a proposal for the internalisation of the management of the Fund (**Proposal**), its impacts on Investors and the Resolutions to be voted on.

WHAT SHOULD YOU DO?

The Proposal requires the approval of Investors. You should:

1. READ

Read this Notice of Meeting and Explanatory Memorandum and the accompanying Prospectus in full.

Investors should read the Explanatory Memorandum and Prospectus carefully before making any decision about how to vote. All AHL Shares issued to implement the Proposal shall be taken to be received by Investors pursuant to, and on the basis they have considered the contents of, the Prospectus.

2. VOTE

Investors wishing to vote on the Resolutions must either attend the Meeting at 11:00am AEST on 25 September 2018 or return their proxy form by 11:00am AEST on 23 September 2018.

FURTHER INFORMATION

If you have further enquiries please contact the toll free Information Line on 1300 880 467 between 8:30 am and 5:00 pm (AEST) Monday to Friday (excluding public holidays).

If you have queries or uncertainties relating to any matter you should consult your stockbroker, accountant or other professional adviser.

Any material amendment to the Proposal will be announced to the market through ASX and posted on the Aventus website at <http://aventusproperty.com.au>.



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IMPORTANT NOTICES

BACKGROUND

Aventus Retail Property Fund (ARSN 608 000 764) (**Fund**) is currently an externally managed entity. Management of the Fund is conducted by Aventus Property Group Pty Limited (**APG**) and its subsidiaries under long term management arrangements.

On 10 August 2018, the board of Aventus Capital Limited ACN 606 555 480 (**ACL**) announced a proposal for the internalisation of the Fund's management function under which Investors would effectively acquire the APG management entities. The proposal also includes Aventus assuming the management of a large retail asset, Kotara North (**Kotara**). The existing listed entity would then become an internally-managed stapled vehicle (**Aventus**). It is proposed that, if the Stapling proceeds, Aventus would continue to be listed on ASX under its existing name and ASX code 'AVN'.

WHAT IS THIS DOCUMENT?

This Document is a Notice of Meeting and Explanatory Memorandum dated 10 August 2018 and is issued by ACL in its capacity as responsible entity of the Fund.

This Document provides information for Investors to consider and vote on the resolutions to approve the Proposal (**Resolutions**) at the Meeting to be held at 11:00 am AEST on 25 September 2018 at Herbert Smith Freehills, Level 34, ANZ Tower, 161 Castlereagh Street, Sydney NSW 2000.

This Document should be read with the Prospectus dated 10 August 2018 relating to Aventus Holdings Limited (**Prospectus**) that accompanies this Document. This Document and the Prospectus provide a detailed overview of Aventus Holdings Limited (**AHL**) if the Proposal is approved and implemented.

Investors as at the Voting Record Date will have the right to vote on the Resolutions, subject to the voting exclusions set out in the Notice of Meeting in Section 9 of this Explanatory Memorandum.

NO INVESTMENT ADVICE – VOTING DECISIONS AND INVESTMENT

The information contained in this Document and the Prospectus is not personal financial product advice and does not take into account the investment objectives, tax position, financial situation and particular needs of Investors. Accordingly, before voting on the Resolutions you should read this Document and the Prospectus in full. It is recommended

that before you make a decision in relation to the Resolutions, you should consult your financial or other professional advisers.

If the Proposal is implemented, an investment in Aventus will continue to be subject to investment and other risks, including possible loss of income and the principal invested. ACL does not provide any guarantee or assurance as to the performance of Aventus or the repayment of capital.

RESPONSIBILITY STATEMENT

ACL takes full responsibility for the contents of this Document, subject to the limitations set out below.

Deloitte Corporate Finance has prepared the Independent Expert's Report set out in Section 7. Deloitte Corporate Finance takes responsibility for that report. Neither ACL, nor any of its representatives, directors, officers, employees, agents or advisers assumes any of the Independent Expert's responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except to the extent that those parties are responsible for the factual information provided to Deloitte Corporate Finance in the preparation of the Independent Expert's Report.

Ernst & Young Transaction Advisory Services Limited has prepared the Independent Limited Assurance Report (provided in Annexure 1 to this Explanatory Memorandum) on the financial information set out in Section 5 and takes responsibility for that report. Neither ACL, nor any of its representatives, directors, offices, employees, agents or advisers (other than Ernst & Young Transaction Advisory Services Limited) assumes any responsibility for the accuracy or completeness of the information contained in the Independent Limited Assurance Report.

Greenwoods & Herbert Smith Freehills has prepared the taxation information set out in Section 6. Greenwoods & Herbert Smith Freehills takes responsibility for that information. Neither ACL, nor any of its representatives, directors, officers, employees, agents or advisers assumes any responsibility for the accuracy or completeness of the information contained in Section 6 except to the extent that those parties are responsible for the factual information provided to Greenwoods & Herbert Smith Freehills in the preparation of the taxation information contained in Section 6.

The Sellers have provided information relating to APG, or the Sellers, in Sections 4.1, 4.2, 4.5(b), 5.3.2, 5.4.2, 5.5, 5.6, 5.7.3, 8.2 and 8.10 of this Explanatory Memorandum. The Sellers take responsibility for that information to the extent that it

relates to APG or the Sellers. Neither, ACL, its directors, or other officers assume any responsibility for the accuracy or completeness of such information.

A copy of this Document has been provided to the ASX. Neither the ASX, nor any of its officers take any responsibility for the contents of this Document.

FORWARD LOOKING STATEMENTS

This Document contains forward-looking statements in relation to the financial performance and strategy of the Fund and Aventus. Those forward-looking statements are made only as at the date of this Document or as otherwise specified in this Document. The statements contained in this Document about the impact that the Resolutions may have on Aventus' operations, and the advantages and disadvantages which may result should the Resolutions be passed, are forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. All forward looking statements in this Document reflect the current expectations of ACL and its directors concerning future results and events.

Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of ACL concerning future results and events at the date of this Document and are not and cannot be guarantees of future performance. Aventus' actual results of operations and earnings following implementation or rejection of the proposed changes set out in this Document may differ significantly from those that are identified, in respect of timing, amount or nature, and may never be achieved.

The potential disadvantages and risks of the Proposal described in this Document and those described in Section 5 of the Prospectus, or other factors (which could be unknown, unpredictable or result from a variation in the assumptions underlying any forecasts), could cause actual results to differ materially from those expressed, implied or projected in any forward-looking statements or forecasts.

Subject to any continuing obligations under the Corporations Act, the Listing Rules or at law, ACL and the directors disclaim any obligation or undertaking to disseminate after the date of this Document any update or revisions to any forward-looking statements to reflect any change in expectations in relation to any of those statements or any change in circumstances, events or conditions on which any of those statements are based.

None of ACL, or any of its representatives, directors, officers, employees or advisers (including any employee of APG or any person named in this Document or any person involved in the preparation of it) gives any representation, assurance or

guarantee (express or implied) that the results, performance or achievements expressed or implied by the forward-looking statements in this Document will actually occur.

EFFECT OF ROUNDING AND DISTRIBUTION RE-INVESTMENT PLAN

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Document are subject to the effect of rounding.

Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Document.

As a result, any calculations you make based on the figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Document may differ from the correct answers to those calculations.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

Between the date of this document and implementation a small number of additional Units may be issued under the current distribution re-investment plan. Based on current participation levels, this number is expected to be immaterial. This may marginally reduce gearing levels and the relative percentage holdings of the ACL directors and Sellers and other "per security" calculations in this document. However, these impacts are expected to be immaterial.

ELECTRONIC VERSION OF THIS DOCUMENT

This Document and the Prospectus may also be viewed online at <http://ventusproperty.com.au>. If you access the electronic version of this Document or the Prospectus you should ensure that you download both documents in their entirety.

Paper copies of this Document and the Prospectus can be obtained free of charge by contacting ACL.

RESTRICTIONS ON DISTRIBUTION

This Document and the Prospectus do not in any way constitute an offer of, or an invitation to buy, securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Distribution of this Document and the Prospectus outside of Australia (whether electronically or otherwise) may be restricted by law. Persons who receive this Document and the Prospectus outside of Australia are required to observe any such restrictions. Failure to comply with such restrictions



may find you in violation of applicable securities laws. In particular, the securities referred in this Document and the Prospectus have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**US Securities Act**), or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly and indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States. For further details, see Section 8.19.

Neither ACL, nor any of its representatives, directors, officers, employees, agents or advisers accepts any liability or responsibility to determine whether a person is able to participate as an Investor in Aventus.

NEW ZEALAND DISCLAIMER

Neither the AHL Shares nor the Stapled Securities are being offered to the public within New Zealand. In New Zealand, the AHL Shares are being transferred only to existing Unitholders with registered addresses in New Zealand, in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Explanatory Memorandum has been prepared in compliance with Australian law. This document is not a product disclosure statement under the Financial Markets Conduct Act 2013 (**FMC Act**) or other similar offering or disclosure document under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the FMC Act or any other relevant law in New Zealand. It does not contain all the information that a product disclosure document, under New Zealand law, is required to contain.

READ THE PROSPECTUS

This Document contains information about the Proposal, which if approved and implemented, will result in Investors holding Stapled Securities. A Prospectus in relation to AHL Shares accompanies this Document and is also available at the Aventus website at <http://aventusproperty.com.au>. You should also consider the Prospectus in deciding whether or not to vote in favour of the Proposal.

GLOSSARY

Unless otherwise defined in this Document, terms and abbreviations used in this Document have defined meanings which are set out in the Glossary in Section 10.

This Document is dated 10 August 2018.

1.0

KEY DATES

1. KEY DATES

Prospectus lodgement date	10 August 2018
Despatch of Notice of Meeting and Explanatory Memorandum and Prospectus to Investors	24 August 2018
Proxy Form Return time and date	11:00am AEST on 23 September 2018
Voting Record Date	7:00pm AEST on 24 September 2018
Meeting of Investors to approve the Resolutions	11:00am AEST on 25 September 2018
If the Proposal is approved by Investors and all other Conditions in connection with the Proposal are fulfilled:	
Last day of ASX trading in Existing Units	26 September 2018
Admission of AHL Shares to official list of ASX (to trade as part of the Stapled Securities)	27 September 2018
Stapled Securities commence trading on ASX on a deferred settlement basis	
Stapling Record Date	
Last day for registration of transfers of Existing Units	
Stapling Commencement Date	28 September 2018
AHL Shares received by Investors	
Despatch of holding statements of Stapled Securities	
Implementation Date (effective date of management internalisation)	1 October 2018
Last day of deferred settlement trading	1 October 2018
Stapled Securities commence trading on a normal (T+2) settlement basis	2 October 2018

The timetable above is indicative only. Unless otherwise specified, all times and dates refer to AEST. ACL and/or AHL reserves the right to amend any or all of these dates and times subject to the Corporations Act, the Listing Rules and other applicable laws, or to withdraw the Proposal, without prior notice. Any amendment to the Proposal timetable will be announced to the market through ASX and posted on the website at <http://aventusproperty.com.au>.

The quotation and commencement of trading of the Stapled Securities is subject to confirmation from ASX.

2.0

CHAIRMAN'S LETTER

2. CHAIRMAN'S LETTER

Dear Unitholders,

Aventus Retail Property Fund (**Fund**) is an externally managed entity. It is managed by Aventus Property Group Pty Limited (ACN 606 747 620) (**APG**) and its subsidiaries. APG is owned by BBRC International Pte Ltd as trustee for the BB Family International Trust (**BBRC**) which is affiliated with Brett Blundy, and Holland Management Holdings Pty Ltd as trustee for the Holland Management Holdings Trust (**HMH**) which is affiliated with Darren Holland (together, the **Sellers**).

On 10 August 2018, the Fund's responsible entity, Aventus Capital Limited (**ACL**), announced that it had entered into an implementation deed with the Sellers to put forward a proposal for the internalisation of all of the Fund's management functions (including investment management, property management and development management), including assuming management of the retail asset known as Kotara North (**Kotara**). An 'internalisation' is an arrangement where a fund's investors acquire the responsible entity (and other management entities) that manage the fund.

PROPOSED INTERNALISATION PROCESS

The proposed internalisation involves:

1. forming a new company (**AHL**) owned by the Fund (which has already occurred);
2. the Fund distributing to the Fund's investors (**Investors**) one fully paid ordinary share in AHL for each existing unit they hold in the Fund (**Existing Unit**);
3. stapling each share in AHL to each Existing Unit to form a new stapled security (**Stapled Security**). The Fund's constitution already allows for such a stapling. Stapled Securities will commence trading on ASX under the existing code AVN, initially on a deferred settlement basis, with full trading expected to commence on or about 2 October 2018; and
4. AHL acquiring APG and its subsidiaries (comprising the Fund's responsible entity, property manager and employment vehicle) from the Sellers. Then the stapled group (and indirectly the **Investors**) will own all of the Fund's existing management entities, (together, the **Proposal**).

The implications of approving or not approving the Proposal are set out in Sections 4.9 and 4.10 respectively. Taxation implications of the Proposal are also discussed in Section 6.

CONSIDERATION AND FUNDING

AHL will acquire APG for \$143 million plus APG's NTA to be fixed at \$5 million (together, the **Purchase Price**). \$143 million represents 9.3x APG's forecast FY19 EBIT of \$15.3 million. Taking into account the partial investment management fee waiver granted by APG to the Fund in 2017, \$143 million represents an 8.6x multiple to APG's adjusted forecast FY19 EBIT of \$16.6 million¹.

The Purchase Price will be funded through a combination of Stapled Securities issued to the Sellers at the Fund's 30 June 2018 NTA of \$2.38 and a drawdown of the Fund's existing debt facilities to fund AHL's purchase:

- BBRC will receive approximately \$96.5 million of the Purchase Price, with 64% of this amount in Stapled Securities and 36% in cash;
- HMH will receive approximately \$46.6 million of the Purchase Price, with 50% of this amount in Stapled Securities (**Consideration Securities**) and 50% in cash; and
- the \$5 million NTA amount will be paid in cash.

HMH has also entered into a voluntary escrow deed. The deed will restrict HMH from dealing in any way with any Consideration Securities for 12 months. In the following 12 months, HMH will be restricted from dealing in any way with more than 50% of the Consideration Securities.

1. As part of the transaction announced by the Fund on 30 May 2017, the Manager agreed to waive 50% of its FY19 investment management fee relating to the assets acquired (Castle Hill and Marsden Park). The waived portion of the investment management fee in FY19 equates to \$1.3 million.

UNANIMOUS SUPPORT OF ALL OF THE FUND'S INDEPENDENT DIRECTORS

To assess the Proposal, a committee of all of the Fund's independent directors was formed, comprising Kieran Pryke, Robyn Stubbs and myself (Bruce Carter) (together, the **Independent Directors**). A strict governance and information sharing protocol was adopted to ensure independent consideration of the Proposal. External legal, tax, financial and accounting advisers were engaged, as well as the Independent Expert.

After careful consideration, the Independent Directors unanimously recommend that you vote in favour of the resolutions to approve the Proposal (**Resolutions**) for the reasons outlined below. We will be voting our holdings in favour of the Proposal.

ADVANTAGES OF THE PROPOSAL

- **Favourable Independent Expert's conclusion** – the Independent Expert has concluded that the Proposal is fair, reasonable and therefore in the best interests of Investors not associated with the Sellers;
- **Financial benefits** – the Proposal is expected to be 1.1% accretive to FFO, 4.0% accretive to AFFO and 6.0% accretive to 'value' per security²;
- **Enhanced alignment and corporate governance benefits** – management will be employed and incentivised directly by AHL and the board of AHL will be solely accountable to Investors. The Proposal is also expected to enhance accountability, transparency and securityholder rights, with the ability for Investors to vote on the appointment and re-election of directors, and to vote on the remuneration structure and pay outcomes annually;
- **Improved growth outlook** – new acquisitions should not require a step increase in internal management costs. New acquisitions currently result in an increase in management fees payable to APG and its subsidiaries, increasing the cost of those acquisitions to the Fund;
- **Potential for diversified income streams** – while management will primarily focus on the assets of the Fund, the Proposal provides the opportunity for Aventus to diversify its income streams through third party asset management mandates. While this is not currently seen as a major strategic driver for Aventus, this may be possible on a case by case basis;
- **Continuity of key management** – existing directors and key management will continue on, with the Managing Director & CEO having executed a new 3 year employment contract to take effect if the Proposal is implemented;
- **Market alignment** – the Fund will align with a trend towards internalised management, which is now regarded as the 'industry standard';
- **Increased investor participation** – potential increase in demand and liquidity of Stapled Securities from investors who have a preference for internally managed REITs;
- **Common ownership** – Investors will now own both the Fund and its management entities:
 - the Fund will no longer pay fund management fees to an external party (including investment and property management fees, base fees, and performance fees); and
 - the Fund will no longer pay property management, leasing and development management fees to an external party; and
- **Alignment of interests** – approximately 57% of the Purchase Price will be paid in Stapled Securities so that the Sellers (including the CEO) are effectively converting the majority of their ownership in APG to ownership interests in the Aventus stapled group, further aligning their interests with the interests of the Aventus stapled group.

More detail on the advantages of the Proposal can be found in Section 4.6.

DISADVANTAGES AND RISKS OF THE PROPOSAL

- You may disagree with the conclusions of the Independent Directors and/or the Independent Expert about the Proposal's benefits;
- The Proposal will change the risk profile for Investors through exposure to historical liabilities of acquired companies (if any), and dependency on key staff (recognising that the Independent Directors have taken various steps to mitigate these risks including by way of due diligence on the entities being acquired, standard warranties and indemnities from the Sellers as to the position of the entities being acquired, and new employment arrangements as described further in Section 8);

2. 'Value' accretion captures benefits of approximately \$1.6 million relating to development that are saved as part of internalisation, which are not fully captured in FFO or AFFO on consolidation but will be reflected in property valuations.

- While the Proposal will save payment of external management fees, acquisition of the management entities will mean that Investors are directly exposed to the ongoing operating costs of management, including the costs of staff, office premises, registry services and custodian services. If future expenses exceed expectations this may offset some or all of the expected benefits of the Proposal;
- The consideration paid to the Sellers will be partially funded by drawing down the Fund's existing debt facilities, increasing the Fund's pro forma gearing ratio as at 30 June 2018 from 36.0%³ to 39.3% which is calculated only with reference to tangible assets;
- The Fund's pro forma net tangible assets (NTA) per security as at 30 June 2018 will reduce from \$2.38³ to \$2.10 because the \$143 million paid by the Fund will be recognised as an intangible asset (which is excluded from NTA), and because further securities (being the Consideration Securities) will be issued to the Sellers. However, pro forma net asset value (NAV) per security will remain similar, reducing from \$2.38 to \$2.37; and
- Existing Investors will be diluted to some extent due to the issuance of new Stapled Securities to the Sellers, with the holding of entities associated with Brett Blundy in the Fund increasing marginally from 28.9% to 31.8%.

More detail on the disadvantages and risks of the Proposal can be found in Section 4.7.

ALTERNATIVES TO THE PROPOSAL

In considering the Proposal and forming the view that the Proposal is in Investors' best interests, the Independent Directors considered alternative initiatives and the potential implications for Investors.

The Independent Directors considered the merits and risks of maintaining APG as the Fund's external manager. This remains a viable alternative. However, this does not provide the benefits of the Proposal referenced above. In particular:

- it may constrain the Fund's growth;
- it would not produce the corporate governance enhancements, including increased transparency, improved securityholder rights and stronger alignment of interests between the Fund and its Investors that result from the proposed internalisation of the management function; and
- there may be uncertainty for Investors if APG sought an alternative exit, for example by selling the rights to manage the Fund to a third party.

RESOLUTIONS

There are three ordinary resolutions that must be passed to approve the Proposal. They are detailed in Section 4.11 of this Explanatory Memorandum.

PROXIES

If you are unable to attend the meeting but wish to vote, you should complete and return the enclosed proxy form in accordance with the instructions provided on the form. Proxy forms must be returned by 11:00am AEST on 23 September 2018.

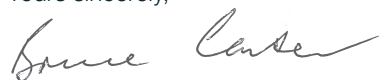
YOUR VOTE IS IMPORTANT

In order for the Proposal to proceed, all the Resolutions must be passed by a simple majority of Investors present and entitled to vote (in person or by proxy) at the Meeting scheduled for 25 September 2018.

If you have any questions, please contact the toll free Information Line on 1300 880 467 between 8:30 am and 5:00 pm AEST Monday to Friday. Alternatively, you may also contact your financial, legal, taxation or other professional adviser.

On behalf of ACL, I would like to take this opportunity to thank you for your support and encourage you to **vote in favour** of the Proposal.

Yours sincerely,



Bruce Carter
Chairman

3. As at 30 June 2018, the Fund's gearing was 35.6% and NTA per security was \$2.38. Between the balance sheet date and the implementation of the Proposal, the Fund paid a performance fee of approximately \$9 million to APG. This performance fee was funded through a drawdown of existing debt facilities resulting in gearing increasing to 36.0% on a pro forma basis. NTA per security remained unchanged.

3.0

SUMMARY OF THE PROPOSAL

3. SUMMARY OF THE PROPOSAL

SUMMARY	FOR MORE INFORMATION
What is the Proposal?	
<p>The Proposal (if approved and implemented) involves the following steps:</p> <ul style="list-style-type: none">• AHL will be formed as a new company wholly owned by ACL on behalf of the Fund (this step has already occurred);• the Fund will distribute all of the shares in AHL to Investors so that all Investors will hold one AHL share for each Existing Unit held. This is authorised by the Fund's constitution. The receipt of new AHL shares by Investors will be by way of capital return and will not require Investors to contribute any additional money, nor lodge an application form;• each share in AHL will be stapled to each Existing Unit in the Fund to form a Stapled Security. Stapled Securities will trade on ASX under the existing code AVN from the effective date of the stapling, initially on a deferred settlement basis, with full trading expected to commence on or about 2 October 2018; and• AHL will acquire from the Sellers all of the shares in APG (which owns all of the Fund's management entities, including the entities managing Kotara). The Purchase Price for APG will be a mix of cash and Stapled Securities with a total value of \$143 million plus APG's NTA to be fixed at \$5 million, as more fully described in Section 8.4. <p>The Sellers are entities associated with Brett Blundy and the Chief Executive Officer, Darren Holland, each of whom is a director of ACL. Entities associated with Brett Blundy own approximately 29% of the Units on issue, while entities associated with Darren Holland own 0.5% of the Units on issue.</p> <p>Each of the Sellers has nominated an associated entity to hold the Consideration Securities to be issued to it under the Proposal, as set out in the Notice of Meeting.</p> <p>"Stapling" is already contemplated by the Fund's constitution. What this means is that, although the Fund and AHL will continue as separate legal entities, the constitutions of the Fund and AHL will require the two securities to trade together as a single stapled security.</p> <p>The effective outcome of the Proposal is that the Fund will no longer pay external management fees to a third party because Investors will acquire all the resources necessary for the management of the Fund.</p>	Section 4
What is the background to the Proposal?	
<p>ACL announced on 10 August 2018 that it entered into the Implementation Deed with the Sellers for the Proposal. The Implementation Deed follows ongoing consideration by the Independent Directors of the Fund's future strategy and the advantages an internalisation may bring for Investors.</p> <p>Under the current management arrangements, set out in the IPO product disclosure statement for the Fund dated 30 September 2015, APG's subsidiaries have been appointed as long-term managers of the Fund. The current management contracts and fees payable out of the Fund are summarised in Sections 8.1 and 8.2 of this Explanatory Memorandum.</p> <p>The Independent Directors believe that, while the existing arrangements are currently satisfactory and working well, the long term interests of Investors (in particular, the Fund's growth prospects) would be better served by an internalised structure, which is consistent with industry standards for funds of the size of AVN.</p> <p>The Proposal has therefore been initiated at the request of the Independent Directors, having regard to the interests of Investors rather than at the request or instigation of the Sellers. The Sellers have agreed to participate in the Proposal assuming a fair price is paid for the value of their existing long-term management arrangements.</p> <p>Entities associated with Brett Blundy own approximately 29% of the Units on issue. Accordingly Brett Blundy has considerable alignment of interest with Investors not associated with the Sellers in the outcome of the Proposal and the ongoing value and performance of Stapled Securities.</p> <p>The Independent Directors consider that the Proposal is in the best interests of Investors not associated with the Sellers in the absence of a Superior Proposal.</p>	Section 4.1

SUMMARY**FOR MORE INFORMATION****What will Investors receive if the Proposal is approved and implemented?**

To effect the Stapling, Investors will receive one fully paid ordinary share in AHL (**AHL Share**) for each Existing Unit they hold.

Sections 3 and 4 of the Prospectus

These AHL Shares will only be distributed:

- to those Investors on the register at the Stapling Record Date;
- if the Proposal is approved by a simple majority of Investors present and entitled to vote at the Meeting (in person or by proxy); and
- if the Conditions to the implementation of the Proposal are all met by the Implementation Date. The Conditions are set out in full in Section 4.12.

Investors are not required to pay any money for the AHL Shares or to complete any application forms, as the Stapling will be by way of capital return and is already contemplated under the Fund's Constitution.

Who is AHL?

AHL is a newly incorporated public company limited by shares which has not traded and will not trade prior to implementation of the Proposal.

Section 4 of the Explanatory Memorandum and Section 6 of the Prospectus

If the Proposal is approved and implemented, Investors will own 100% of AHL (including its wholly-owned subsidiaries) and those subsidiaries will:

- manage the Fund;
- manage the properties owned by the Fund;
- provide external management services to Kotara; and
- employ all management staff.

Who will manage the Fund if the Proposal is approved and implemented?

The Fund's existing directors and management will continue in place following the internalisation. Managing & CEO Director Darren Holland has entered into the CEO Employment Agreement and CFO Lawrence Wong has entered into a new employment agreement, each to take effect if the Proposal is implemented. The key terms of each agreement are set out in Sections 8.14 and 8.15 respectively.

Sections 4.5, 8.14 and 8.15

What is Kotara?

Kotara is a large format retail asset adjacent to Kotara Home South (which is owned by the Fund, but on a separate freehold title). Kotara is owned by entities associated with Brett Blundy and has been managed by APG for more than ten years since it was completed. Should the Proposal be implemented, Kotara will continue to be managed by the internalised group. The Kotara arrangements are not expected to be a material part of Aventus' revenue if the Proposal is implemented (being expected to comprise less than 1% of forecast total revenue for Aventus in FY19).

Section 4.2

What are the financial consequences if the Proposal is approved?

From a financial perspective, if the Proposal is approved and implemented:

- as investors will now own both the Fund and its management entities;
- the Fund will no longer pay fund management fees to an external party (including investment and property management fees, base fees, and performance fees);
- the Fund will no longer pay property management leasing and development management fees to an external party;
- the consideration of \$143 million plus APG's NTA to be fixed at \$5 million will be paid to the Sellers;
- 1.1% FFO accretion, 4.0% AFFO accretion and 6.0% 'value' accretion⁴;
- the Fund's pro forma gearing ratio as at 30 June 2018 will increase from 36.0%⁵ to 39.3%; and
- the Fund's pro forma NTA per security as at 30 June 2018 will reduce from \$2.38⁵ to \$2.10. However, pro forma NAV per security as at 30 June 2018 will remain similar, reducing from \$2.38⁵ to \$2.37.

See Section 5 for further detail about the Proposal's financial impact.

Sections 4.9 and 5 of the Explanatory Memorandum and Section 7 of the Prospectus

4. 'Value' accretion captures benefits of approximately \$1.6 million relating to development that are saved as part of internalisation, which are not fully captured in FFO or AFFO on consolidation but will be reflected in property valuations.

5. As at 30 June 2018, the Fund's gearing was 35.6% and NTA per security was \$2.38. Between the balance sheet date and the implementation of the Proposal, the Fund paid a performance fee of approximately \$9 million to APG. This performance fee was funded through a drawdown of existing debt facilities resulting in gearing increasing to 36.0% on a pro forma basis. NTA per security remained unchanged.

SUMMARY**FOR MORE INFORMATION****How is ACL dealing with conflicts and related party issues?**

To address conflicts arising from the relationship between Brett Blundy and BBRC, and Darren Holland and HMM:

Sections 8.7, 8.8, 8.9,
8.10, 8.11 and 8.12

- the parties agreed a protocol to ensure separation of representation in the context of the Proposal, including the establishment of a committee of all Independent Directors to represent the interests of Investors not associated with the Sellers;
- the Independent Directors have engaged independent legal, financial, accounting and tax advisers to advise them on the Proposal;
- as required by the ASX Listing Rules, the Proposal requires approval by a resolution of Investors not associated with the Sellers. Investors associated with Brett Blundy and Darren Holland will not vote on the Proposal;
- the ASX Listing Rules also require an independent expert to opine on the fairness and reasonableness of the Proposal. The Independent Expert has concluded that the Proposal is fair, reasonable and therefore in the best interests of Investors not associated with the Sellers;
- while entities associated with Brett Blundy will not vote on the Proposal, the unitholdings of entities associated with Brett Blundy are significant. This provides considerable alignment of interest between Brett Blundy and Investors not associated with the Sellers; and
- HMM (entity associated with Darren Holland) has entered into a voluntary escrow deed, restricting HMM from Dealing with any Consideration Securities for 12 months. In the following 12 months, HMM will be restricted from Dealing with more than 50% of the Consideration Securities.

The Independent Directors believe these measures significantly address the conflicts and related party issues associated with the Proposal.

What are the implications if the Proposal is not approved?

If the Proposal is not approved:

Section 4.10

- ACL will remain the responsible entity of the Fund;
- the Independent Directors of ACL will remain the same;
- the Existing Units will continue to trade on ASX;
- the Fund will continue to pay management fees to APG's Subsidiaries (including investment and property management fees, base fees, and performance fees);
- the Fund will continue to pay property management, leasing and development management fees to subsidiaries of APG;
- the Fund will incur approximately \$3 million of transaction costs (including legal, accounting and independent expert costs) in relation to the Proposal (which will be incurred even if the Proposal is not approved);
- the current FFO guidance for FY19 will remain unchanged at 18.2 cents per security;
- the investment management fee waiver of \$1.3 million per annum for Castle Hill and Marsden Park will expire on 30 June 2019, which will impact earnings of the Fund for the following years; and
- it will be open to the Independent Directors to consider alternatives for the long-term management of the Fund.

SUMMARY

FOR MORE INFORMATION

Why should you vote in favour of the Proposal?

- The Independent Directors consider that the Proposal is in the best interests of Investors not associated with the Sellers, in the absence of a Superior Proposal;
- The Independent Expert has concluded that the Proposal is fair, reasonable and therefore in the best interests of Investors not associated with the Sellers;
- The Proposal is expected to be 1.1% accretive to FFO, 4.0% accretive to AFFO and 6.0% accretive to 'value' per security⁶;
- Adjusted for the fee waiver, the Proposal is expected to be 2.6% accretive to FFO, 5.7% accretive to AFFO and 7.7% accretive to 'value' per security⁷;
- There will be enhanced alignment of interests with management employed and incentivised directly by AHL. The Proposal is also expected to enhance accountability, transparency and securityholder rights, with the ability for New Stapled Securityholders to vote on the appointment and re-election of Independent Directors, and to vote on the remuneration structure and pay outcomes annually;
- New acquisitions should not require a step increase in internal management costs. New acquisitions currently result in increased management fees, increasing the cost of those acquisitions to the Fund;
- Aventus may also diversify its income streams through third party fund and asset management mandates. While this is not a major strategic driver for Aventus, this may be possible on a case by case basis;
- Existing Independent Directors and key management will continue on, with the Managing Director & CEO having executed a new 3 year employment contract to take effect if the Proposal is implemented;
- The Fund will align with a trend towards internalised management, which is now regarded as the 'industry standard';
- Potential increase in demand and liquidity of Stapled Securities from investors who have a preference for internally managed REITs;
- Approximately 57% of the Purchase Price will be paid in Stapled Securities so that the Sellers (including the CEO) are effectively converting the majority of their ownership in APG to ownership interests in Aventus, further aligning their interests with the interests of Aventus; and
- Investors will now own both the Fund and its management entities. Therefore, the Fund will no longer pay fund management fees to an external party (including investment and property management fees, base fees, and performance fees), and the Fund will no longer pay property management, leasing and development management fees to an external party.

Section 4.6

Why might you vote against the Proposal?

- You may disagree with the conclusions of the Independent Directors and/or the Independent Expert about the Proposal's benefits;
- The Proposal will change the risk profile for Investors by an exposure to business operating costs (which were previously managed by APG out of the fees payable to it from the Fund), historical liabilities of acquired companies (which the Independent Directors have sought to cover by due diligence on the acquired companies and warranties from the Sellers) and dependency on key staff (which the Independent Directors have sought to cover by new incentive arrangements and employment contracts);
- The consideration paid to the Sellers will be partially funded by drawing down the Fund's existing debt facilities, increasing the Fund's pro forma gearing ratio as at 30 June 2018 from 36.0%⁸ to 39.3%;
- The Fund's pro forma net tangible assets (**NTA**) per security as at 30 June 2018 will reduce from \$2.38⁸ to \$2.10 because the \$143 million paid by the Fund will be recognised as intangible assets (which is excluded from NTA), and because further securities (being the Consideration Securities) will be issued to the Sellers. However, pro forma net asset value (**NAV**) per security will remain similar, reducing from \$2.38 to \$2.37; and
- Existing Investors will be diluted to some extent due to the issuance of new Stapled Securities to the Sellers, with the holding of entities associated with Brett Blundy in the Fund marginally increasing from 28.9% to 31.8%.

Section 4.7

6. 'Value' accretion captures benefits of approximately \$1.6 million relating to development that are saved as part of internalisation, which are not fully captured in FFO or AFFO on consolidation but will be reflected in property valuations.

7. As part of the transaction announced by the Fund on 30 May 2017, the Manager agreed to waive 50% of its FY19 investment management fee relating to the assets acquired (Castle Hill and Marsden Park). The waived portion of the investment management fee in FY19 equates to \$1.3 million.

8. As at 30 June 2018, the Fund's gearing was 35.6% and NTA per security was \$2.38. Between the balance sheet date and the implementation of the Proposal, the Fund paid a performance fee of approximately \$9 million to APG. This performance fee was funded through a drawdown of existing debt facilities resulting in gearing increasing to 36.0% on a pro forma basis. NTA per security remained unchanged.

What Resolutions are sought for Investor approval?

Each of the following resolutions is sought to give effect to the Proposal. Resolutions 1 to 3 are interconditional. Each requires a majority vote of Investors not associated with the Sellers.

Section 4.11

- **Resolution 1** is an ordinary resolution generally approving the Proposal and authorising ACL to do all things it considers necessary, desirable or reasonably incidental to give effect to the Proposal.
- **Resolution 2** is an ordinary resolution approving the acquisition by AHL of APG under the Proposal for the purposes of Listing Rule 10.1 (which requires approval where a substantial asset is being acquired from a person who, together with their associates, has a relevant interest in 10% or more of the total votes attaching to the voting securities in an entity, or an associate of any such person), and authorising ACL and AHL to do all things they consider necessary, desirable or reasonably incidental to give effect to the acquisition.
- **Resolution 3** is an ordinary resolution approving the issue of Stapled Securities to entities associated with Brett Blundy and Darren Holland as part of the consideration for the acquisition of APG, for the purposes of Listing Rule 10.11 (which requires approval for the issue of securities to ACL directors and their associates), and authorising ACL and AHL to do all things they consider necessary, desirable or reasonably incidental to give effect to the issue.

Approval is not required under Listing Rule 7.1 as it is being sought under Listing Rule 10.11.

Are there any key conditions precedent?

The Proposal will not proceed unless the Conditions, as set out in the Implementation Deed, are all satisfied or waived. The Conditions include:

Section 4.12

- the Independent Expert concluding that the Proposal is fair and reasonable and in the best interests of Investors not associated with the Sellers;
- the Resolutions being passed by the Investors;
- each of ASIC and ASX providing the consents, waivers and approvals, and doing other such acts, as are necessary to implement the Proposal;
- required consents, approvals and waivers from the Fund's financiers identified as necessary to implement the Proposal being received;
- ACL not receiving any Competing Proposal which the Independent Directors determine to be a Superior Proposal by 6:00pm AEST on the day before the Meeting Date;
- in the period from the date of the Implementation Deed to the close of trading on the Business Day before the Meeting Date, the S&P/ASX 300 A-REIT Index has not closed on any three consecutive trading days at a level that is 10% or more below the level of that index as at the close of trading on the Business Day immediately preceding the date of the Implementation Deed; and
- no AVN Adverse Event (being broadly an event having or reasonably expected to have an adverse effect of 10% or more on the Fund's projected gross property income for the year ending 30 June 2019) has occurred between the date of the Implementation Deed and 6:00 pm on the Business Day before the Meeting Date.

The above listing is a summary only. See Section 4.12 for the full list and terms of the Conditions.

SUMMARY

FOR MORE INFORMATION

What are the risks of the Proposal?

- **Historical liabilities** – the Proposal may lead to the acquisition of management companies with unknown historical liabilities. To address this, the Independent Directors have commissioned legal, tax and accounting due diligence on APG and its subsidiaries. They have also obtained substantive warranties from the Sellers under the Share Sale Agreement.
- **Potential higher operating costs** – following implementation of the Proposal, the Fund will no longer pay external management fees to APG's subsidiaries. Instead, the Stapled Entities will bear all net costs of AHL and its subsidiaries. While the Independent Directors have considered the potential costs and consider that such costs post internalisation will be lower than the external management and transaction fees the Fund would otherwise have to pay to APG (particularly over time as the Fund grows), there is a risk that ongoing operating costs may be higher than anticipated, so that the financial benefits targeted to arise from the Proposal are not achieved to the extent anticipated, or at all.
- **Financial information** – there is a risk that the assumptions in the financial information in Section 5 may not be achieved, and the financial benefits targeted to arise from the Proposal may not be achieved to the extent anticipated, or at all.
- **Employees** – AHL (and its subsidiaries) will be reliant on retaining and attracting quality senior management and staff to operate the Fund. While this risk exists today, following implementation of the Proposal, responsibility for managing this risk will be internalised rather than a third party's responsibility.
- **Change of group structure and regulation** – the existence of a company in the new stapled structure gives rise to additional associated regulatory, tax, statutory and legal requirements which may change over time and have implications for Investors. However, this risk might be considered a usual part of doing business.
- **General risks** – may arise from potential changes in economic conditions, AFSL requirements, taxation regulation, ASX listing requirements, disputes and litigation.

Section 4.8 of the Explanatory Memorandum and Section 5 of the Prospectus

Such risks relating to the Proposal are assessed in more detail in Section 4.8.

Investors are already subject to a number of risks from their investment in the Fund. General and specific risks of an investment in the Fund were set out in Section 11 of the product disclosure statement issued for the Fund's IPO, which may be found at www.ventusproperty.com.au.

What alternatives to the Proposal did the Independent Directors consider?

In considering the Proposal and forming the view that the Proposal is in Investors' best interests, the Independent Directors considered alternative initiatives and the potential implications for Investors.

Section 4.4

The Independent Directors considered the merits and risks of maintaining APG as the Fund's external manager. This remains a viable alternative. However, this does not provide the benefits of the Proposal referenced above. In particular:

- it may constrain the Fund's growth;
- it would not produce the corporate governance enhancements, including increased transparency, improved securityholder rights and stronger alignment of interests between the Fund and its Investors that result from the proposed internalisation of the management function; and
- there may be uncertainty for Investors if APG sought an alternative exit, for example by selling the rights to manage the Fund to a third party.

If any further alternative proposal is received by the Fund prior to the Meeting, the Independent Directors will consider that alternative proposal having regard to the best interest of Investors, and take appropriate actions.

What transaction costs are being incurred in connection with the Proposal?

The Fund will incur transaction costs of approximately \$6 million in connection with the Proposal if implemented.

Section 5

Does ACL (or its related entities) have any holdings in the Fund?

ACL does not itself hold any Existing Units. Directors of ACL currently hold Existing Units (summarised in Section 8.7). The directors of AHL will hold Stapled Securities following implementation of the Proposal. These holdings (before and after implementation) are detailed in Section 8.7.

Section 8.7

SUMMARY	FOR MORE INFORMATION
What are the taxation implications of the Proposal?	
The taxation implications of the Proposal for Investors are addressed in Section 6.	Section 6
When and where is the Meeting?	
The Meeting is scheduled for 11:00am AEST on 25 September 2018 at Herbert Smith Freehills, Level 34, ANZ Tower, 161 Castlereagh Street, Sydney NSW 2000.	Section 9
Am I entitled to vote?	
If you hold Existing Units in the Fund on the register as at 7:00pm AEST on 24 September 2018 then you will be entitled to vote at the Meeting, unless you are otherwise excluded for the reasons set out in the Notice of Meeting set out in Section 9.	Section 9
How do I vote at the Meeting?	
Investors wishing to vote on the Resolutions must either attend the Meeting or return their Proxy Form by 11:00am AEST on 23 September 2018.	Section 9 and Proxy Form
Where and when do I send my Proxy Form?	
<p>To vote by proxy, you need to validly complete and return the Proxy Form made available to all Investors with this Document. Proxy Forms must be received by 11:00am AEST on 23 September 2018 in any one of the following ways:</p> <p>Online: www.linkmarketservices.com.au</p> <p>By fax: +61 2 9287 0309</p> <p>By mail: Aventus Retail Property Fund C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia</p> <p>In person: Link Market Services Limited 1A Homebush Bay Drive, Rhodes NSW 2138 (only Monday to Friday, between 9:00 am and 5:00 pm AEST)</p>	Section 9 and Proxy Form
Can I sell Existing Units before the Meeting?	
<p>Yes, Existing Units are expected to continue trading on ASX in the normal course (subject to the Listing Rules) until 27 September 2018.</p> <p>Deferred settlement trading of Stapled Securities on ASX is expected to commence on 27 September 2018 with trading on a normal settlement basis commencing on 2 October 2018.</p>	Section 9
What if I have other questions?	
<p>If you have any questions, please contact the toll free Information Line on 1300 880 467 between 8:30 am and 5:00 pm AEST Monday to Friday.</p> <p>Alternatively, you may also contact your financial, legal, taxation or other professional adviser.</p>	

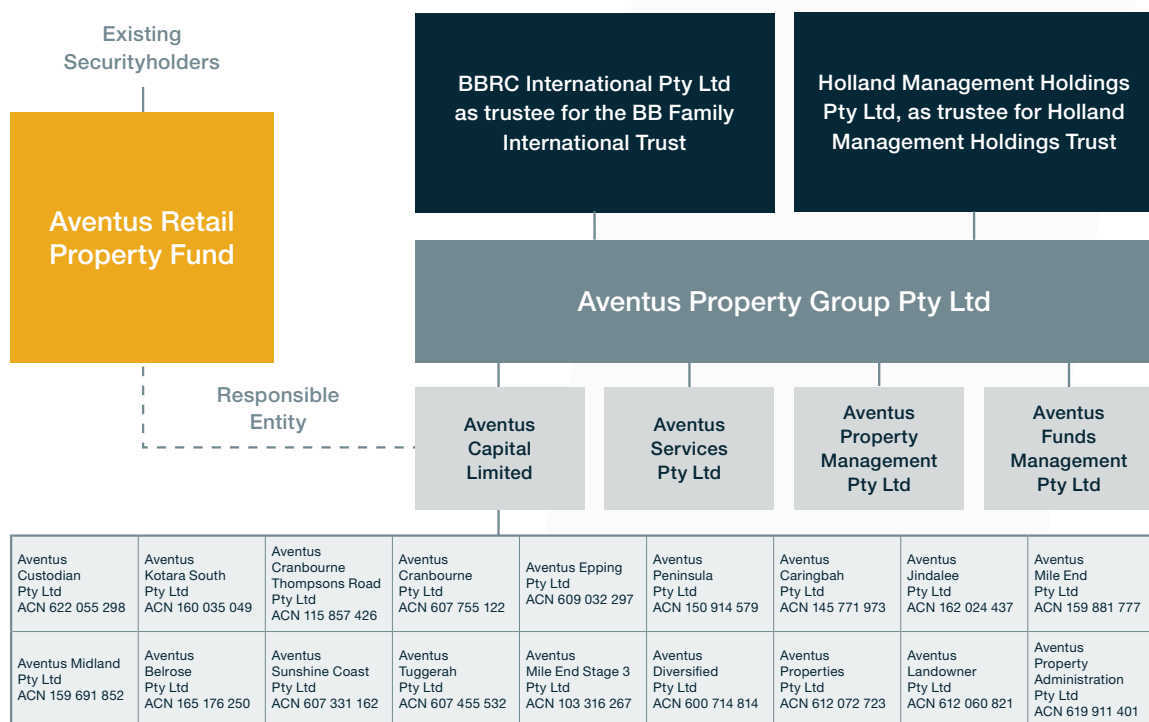
4.0

DETAILS OF THE PROPOSAL

4. DETAILS OF THE PROPOSAL

4.1. BACKGROUND

The Fund is currently externally managed by APG and its subsidiaries under long-term management agreements described further in Section 8. APG is owned by the Sellers. A diagram of the existing structure of APG and its subsidiaries (briefly describing their functions) is below.



Aventus Capital Limited is the responsible entity of the Fund. It carries out all the usual responsibilities of a trustee/responsible entity under the ACL board, in accordance with the Corporations Act, including overseeing investment and asset management of the Fund and its service providers, capital management, financial oversight and accounting, and liaison with investors.

Aventus Services Pty Ltd is the entity which employs all APG staff (being around 60 staff members) and makes these staff available to the various management entities of the APG group.

Aventus Property Management Pty Ltd provides property and development management services in relation to all of the Fund's properties and deploys 42 of the staff, including at the Fund's centres. Functions include ongoing day-to-day leasing, maintenance and administration of all of the Fund's real estate assets, to ensure the smooth functioning of the centres and recommended capex and leasing initiatives as needed. This entity also carries out project management of redevelopments and capital expenditure where a Fund centre is to be expanded or redeveloped as may be required from time to time.

Aventus Funds Management Pty Ltd provides fund management services in relation to the Fund, essentially assisting the responsible entity in performing its functions for the management and administration of the Fund and the provision of investor services.

Each of the Fund's real estate assets is also held in a separate sub-trust. These sub-trusts have special purpose sub-trustees which are all wholly owned subsidiaries of ACL (shown in the diagram above). The sub-trustees carry out usual trustee services targeted at the specific assets they hold.

Aventus Custodian Pty Ltd is a wholly owned subsidiary of ACL, which acts as custodian for various of the sub-trusts. Aventus Property Administration Pty Ltd is another wholly owned subsidiary of ACL that holds the Fund's bank accounts.

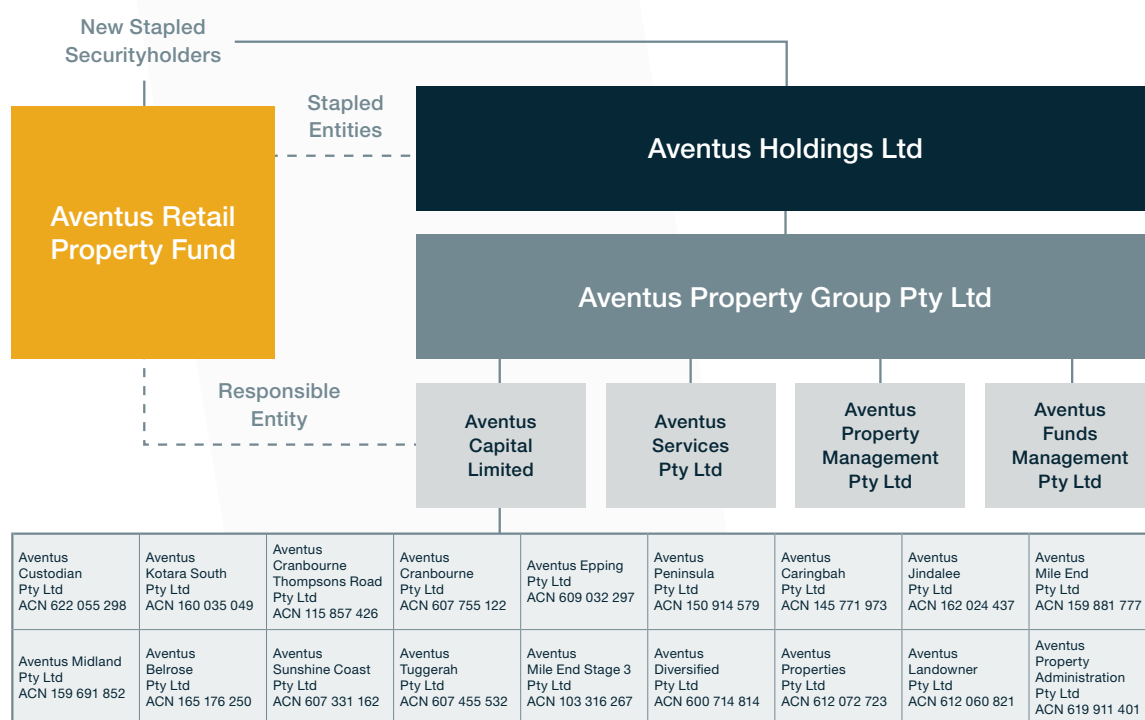
The various entities currently exclusively manage the Fund and its assets, which are large format retail assets, with the exception of Kotara which is described in more detail below. The Fund is one of Australia's largest providers of large format retail assets, being assets which cater for bulky goods providers such as large electrical, furniture and bedding providers as well as food, services and leisure. The Fund's strategy is set out in Section 4.3. Financial information on the Fund and APG is set out in Section 5. For further information on the Fund's assets, please see the Fund's website at <http://aventusproperty.com.au>.

On 10 August 2018, the Fund's responsible entity, ACL, announced that it had entered into the Implementation Deed with the Sellers to acquire APG and its subsidiaries. This will effectively internalise the Fund's management function. The Proposal is subject to a number of Conditions, including Investor approval.

4.2. DESCRIPTION

The Proposal (if approved and implemented) will involve the following steps:

- AHL being established as a new company wholly owned by ACL on behalf of the Fund (this step has already occurred);
- in accordance with the Fund's Constitution, the Fund will distribute all of the AHL Shares, so that each Unitholder holds one AHL Share for each Existing Unit held. This will comprise a capital distribution of approximately \$0.11 per Unit. The receipt of new AHL shares by Investors will be by way of capital return and will not require Investors to contribute any additional money, nor lodge an application form;
- the constitutions of the Fund and AHL will provide that the two securities must trade together as a single "stapled" security. The Existing Units and AHL Shares will, upon implementation, trade on the ASX as Stapled Securities. "Stapling" is required because the Fund cannot directly own APG and its subsidiaries due to legal restrictions – in particular, ACL cannot own shares in itself. Stapling should also preserve the Fund's existing flow-through tax treatment;
- AHL will purchase all of the shares in APG from the Sellers for the Purchase Price of approximately \$143 million plus APG's NTA to be fixed at \$5 million, so that Investors effectively own both the Fund and the Fund's management vehicles. The existing Kotara management arrangements will continue. The structure diagram below sets out the Proposal; and
- the cash component of the Purchase Price to be paid by AHL will be funded through a mix of equity subscription and intra-staple debt provided by the Fund to AHL. The Fund will fund this by a draw down from its existing debt facilities.



This process is known as an internalisation. Refer to Section 8.4 for further detail about the transactions steps.

In addition to the above, should the Proposal be implemented, Kotara will continue to be managed by the internalised group. Kotara is a large format retail asset adjacent to Kotara Home South (which is owned by the Fund, but on a separate freehold title). Kotara is owned by entities associated with Brett Blundy and has been managed by APG since before the IPO of the Fund. Revenue earned from Kotara is not expected to be a significant part of Aventus' revenue if the Proposal is implemented (being expected to comprise less than 1% of forecast total revenue for Aventus in FY19).

APG has historically conducted its management function for Kotara at rates which are less than rates under the Management Services Agreement and Property and Development Management Agreement, as part of a wider arrangement recognising APG's management role for Kotara Home South and mutual pre-emptives if either party wishes to sell its interest. As disclosed in the product disclosure statement for the Fund's IPO, entities associated with BBRC have a call option over Kotara Home South (at value) if the responsible entity of the Fund ceases to be a member of the APG group.

Details of the AHL Shares on implementation are set out in the Prospectus. In particular, you should carefully consider the risk factors and the tax implications outlined in Sections 4.8 and 5.1 respectively, and Section 5 of the Prospectus, as they relate to your personal investment objectives, financial circumstances and needs.

4.3. STRATEGY FOR THE FUND AND AHL

The Proposal will not alter the Fund's existing strategy, described below. AHL's strategic plan (as a manager post-stapling) is also summarised below.

The Fund's objective:

To provide unitholders with stable, secure and growing income returns and potential for capital growth through selective acquisitions and value enhancing development opportunities.

The Fund's investment strategy:

To invest in large format real estate in Australia, by engaging in active portfolio management; overseeing value adding development projects; capturing benefits from changes to zoning reforms; and participating in sector consolidation to enhance unitholder returns. Four key growth strategies have been implemented to deliver on this strategy:

- | | | | |
|---|---|--|--|
| 1. Portfolio management: optimising and broadening the tenancy mix through proactive leasing, leveraging retailer relationships and delivering operational excellence | 2. Development pipeline: identifying and delivering value enhancing development opportunities within the existing portfolio | 3. Consolidation opportunities: making selective acquisitions to enhance the Fund's portfolio and entrench the Fund as the largest pure-play large format retail landlord in Australia | 4. Potential benefits from zoning and planning reforms: taking advantage of regulatory reforms in zoning and planning regimes for the existing portfolio |
|---|---|--|--|

AHL's objective:

As set out above, APG and its subsidiaries provide management services to the Fund. Post implementation, AHL will own APG and its intention is to continue to provide the same services as part of a combined economic group consolidated with the Fund. AHL will seek to deliver on the Fund's strategy as set out above, recognising the Fund and AHL will be stapled, with common ownership.

AHL will also provide management services to Kotara as part of a long-standing arrangement described more fully above. However revenue from Kotara will comprise less than 1% of total revenue for the stapled group. It is possible that opportunities to manage other third party assets may arise from time to time on a case by case basis, and this may allow some potential for diversification of income streams over time.

AHL may pursue these opportunities if they are commercially attractive. However, this is not seen as a major strategic driver for AHL going forward. For the foreseeable future, AHL's main focus will be on the assets of the Fund. AHL will continue to receive fees from the Fund, but these will be eliminated from an accounting perspective on consolidation, recognising that AHL and the Fund will each be owned by the same investors.

4.4. ALTERNATIVES CONSIDERED

In considering the Proposal and forming the view that the Proposal is in Investors' best interests, the Independent Directors considered alternative initiatives and the potential implications for Investors.

In particular, the Independent Directors considered the merits and risks of maintaining APG as the Fund's external manager. This remains a viable alternative. However, this does not provide the benefits of the Proposal referenced above. In particular:

- it may constrain the Fund's growth (due to the fact that the cost of any new acquisition is currently increased by an increase in fees payable to the fund manager);
- it would not produce the corporate governance enhancements, including increased transparency, improved securityholder rights and stronger alignment of interests between the Fund and its Investors that result from the proposed internalisation of the management function; and
- there may be uncertainty for Investors if APG sought an alternative exit, for example by selling the rights to manage the Fund to a third party.

If any further alternative proposal is received by the Fund prior to the Meeting, the Independent Directors will consider that alternative proposal having regard to the best interests of Investors, and take appropriate actions.

4.5. BOARD AND SENIOR MANAGEMENT TEAM

The board of ACL comprises a majority of independent directors which, along with the senior management team, have been involved in the governance and management of the Fund since its ASX listing in October 2015.

The board of AHL currently comprises only the Independent Directors of ACL. If the Proposal is approved, the board of AHL will be aligned with ACL so that the boards of ACL and AHL are the same.

A. BOARD

The directors of ACL are:

- Bruce Carter (Independent, Non-Executive Chairman);
- Kieran Pryke (Independent, Non-Executive Director);
- Robyn Stubbs (Independent, Non-Executive Director);
- Brett Blundy (Non-Executive Director); and
- Darren Holland (Managing Director & Chief Executive Officer).

Their biographies are outlined below.



BRUCE CARTER – INDEPENDENT NON-EXECUTIVE CHAIRMAN

Bruce has spent over 30 years in corporate recovery and insolvency. Bruce is a consultant at Ferrier Hodgson in Adelaide where he was previously the managing partner for 19 years. He was formerly a partner at Ernst & Young, Chair of the South Australian Economic Development Board and a member of the Executive Committee of Cabinet.

Bruce is currently Chair of the Australian Submarine Corporation, Deputy Chair of SkyCity Entertainment Group Limited, a director of the Bank of Queensland Limited and a director of Genesee & Wyoming Inc. He holds a Masters of Business Administration from Heriot-Watt University and a Bachelor of Economics from University of Adelaide. He is a Fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Bruce is currently a member of the Audit, Risk and Compliance Committee.



KIERAN PRYKE – INDEPENDENT NON-EXECUTIVE DIRECTOR

Kieran has over 25 years experience in the property industry. He spent nine years in various finance roles across the construction, development and investment management divisions within Lendlease Corporation before becoming CFO of General Property Trust in 1996. He remained as CFO of GPT during and after the internalisation of management of GPT. Kieran was CFO of Australand Property Group between 2010 and 2014, and from July 2016 until July 2018 held the role of CFO of Grocon Pty Limited.

Kieran holds a Bachelor of Commerce (Accounting) from the University of Wollongong and is a Fellow of CPA Australia.

Kieran is currently chairman of the Audit, Risk and Compliance Committee.



ROBYN STUBBS – INDEPENDENT NON-EXECUTIVE DIRECTOR

Robyn is a Board Director and Executive Coach working across the commercial, government and not-for-profit sectors. Drawing on a successful 25+ year career as a senior executive in large, complex organisations, Robyn sits on the Board of ASX-listed Invocare Limited as well as Lifeline Northern Beaches. She provides Executive Coaching services to a diverse range of corporate clients via ECI Partners.

Prior to joining the Aventus Board in 2015, Robyn spent 8 years with Stockland as a General Manager, her last role heading up Retail Leasing across a portfolio of 40 shopping centres nationally.

Robyn is a graduate of the Australian Institute of Company Directors, she holds a Master of Science degree in Coaching Psychology from the University of Sydney and was awarded a University Medal with her business degree from the University of Technology, Sydney.

Robyn is a member of the Audit, Risk and Compliance Committee.



BRETT BLUNDY – NON-EXECUTIVE DIRECTOR

Brett is Chairman and Founder of BB Retail Capital. BB Retail Capital is a pre-eminent private investment group with diverse interests across three key portfolios including global retail brands, retail properties and the beef industry.

Brett also sits on the Board of Directors of Human Longevity Inc.

Nico van der Merwe, the Group Chief Financial Officer of BBRC, acts as an alternate director for Brett Blundy.



DARREN HOLLAND – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Darren has more than 25 years' experience in the retail property industry. He is experienced in leasing, development, asset management and acquisitions, and has grown the Fund's assets under management from one centre in 2004 to 20 centres at the date of this report, valued at approximately \$1.9 billion.

Prior to co-founding APG, Darren played a leading role in the development and management of the only pure-play listed Australian large format retail owner and operator to date, Homemaker Retail Group (ASX: HRP). He holds a Bachelor of Business (Land Economics) from the University of Western Sydney and is a Licensed Real Estate Agent.

B. SENIOR MANAGEMENT

If the Proposal is implemented, APG's existing senior management will continue to serve as the management of the Fund.

The senior management team will comprise:

- Darren Holland (Managing Director & Chief Executive Officer);
- Lawrence Wong (Chief Financial Officer);
- Adam Trent (Head of Development & Leasing);
- Cameron Male (Head of Acquisitions);
- Gary Jones (Head of Asset Management);
- Mary Weaver (Legal Counsel & Company Secretary); and
- Sandra Francis (Head of Talent & Culture).

Their biographies are outlined below.

DARREN HOLLAND – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

As above

**LAWRENCE WONG – CHIEF FINANCIAL OFFICER**

Lawrence has over 20 years of experience in investment management, corporate development and financial services. He is responsible for capital management and financial reporting functions as well as overseeing investor relations, treasury and accounting.

Prior to joining APG, Lawrence was the Fund Manager for a number of listed and unlisted funds at Brookfield Multiplex. He holds a Bachelor of Commerce (Accounting and Marketing) from the University of New South Wales and is a Member of the Institute of Chartered Accountants in Australia.

Lawrence is also a company secretary of ACL and all APG group companies.



ADAM TRENT – HEAD OF DEVELOPMENT & LEASING

Adam has more than 17 years of experience in the property industry, primarily focussed on the development, master planning and repositioning of shopping centres and retail assets for listed and large institutional owners and managers.

Adam has across-the-board experience in the retail property sector gained through working on projects across Australia, as well as in the UK and Europe.

Prior to joining APG, Adam held Senior Development Management roles with Macquarie Bank Real Estate Group, Charter Hall and most recently Frasers Property Australia / Australand (Australand was acquired by Frasers in October 2014). During his time at Frasers, he was responsible for the master planning, development and delivery of retail projects in NSW and Queensland.

Adam holds a Bachelor of Land Economics (Hons) from the University of Technology Sydney.



CAMERON MALE – HEAD OF ACQUISITIONS

Cameron has over 15 years' experience in the retail property sector completing tier one property transactions, fund and joint venture establishments.

Prior to joining APG, Cameron was the General Manager, Capital Transactions and Valuations at Federation Centres (now Vicinity Centres) where he was responsible in raising more than \$2 billion in third party joint venture capital. Cameron holds a Bachelor of Business (Property) from RMIT University.



GARY JONES – HEAD OF ASSET MANAGEMENT

Gary has over 24 years of experience in the property industry including the past 15 years in retail property. He is responsible for asset management and centre operations, overseeing the centre management, and marketing teams.

Prior to joining APG, Gary worked with Westfield and QIC in the management of some of Australia's premier super regional retail shopping centres including Westfield Bondi Junction and Castle Towers. He holds a Diploma in Law from the Legal Profession Admissions Board, a Masters of Management from the University of Technology, Sydney, and a Bachelor of Arts from the University of New South Wales.



MARY WEAVER – LEGAL COUNSEL & COMPANY SECRETARY

Mary has over 18 years' experience as a legal practitioner and since 2008, has also acted as Company Secretary for private and public companies.

Prior to joining APG, Mary was Legal Counsel and Company Secretary for seven years for Genea Limited, and spent nine years as a corporate lawyer with Multiplex Limited (now Brookfield Multiplex) working in the construction, development and funds management divisions. She began her legal career with Allens as a Graduate Solicitor and with Baker McKenzie as an associate in their property division.

Mary holds a Combined Degree in Law and Arts (Honours) from the University of Tasmania, and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia (GIA). She is an associate member of the GIA and the Institute of Chartered Secretaries (Australian division).



SANDRA FRANCIS – HEAD OF TALENT & CULTURE

Sandra has over 30 years experience with proven capabilities in managing organisational change and strategies to attract, manage and retain key talent.

Prior to joining APG, Sandra was Human Resources Director at Avanade and has broad experience in professional services having held senior positions in Ashurst and IBM in her career. Sandra is a Fellow of the Australian Human Resources Institute.

4.6. ADVANTAGES OF THE PROPOSAL

This Section is not intended to set out all the relevant issues for Investors in relation to the Proposal. It should be read in conjunction with the other Sections of this Explanatory Memorandum and the separate Prospectus.

A. THE INDEPENDENT DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE PROPOSAL IN THE ABSENCE OF A SUPERIOR PROPOSAL

The Independent Directors have concluded that the Proposal is in the best interests of Investors not associated with the Sellers and unanimously recommend Investors vote in favour of the Proposal in the absence of a Superior Proposal. The Independent Directors make this recommendation after carefully considering the Proposal's advantages and disadvantages, assessing the risks associated with the Proposal, and the alternatives to the Proposal.

B. THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE PROPOSAL IS FAIR AND REASONABLE AND IN THE BEST INTERESTS OF INVESTORS NOT ASSOCIATED WITH THE SELLERS

The Independent Directors commissioned Deloitte Corporate Finance to prepare an Independent Expert's Report to consider whether the Proposal is fair and reasonable and in the best interests of Investors not associated with the Sellers.

The Independent Expert has concluded that the Proposal is fair, reasonable and therefore in the best interests of Investors not associated with the Sellers.

A full copy of the Independent Expert's Report, which you are encouraged to read in full, is set out in Section 7 of this Explanatory Memorandum.

c. **THE PROPOSAL BRINGS THE FUND IN LINE WITH WHAT IS REGARDED AS A-REIT 'INDUSTRY STANDARD'**

Since 2004, there has been a trend towards internalising the management of A-REITs and eliminating external management fees, which has generally been pursued to remove perceived conflicts and enhance the alignment of interests between boards, management and investors in A-REITs, and has also resulted in enhanced corporate governance practice through improved transparency and securityholder rights.

In January 2004, six of the top 10 A-REITs by market capitalisation were externally managed. From mid-2004 onwards, several internalisations occurred, some of which were through mergers and acquisitions.

The rationale for internalising management aligns with the reasons identified for the Proposal in this Explanatory Memorandum.

As at 30 June 2018, there is only one externally managed A-REIT within the top 10 by market capitalisation remaining. The other 9 A-REITs are internally managed.

d. **THE PROPOSAL AIMS TO INCREASE INVESTOR PARTICIPATION AND IMPROVE THE FUND'S MARKET POSITION**

The Proposal has the potential to strengthen the Fund's market position by increasing the breadth of investor participation given the market's apparent preference for an internally managed structure.

The Proposal will provide a larger and fully integrated platform, increasing capacity to deliver superior returns and opportunities for Investors, arising primarily from the fact that the cost of acquisitions will no longer need to factor in a step increase in management costs. Currently any increase in assets under management also automatically increases fees payable to the manager. The Proposal may also enhance the potential to partner with third party capital providers on large format retail acquisition opportunities, both by reducing the relative cost of acquisitions for the Fund and by removing the conflicts which might otherwise arise where APG is seeking to pursue opportunities both for the Fund and third parties.

Beyond this, some Investors may prefer investing in internally managed REITs. Implementation of the Proposal may therefore drive increases in the demand and liquidity of Stapled Securities, but there is no guarantee of this.

e. **FINANCIAL BENEFITS**

The Proposal's anticipated financial benefits are summarised below. Section 5 explains these benefits in greater detail.

The Fund announced a transaction in 30 May 2017 to acquire two large format retail assets. As part of this transaction, the Manager agreed to waive 50% of its FY18 and FY19 investment management fee relating to the two assets acquired. The waived portion of the investment management fee in FY19 equates to \$1.3 million. APG's forecast FY19 EBIT is \$15.3 million. \$15.3 million understates APG's underlying FY19 EBIT as the one-off \$1.3 million fee revenue, granted as a waiver to the Fund is not included. The analysis below shows various metrics relative to APG's forecast FY19 EBIT of \$15.3 million and APG's underlying FY19 EBIT (that is, adjusted for the fee waiver) of \$16.6 million.

1. **Forecast to be accretive to Investors**

FY19	Impact	Impact (adjusted for fee waiver)
FFO per security	1.1%	2.6%
AFFO per security	4.0%	5.7%
'Value' per security ⁹	6.0%	7.7%

For information on the assumptions underlying the above projections see Section 5 of this Explanatory Memorandum.

9. 'Value' accretion captures benefits of approximately \$1.6 million relating to development that are saved as part of internalisation, which are not fully captured in FFO or AFFO on consolidation but will be reflected in property valuations.

2. Improves the outlook for the Fund's earnings growth by eliminating external funds management fees and replacing them with operating costs directly controlled by the Fund

The Proposal aims for an improved outlook for Fund earnings growth per security due to external funds management fees being extinguished. The Fund will benefit from operating leverage, meaning that new acquisitions should not require a step increase in internal management costs, which may result in a greater competitive advantage when bidding for asset acquisitions. New acquisitions currently result in increased management fees, which increase the cost of the acquisition for the Fund.

3. Potential for diversified income streams

While management will primarily focus on the assets of the Fund, the Proposal may deliver opportunities for Aventus to generate funds management and asset management income by managing assets on behalf of third party investors. Such income would supplement income earned from the balance sheet portfolio and may generate higher returns for Investors. While this is not currently seen as a major strategic driver for Aventus, this may be possible on a case by case basis where the opportunity presents.

4. Extinguishing external performance fees

The Fund currently pays APG a performance fee. The inaugural performance fee is payable in August 2018 post announcement of the Fund's 30 June 2018 full year results. A provision has been raised for this performance fee in recent results disclosures, and a pro forma adjustment has been made to reflect the payment of this inaugural performance fee prior to the Implementation Date of \$9m. See Section 5 of this Explanatory Memorandum for further information.

As part of this Proposal, all future performance fees (that is, with the exception of the inaugural performance fee described above which has already been accrued and will be paid prior to the Implementation Date) will no longer be an expense of Aventus as they will be eliminated on consolidation. The extinguishment of future external performance fees is clearly of benefit to Investors.

F. GOVERNANCE BENEFITS

1. The Proposal will enhance the alignment of interests between the board, management and Investors by removing perceived conflicts of interest arising from the external management model, with management to be employed and incentivised by Aventus and directly accountable to Investors.

Currently, the manager of the Fund is APG and its subsidiaries are paid fees, based largely on the value of assets under management, including a profit margin.

While the Sellers hold a significant interest in the Fund, the interests of APG and those of the Investors are not fully aligned. For example, the fees paid for managing the Fund represent a potential source of conflict as a higher fee being more beneficial to APG, but results in higher cost to Investors. Internalisation removes the potential for such conflicts by ensuring that Investors own both the assets and management functions of the Fund.

AHL's board and management will therefore be directly accountable only to, and fully aligned with, Investors. The board of AHL will assume responsibility for overseeing the strategy and business affairs to the benefit of Investors, including the fulfilment of fiduciary and statutory obligations to those Investors. As part of the Proposal, remuneration of key management will include the use of Stapled Securities, which will be subject to various selling restrictions and an equity form of remuneration will facilitate the alignment of interests between management and Investors. See Sections 8.12 and 8.13 for further details on changes to remuneration structure.

The Independent Directors believe that an internalised Aventus has the potential to attract new investors to the Fund that previously may have been unable or unwilling to invest in an externally managed A-REIT.

2. Enhanced board accountability, with Investors able to periodically elect directors, and vote annually on the remuneration report

If the Proposal is approved, AHL will hold an annual general meeting and Investors with a sufficient majority may, in certain circumstances, appoint and remove directors, and participate in an annual vote on the remuneration report, subject to Australia's 'two strikes' say on pay legislation. A requirement for the periodic election of directors (excluding the Managing Director) will ensure that AHL's board is held accountable by Investors for oversight of the performance and strategic direction of the Fund. Those Investors with the prerequisite ownership in Stapled Securities will be able to call a general meeting of Investors. Additionally, the Proposal will provide Investors with the ability to lodge an advisory vote whether to approve the annual remuneration report. It is on this basis that AHL will be required to publish an annual remuneration report detailing the quantum and nature of fixed and variable remuneration entitlements to executive key management personnel, enhancing corporate governance transparency. These changes in Investor rights will further emphasise the board's accountability to Investors.

3. Expected continuity of the board and senior management

The ACL Board is majority independent and if the proposal is approved, the current composition of directors and independent oversight will remain unchanged for the board of AHL. All of the directors of ACL hold an interest in Existing Units in the Fund and this is expected to continue if the Proposal is approved. The current team managing the Fund (see Section 4.5(b)) will continue to lead and manage the day to day operations of the Fund and will enter into new contracts to confirm participation in the newly formed employee incentive scheme described in Section 8.13.

The continuity of senior management aims to ensure that intensive management of the Fund's high quality large format retail portfolio continues seamlessly.

Darren Holland will enter into a new 3 year employment agreement as Managing Director & CEO if the Proposal is implemented, and HMM (which is an entity associated with Darren Holland) has entered into a voluntary escrow deed in relation to Consideration Securities received, which enhances alignment between the CEO and Investors. See Sections 8.14 and 8.4 of this Explanatory Memorandum for further information on Darren Holland's CEO Employment Agreement and HMM's voluntary escrow deed respectively. Further, if the Proposal is implemented this will see the equity interest in the Fund of entities associated with Darren Holland increase from 0.5% to 2.3%, further enhancing the alignment of interests.

G. COMMON OWNERSHIP

Investors will now own both the Fund and its management entities. Therefore, the Fund will no longer pay fund management fees to an external party (including investment and property management fees, base fees, and performance fees), and the Fund will no longer pay property management, leasing and development management fees to an external party.

H. ALIGNMENT OF INTERESTS

Approximately 57% of the Purchase Price will be paid in Stapled Securities so that the Sellers (including the CEO) are effectively converting the majority of their ownership in APG to ownership interests in Aventus, further aligning their interests with the interests of Aventus.

4.7. DISADVANTAGES OF THE PROPOSAL

This Section is not intended to set out all the relevant issues for Investors in relation to the Proposal. It should be carefully read in conjunction with the other Sections of this Explanatory Memorandum and Section 7 of the separate Prospectus.

A. YOU MAY DISAGREE WITH THE CONCLUSIONS OF INDEPENDENT DIRECTORS AND/OR THE INDEPENDENT EXPERT ABOUT THE PROPOSAL'S BENEFITS

You may disagree with the conclusion of the Independent Directors that the Proposal is in the best interests of Investors.

Alternatively, you may disagree with the conclusion of the Independent Expert that the Proposal is fair, reasonable and therefore in the best interests of Investors not associated with the Sellers.

B. IMPLEMENTATION OF THE PROPOSAL MAY CHANGE THE RISK PROFILE FOR INVESTORS

The Proposal may change the risk profile for Investors, including but not limited to exposure to the running of the management business (which may include operating cost structure changes), historical liabilities of acquired companies, and dependency on key staff. These risks and the mitigating steps taken by the Independent Directors to address these risks are discussed in greater detail in Section 4.8 of this Explanatory Memorandum.

C. CONSIDERATION PAID TO THE SELLERS WILL BE PARTIALLY FUNDED FROM THE DRAWING DOWN OF THE FUND'S EXISTING DEBT FACILITIES

The Proposal will be funded through a combination of debt and the issuance of Stapled Securities. If the Proposal is implemented, the Fund's pro forma gearing ratio as at 30 June 2018 is expected to increase from 36.0%¹⁰ to 39.3%.

Post transaction gearing will be towards the upper end of the Fund's target gearing range but importantly, the Fund's interest cover ratio is well in excess of the 2.0x covenants. The ACL Board has and will continue to have a strong focus on maintaining balance sheet strength, which may include various capital management and portfolio management initiatives being employed over time.

Part of the rationale for internalising management is to improve the growth outlook of the Fund (as described in Section 4.6(e)(2)). Once internalised, the Fund's growth is no longer solely reliant on acquiring assets on balance sheet. Other avenues might include growing through managing assets on behalf of third party investors if the opportunity presents.

Please see Section 5 of this Explanatory Memorandum for further information.

D. NTA PER SECURITY IS EXPECTED TO REDUCE FROM \$2.38¹⁰ TO \$2.10

The \$143 million that the Fund will pay to the Sellers as a result of the Proposal will be recognised as intangible assets on the Pro Forma Consolidated Statement of Financial Position of the Fund. Intangible assets are excluded from NTA and further securities (being the Consideration Securities) will be issued to the Sellers. As such, the Fund's NTA per security is expected to reduce from \$2.38¹⁰ to \$2.10 on a pro forma basis.

However the Fund's NAV per security, which does include intangible assets, is not expected to be materially impacted. The Fund's NAV per security is expected to reduce from \$2.38 to \$2.37 on a pro forma basis.

Please see Section 5 of this Explanatory Memorandum for further information.

E. EXISTING INVESTORS WILL BE DILUTED TO SOME EXTENT DUE TO THE ISSUANCE OF NEW STAPLED SECURITIES TO THE SELLERS AND THE PROPOSED RESTRUCTURE OF EXECUTIVE REMUNERATION TO INCLUDE THE USE OF STAPLED SECURITIES

As part of the funding of the Proposal, approximately 35.7 million Stapled Securities are to be issued to the Sellers in total. As such, the holdings of Investors in the Fund will be diluted to some extent. However, 35.7 million Stapled Securities only represents approximately 7% of the Fund's Units on issue as at 30 June 2018. The holding of entities associated with Brett Blundy in the Fund will increase marginally from 28.9% to 31.8%. Further, the issuance of these Stapled Securities is at AVN's last reported NTA per Unit (\$2.38), which is in excess of AVN's closing trading price at 2 August 2018 of \$2.23 trading price.

10. As at 30 June 2018, the Fund's gearing was 35.6% and NTA per security was \$2.38. Between the balance sheet date and the implementation of the Proposal, the Fund paid a performance fee of approximately \$9 million to APG. This performance fee was funded through a drawdown of existing debt facilities resulting in gearing increasing to 36.0% on a pro forma basis. NTA per security remained unchanged.

If the Proposal is implemented, remuneration of key management will include the use of Stapled Securities. This will have a very small dilutive impact both in terms of Aventus' earnings and the ownership percentages of Stapled Securityholders. The impact of this dilution is expected to be immaterial.

4.8. RISKS

General and specific risks of an investment in the Fund were set out in Section 11 of the product disclosure statement for the Fund's IPO, which may be found at www.ventusproperty.com.au. Investors are already subject to the risks relevant to their investment in the Fund, and the Proposal does not affect those risks. Accordingly, this Section does not seek to further address those risks.

This Section outlines only the specific and general risks which the Independent Directors believe may arise from the Proposal, and may affect Aventus' future operating and financial performance. There may be other risks, and this Section does not seek to be exhaustive of all risks which may potentially arise from the Proposal.

A. SPECIFIC RISKS RELATING TO THE PROPOSAL (IN ADDITION TO THOSE HIGHLIGHTED IN SECTION 4.7)

- **Historical liabilities** – AHL will acquire existing management companies which may have unknown historical liabilities. To address this, the Independent Directors have commissioned legal, tax and accounting due diligence on APG and its subsidiaries. They have also obtained substantive warranties and tax indemnities from the Sellers under the Share Sale Agreement.
- **Potential higher operating costs** – following implementation of the Proposal, the Fund will no longer pay management fees (including base and performance fees) to an external party. While this will give Aventus greater control over operating costs, it also exposes it to movements and volatility in operating cost structures. Although the Independent Directors have considered the potential costs and consider that such costs post internalisation will be lower than the external management and transaction fees the Fund would otherwise have to pay to APG (particularly over time as the Fund grows), there is a risk that ongoing operating costs may be higher than anticipated, so that the financial benefits targeted to arise from the Proposal are not achieved to the extent anticipated, or at all. The price paid to the Sellers for APG takes account of anticipated future expenses against anticipated future savings on external fees. If future expenses exceed expectations there is a risk that the amount paid for APG is too high relative to the fee savings. Other costs, such as office premises, registry services and custodian services are reasonably predictable.
- **Financial information** – there is a risk that the assumptions in the financial information in Section 5 may not be achieved. One-off transaction and ongoing operating costs may be higher than forecast and additional revenues from the Proposal may be lower than forecast. Forecasts by their nature are subject to uncertainties and contingencies, many of which are outside the Fund's control. Therefore, there is a risk that the financial benefits targeted to arise from the Proposal are not achieved to the extent anticipated, or at all.
- **Employees** – AHL (and its subsidiaries) will be reliant on retaining and attracting quality senior management and staff to operate Aventus. There is a risk the Proposal could trigger the loss of services of senior management or key personnel, and new personnel might have less specialist experience or be more expensive which could adversely affect Aventus' operations and performance. However, Managing Director & CEO Darren Holland has entered into the CEO Employment Agreement described in Section 8.14 and CFO Lawrence Wong has entered into a new employment agreement described in Section 8.15, each to take effect if the Proposal is implemented. Certain terms have also been included in these agreements such as notice periods, remuneration set at market levels and incentives aligned to the long-term interest of Investors through the use of Stapled Securities that have various selling restrictions. The Independent Directors believe that significant steps have been taken to mitigate the risk of personnel losses. This risk already exists today. However, following implementation of the Proposal, responsibility for managing this risk will be internalised rather than a third party's responsibility.
- **Changes in applicable law** – the existence of a company (AHL) in the new stapled structure gives rise to additional associated regulatory, tax, statutory and legal requirements which may change over time and have implications for Investors. AHL and ACL must comply with various legal requirements imposed by securities laws and company laws in Australia. Should any of those laws change over time, the legal

requirements to which ACL (as responsible entity of the Fund) and AHL may be subject could differ materially from current requirements. Furthermore, changes in relevant taxation laws, accounting standards, other legal, legislative or other administrative regimes, and government policies (including government fiscal, monetary and regulatory policies), may have an adverse effect on assets, operations and, ultimately, financial performance. However, these risks might be seen as a usual part of doing business.

B. GENERAL RISKS RELATING TO THE PROPOSAL

- **Economic conditions** – Aventus' financial performance may be negatively impacted by general economic conditions such as fiscal policy, the rate of inflation, changes in gross domestic product, interest rates, investment sentiment and property market volatility.
- **Changes in AFSL requirements** – current AFSL licensing requirements require ACL to comply with minimum solvency and capital standards. These may change over time, requiring additional reserves to be set aside which may adversely affect financial performance.
- **Taxation** – changes in taxation law (including goods and services taxes and stamp duties), or differences or changes in the way tax laws are interpreted in the various jurisdictions in which Aventus operates, may impact Aventus' tax liabilities and therefore, its financial performance. To the extent this impacts historical tax liabilities of APG this should be covered by the tax indemnity in the SSA.
- **Disputes and litigation** – financial performance may be adversely affected by disputes and litigation involving Aventus and its subsidiaries.
- **ASX listing requirements** – there are various listing requirements that Aventus must comply with, which may change over time. While Aventus will always seek to comply with these requirements, there can be no assurance that they will continue to be met.

For a listing of additional general risks which may arise for an investment in the Fund, please see Section 11 of the product disclosure statement for the Fund's IPO, which may be found at www.ventusproperty.com.au.

4.9. IMPLICATIONS IF THE PROPOSAL IS APPROVED

From a corporate structure perspective, if the Proposal is approved and implemented:

- Existing Units will become a component of the Stapled Securities and continue to trade on the ASX under code AVN;
- through their Stapled Securities, Investors will own AHL and its subsidiaries (including ACL);
- AHL (through its subsidiaries) will provide fund and property management services to the Fund and Kotara.

From a financial perspective, if the Proposal is approved and implemented:

- the Fund will no longer pay external management fees (including base investment management, leasing fees and performance fees). The Fund will also no longer pay property management or development management fees to an external party;
- consideration will be paid to the Sellers valued at approximately \$143 million for the Fund and property management rights and a fixed amount of \$5 million for net tangible assets of APG, including all operating assets and liabilities of the management business such as intellectual property, IT systems, office equipment, receivables and other working capital balances;
- the Fund is forecast for the financial year ending 30 June 2019 to obtain 1.1% FFO accretion, 4.0% AFFO accretion and 6.0% 'value' accretion¹¹;
- adjusted for the fee waiver, the Proposal is expected to be 2.6% accretive to FFO, 5.7% accretive to AFFO and 7.7% accretive to 'value' per security¹²;
- the consideration paid to the Sellers will be funded by drawing down from the Fund's existing debt facility which will increase the pro forma gearing ratio as at 30 June 2018 increasing from 36.0%¹³ to 39.3%; and

11. 'Value' accretion captures benefits of approximately \$1.6 million relating to development that are saved as part of internalisation, which are not fully captured in FFO or AFFO on consolidation but will be reflected in property valuations.

12. As part of the transaction announced by the Fund on 30 May 2017, the Manager agreed to waive 50% of its FY19 investment management fee relating to the assets acquired (Castle Hill and Marsden Park). The waived portion of the investment management fee in FY19 equates to \$1.3 million.

13. As at 30 June 2018, the Fund's gearing was 35.6% and NTA per security was \$2.38. Between the balance sheet date and the implementation of the Proposal, the Fund paid a

- the Fund's pro forma NTA per security as at 30 June 2018 will reduce from \$2.38¹³ to \$2.10. However, pro forma NAV per security as at 30 June 2018 will remain similar, only reducing from \$2.38 to \$2.37.

See Sections 4.7 and 5 for further detail on the financial impact of the Proposal.

From a corporate governance perspective, if the Proposal is approved and implemented:

- any potential or perceived conflict of interest between the external manager and Investors would be removed through elimination of the external management fee structure, whereby management will be directly employed and incentivised by AHL. This will facilitate an alignment of interests between the ownership and management of the Fund's assets;
- continuity in composition of the Board and senior management team will be maintained between ACL and AHL; and
- Investor rights will be significantly enhanced through the ability to periodically appoint or remove AHL directors, and to allow for Investors to lodge an advisory vote on the annual remuneration report that will be subject to Australia's 'two strikes' say on pay legislation.

4.10. IMPLICATIONS IF THE PROPOSAL IS NOT APPROVED

If the Proposal does not proceed for any reason:

- ACL will remain as the responsible entity of the Fund;
- the directors of ACL will remain the same;
- the Existing Units will continue to trade on ASX;
- the Fund will continue to pay management fees to APG's subsidiaries (including base investment management fees and performance fees);
- the Fund will continue to pay property management and development management fees to subsidiaries of APG;
- the Fund will incur approximately \$3 million of transaction costs (including legal, accounting and independent expert costs) in relation to the Proposal (which will be incurred even if the Proposal does not proceed);
- the current FFO guidance for FY19 will remain unchanged at 18.2 cents per security;
- the investment management fee waiver of \$1.3 million per annum for Castle Hill and Marsden Park will expire on 30 June 2019, which will impact earnings for the following years; and
- it will be open to the Independent Directors to consider alternatives for the long-term management of the Fund.

4.11. RESOLUTIONS

Resolutions 1, 2 and 3 are conditional upon each other (meaning if any of Resolution 1, 2 or 3 is not passed then the Proposal will not be approved).

- Resolution 1** is an ordinary resolution approving the Proposal and authorising ACL do all things it considers necessary, desirable or reasonably incidental to give effect to the Proposal.
- Resolution 2** is an ordinary resolution approving the acquisition of APG by AHL for the purposes of Listing Rule 10.1, and authorising ACL and AHL to do all things they consider necessary, desirable or reasonably incidental to give effect to the acquisition. Such approval is needed where a substantial asset is being acquired from a person who, together with their associates, has a relevant interest in 10% or more of the total votes attaching to the voting securities in an entity, or an associate of any such person. This approval is required as entities associated with Brett Blundy and Darren Holland hold approximately 29% of the Existing Units and are also the Sellers.
- Resolution 3** is an ordinary resolution approving the issue of Stapled Securities to entities associated with directors Brett Blundy and Darren Holland, and authorising ACL and AHL to do all things they consider necessary, desirable or reasonably incidental to give effect to the issue. Issues of new securities to directors or their associates require approval under Listing Rule 10.11.

Approval is not required under Listing Rule 7.1 as it is being sought under Listing Rule 10.11.

See the Notice of Meeting in Section 9 for more detail on the Resolutions.

performance fee of approximately \$9 million to APG. This performance fee was funded through a drawdown of existing debt facilities resulting in gearing increasing to 36.0% on a pro forma basis. NTA per security remained unchanged.

4.12. CONDITIONS

The Proposal will not proceed unless the Conditions set out in the Implementation Deed are all satisfied or waived.

The Conditions are:

- **(ASIC and ASX)** each of ASIC and ASX issues or provides such consents, waivers, approvals and does such other acts as are necessary to implement the Proposal;
- **(quotation of Stapled Securities)** the Stapled Securities are admitted to trading by the ASX on a deferred settlement basis;
- **(Investor approval)** Investors pass the Resolutions put to them by the requisite majorities;
- **(restraints)** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the Proposal is in effect at 8:00 am on the Implementation Date;
- **(no regulatory action)** between the date that a public announcement of the Proposal is made under clause 11.1 of the Implementation Deed and 8:00 am on the Implementation Date:
 - there is not in effect any preliminary or final decision, order or decree issued by a Government Agency; and
 - no action or investigation is announced or commenced by a Government Agency,that restrains, impedes or prohibits or otherwise materially adversely impacts upon the implementation of the Proposal;
- **(financier consents)** the Fund's financiers have given all consents, approvals and waivers required to be obtained to implement the Proposal and such consents remain in full force and effect;
- **(no Material Adverse Change)** no Material Adverse Change has occurred, been discovered, been announced, been disclosed or otherwise become known to any of ACL, AHL, APG or the Sellers between the date of the Implementation Deed and 6:00 pm on the day before the Meeting Date;
- **(no Competing Proposal)** ACL has not received a Competing Proposal which the Independent Directors have determined is a Superior Proposal between the date of this deed and 6:00 pm on the day before the Meeting Date;
- **(Independent Expert)** the Independent Expert concludes in the Independent Expert's Report that the Proposal is fair and reasonable and in the best interests of Investors not associated with the Sellers;
- **(Business and Group Companies)** between the Announcement Date and the Meeting Date:
 1. APG and each other Group Company conduct the Business in the ordinary course;
 2. there is no material alteration to the capital structure of APG or any other Group Company; and
 3. neither APG nor any other Group Company acquires or disposes of any material asset;
- **(Repayment of Shareholder Loans and Employee Loans)** each Shareholder Loan and each Employee Loan is fully discharged;
- **(Termination of APG Shareholders Agreement)** the APG Shareholders' Agreement is terminated;
- **(Management agreements)**
 - the Management Services Agreement is amended in the form agreed between the parties to that agreement before the date of the Implementation Deed, with effect from the Implementation Date; and
 - the Intra-Staple Loan Agreement is entered into;
- **(Market fall)** in the period from the date of the Implementation Deed to the close of trading on the Business Day before the Meeting Date, the S&P/ASX 300 A-REIT Index has not closed on any three consecutive trading days at a level that is 10% or more below the level of that index as at the close of trading on the Business Day immediately preceding the date of the Implementation Deed; and
- **(AVN Adverse Event)**: no AVN Adverse Event has occurred, been discovered, been announced, been disclosed or otherwise become known to any of the parties to the Implementation Deed between the date of the Implementation Deed and 6:00 pm on the Business Day before the Meeting Date.

The status of these conditions will be advised at the Meeting.

5.0

FINANCIAL INFORMATION

5. FINANCIAL INFORMATION

5.1. INTRODUCTION

The financial information contained in this section comprises the:

- historical consolidated income statements of the Fund and APG for the financial years ended 30 June 2016, 2017 and 2018 as set out in Section 5.3;
- historical consolidated statements of cash flows of the Fund and APG for the financial years ended 30 June 2016, 2017 and 2018 as set out in Section 5.4;
- historical consolidated balance sheet of the Fund as at 30 June 2018 (see column entitled 'The Fund' as set out in Section 5.5); and
- historical consolidated balance sheet of APG as at 30 June 2018 (see column entitled 'APG' as set out in Section 5.5);

(together the Historical Financial Information)

- pro forma historical consolidated balance sheet of the Fund post implementation of the Proposal as at 30 June 2018 (see column entitled 'Aventus' as set out in Section 5.5);

(the Pro Forma Historical Financial Information)

- forecast consolidated income statement of the Fund for the year ending 30 June 2019 (see column entitled 'the Fund' as set out in Section 5.6.1); and
- forecast consolidated income statement of APG for the period 1 October 2018 to 30 June 2019 for APG (see column entitled 'APG' as set out in Section 5.6.1);

(together the Forecast Consolidated Income Statements);

- forecast consolidated income statement of the Fund post implementation of the Proposal for the year ending 30 June 2019 (see column entitled 'Aventus' as set out in Section 5.6.1);

(the Forecast Consolidated Income Statement Post Internalisation);

- forecast consolidated distribution statements of the Fund and APG for the year ending 30 June 2019 (see columns entitled 'the Fund' and 'APG' as set out in Section 5.6.2); and
- forecast consolidated distribution statement of the Fund post implementation of the Proposal for the year ending 30 June 2019 (see column entitled 'Aventus' as set out in Section 5.6.2)

(together the **Forecast Consolidated Distribution Statements**)

collectively, the **Financial Information**.

Collectively, the Forecast Consolidated Income Statements, the Forecast Consolidated Income Statement Post Internalisation, and the Forecast Consolidated Distribution Statements are the **Forecast Financial Information**.

All amounts disclosed in Section 5 are presented in Australian dollars and are rounded to the nearest million. Rounding may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

Information provided in this section should be read in conjunction with the sensitivity analysis outlined in Section 5.9, the risk factors outlined in Section 4.8 and the other information provided in this Explanatory Memorandum.

5.2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL INFORMATION

5.2.1. OVERVIEW

The Independent Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information in this Explanatory Memorandum is intended to present unitholders with information to assist them in understanding the historical financial position, financial performance and cashflows for the Fund

and APG, the pro-forma historical financial position of Aventus arising from the implementation of the Proposal together with the Forecast Financial Information, as well as prospects for the Fund, APG and Aventus (assuming implementation of the Proposal).

The Historical Financial Information and Forecast Consolidated Income Statements have been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (AAS).

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred as at 30 June 2018.

The Forecast Consolidated Income Statement Post Internalisation has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred on or after 1 July 2018.

Certain significant accounting policies relevant to the Financial Information are disclosed in Section 5.10.

The Financial Information is presented in an abbreviated form and does not contain all of the presentation, disclosures, statements or comparative information as required by AAS applicable to annual general purpose financial reports prepared in accordance with the Corporations Act.

The Financial Information, as defined above, has been reviewed by Ernst & Young Transaction Advisory Services Limited (EY TAS), whose Independent Limited Assurance Report is provided in Annexure 1 of this Explanatory Memorandum. Investors should note the scope and limitations of this report.

5.2.2. HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information for the Fund has been derived from its financial statements for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018 which were audited by Ernst & Young. Ernst & Young issued unqualified audit opinions on these financial statements.

The Historical Financial Information for APG has been derived from its financial statements for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018 which were audited by Ernst & Young. Ernst & Young issued unqualified audit opinions on these financial statements.

Where necessary, comparative Fund and APG financial information has been adjusted to conform with changes in presentation for the year ended 30 June 2018.

The Pro Forma Historical Financial Information has been derived from the historical consolidated balance sheets of the Fund and APG as at 30 June 2018 and adjusted for the effects of pro forma adjustments described in Section 5.5.

Due to its nature, the Pro Forma Historical Financial Information does not represent Aventus' actual or prospective financial position.

5.2.3. FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared solely for inclusion in this Explanatory Memorandum on the basis that the Proposal is implemented. The Forecast Financial Information has been prepared by the Independent Directors based on an assessment of current economic and operating conditions, and assumptions regarding future events and actions as set out in Section 5.7. The Independent Directors believe that the Forecast Financial Information has been prepared with due care and attention and consider the assumptions to be reasonable at the time of preparing this Explanatory Memorandum.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that any deviation in the assumptions on which the Forecast Financial Information is based may have a material positive or negative effect on actual financial performance, cash flows and distributions. Investors are advised to review the assumptions in conjunction with the sensitivity analysis set out in Section 5.9, the risk factors outlined in Section 4.8 and the other information provided in this Explanatory Memorandum.

The Forecast Consolidated Income Statement Post Internalisation has been derived from the forecast consolidated income statements for the Fund and APG, after adjusting for the effect of the adjustments described below in Section 5.6.

The Forecast Consolidated Distribution Statements for the year ending 30 June 2019 have been derived by adjusting the Forecast Consolidated Income Statements and the Forecast Consolidated Income Statement Post Internalisation as detailed in Section 5.6.1 for:

- non-cash items, including straight-lining of rental income, amortisation of rental guarantees and amortisation debt establishment costs; and
- transaction costs.

The resulting measure is termed Funds from Operations (or **FFO**), being the Independent Directors' measure of the periodic amount available for distributions, which differs from net profit after tax as determined in accordance with AAS. An additional measure Adjusted FFO (**AFFO**) is based on FFO, adjusted for maintenance capex and leasing costs. The Forecast Consolidated Distribution Statement is more relevant for Aventus post implementation of the Proposal as a stapled group compared to the historical consolidated statements of cash flows which have been included in the Historical Financial Information.

The Forecast Financial Information is based on the Independent Directors' best estimate assumptions as described in Section 5.7. The Independent Directors believe the best estimate assumptions, taken as a whole, to be reasonable at the time of preparing the Explanatory Memorandum. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

The Australian Accounting Standards Board (**AASB**) has issued two new standards which will be effective for the financial years ending 30 June 2019: AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. The AASB has also issued AASB 16 *Leases* which supersedes AASB 117 *Leases* but is not effective for the financial year ending 30 June 2019. The new standards are not expected to have a significant impact on Aventus' Forecast Financial Information as set out in Section 5.6.

5.2.4. NON-IFRS FINANCIAL MEASURES

Certain financial measures included in this Explanatory Memorandum are not recognised under AAS. These measures are collectively referred to as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Explanatory Memorandum are discussed below.

The Forecast Consolidated Distribution Statements set out in Section 5.6.2 contain non-IFRS financial measures in nature, being FFO and AFFO which have been determined in accordance with best practice guidelines published by the Property Council of Australia.

Although the Independent Directors believe these measures provide useful information about the financial performance of the Fund, APG and Aventus, they should be considered as a supplementary measure of operating performance to that included in the Forecast Consolidated Income Statements and the Forecast Consolidated Income Statement Post Internalisation that have been presented in Section 5.6.1 and not as a replacement for it. Because these non-IFRS financial measures are not based on AAS, and the way that the Fund calculates these measures may differ from similarly titled measures by other companies, readers should therefore not place undue reliance on these non-IFRS financial measures.

5.3. HISTORICAL CONSOLIDATED INCOME STATEMENTS

5.3.1. THE FUND

The table below outlines the historical consolidated income statements of the Fund for the financial years ended 30 June 2016, 2017 and 2018.

	2016 \$m	2017 \$m	2018 \$m
Revenue			
Rental and other property revenue	77	130	163
Other revenue	1	1	1
Total revenue	78	131	165
Other income			
Net gain on movement in fair value of investment properties	82	91	78
Total revenue and other income	160	222	243
Expenses			
Property expenses	(20)	(34)	(41)
Finance costs	(12)	(12)	(25)
Management fees	(4)	(8)	(10)
Performance fee	-	(6)	(3)
Portfolio acquisition and transaction costs	(71)	(2)	(27)
Other expenses	(1)	(2)	(2)
Total expenses	(109)	(63)	(107)
Profit for the year before tax	51	159	136
Income tax expense	-	-	-
Net profit after tax	51	159	136
Earnings per unit			
Basic (cents per unit)	18.3	39.2	27.5
Diluted (cents per unit)	18.3	39.2	27.5

5.3.2. APG

The table below outlines the historical consolidated income statements of APG for the financial years ended 30 June 2016, 2017 and 2018.

	2016 \$m	2017 \$m	2018 \$m
Revenue			
Revenue from services	13	28	30
Other revenue	-	1	1
Total revenue	13	29	31
Expenses			
Employee benefits expense	(6)	(8)	(10)

	2016 \$m	2017 \$m	2018 \$m
Professional fees	(1)	(1)	(1)
Rent expense	-	(1)	(1)
Other expenses	(2)	(3)	(3)
Total expenses	(8)	(12)	(15)
Profit for the year before tax	5	17	16
Income tax expense	(1)	(5)	(5)
Net profit after tax	3	12	11

5.4. HISTORICAL CONSOLIDATED STATEMENTS OF CASH FLOWS

5.4.1. THE FUND

The table below outlines the historical consolidated statements of cash flows of the Fund for the financial years ended 30 June 2016, 2017 and 2018.

	2016 \$m	2017 \$m	2018 \$m
Cash flows from operating activities			
Rental and other property revenue received	82	141	177
Other revenue received	1	2	3
Payments to suppliers	(40)	(57)	(68)
Finance costs paid	(8)	(14)	(22)
Payment of portfolio transaction costs	(70)	(26)	(2)
Net cash inflows/(outflows) from operating activities	(35)	46	88
Cash flows from investing activities			
Payments for capital expenditure	(20)	(22)	(40)
Proceeds on sale of investment properties	-	-	60
Payments for businesses net of cash acquired	(383)	(20)	(416)
Net cash outflows from investing activities	(403)	(42)	(397)
Cash flows from financing activities			
Proceeds from issue of units	408	215	-
Unit issue transaction costs	(7)	(3)	-
Proceeds from borrowings	501	54	581
Repayment of borrowings	(433)	(187)	(232)
Payment of debt establishment costs	(3)	-	(3)
Redemption of units	(1)	-	-
Distributions paid	(23)	(54)	(68)
Net cash inflows from financing activities	441	25	278
Net increase/(decrease) in cash and cash equivalents	4	30	(30)
Cash at the beginning of the financial year	-	4	34
Cash at the end of the financial year	4	34	4

5.4.2. APG

The table below outlines the historical consolidated statements of cash flows of APG for the financial years ended 30 June 2016, 2017 and 2018.

	2016 \$m	2017 \$m	2018 \$m
Cash flows from operating activities			
Receipts from customers	12	25	29
Other receipts	-	1	1
Payments to suppliers and employees	(7)	(15)	(16)
Income tax paid	-	(2)	(6)
Net cash inflows from operating activities	5	9	8
Cash flows from investing activities			
Loans to related parties	(1)	(8)	(8)
Net cash outflows from investing activities	(1)	(8)	(8)
Cash flows from financing activities			
Proceeds from borrowings	5	-	-
Repayment of borrowings	(4)	(1)	-
Net cash inflows/(outflows) from financing activities	1	(1)	-
Net increase in cash and cash equivalents	6	-	-
Cash at the beginning of the financial year	-	6	5
Cash at the end of the financial year	6	5	5

5.5. HISTORICAL AND PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEETS

The table below outlines the pro forma historical consolidated balance sheets of Aventus as at 30 June 2018 as if the Proposal was implemented as at 30 June 2018 and has been derived from:

- i. **The Fund** – historical consolidated balance sheet of the Fund as at 30 June 2018;
- ii. **APG** – historical consolidated balance sheet of APG as at 30 June 2018; and
- iii. adjusted for the following:
 - a. settlement of the performance fee payable from the Fund to APG as at 30 June 2018;
 - b. the impact of the Proposal; and
 - c. elimination adjustments with respect to cross-staple transactions.

The pro-forma historical consolidated statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of Aventus' actual or future financial position.

	The Fund Historical \$m	APG Historical \$m	Settlement of performance fee ¹ \$m	Transaction impact \$m	Aventus Pro forma Historical \$m
	A	B	C	D	A+B+C+D=E
Cash and cash equivalents	4	5	1	(3) ²	7
Trade and other receivables	2	12	(9)	(3) ³	2
Other current assets	5	-	-	-	6
Total current assets	11	18	(8)	(5)	15
Investment properties	1,887	-	-	-	1,887
Intangible assets	-	-	-	143 ⁴	143
Other non-current assets	2	1	-	-	3
Total non-current assets	1,889	1	-	143	2,033
Total assets	1,900	19	(8)	138	2,048
Trade and other creditors	16	2	-	(3) ³	16
Provision for performance fees	9	-	(9)	-	-
Distributions payable	20	-	-	-	20
Borrowings	90	-	-	-	90
Other current liabilities	4	2	-	-	6
Total current liabilities⁹	139	5	(9)	(3)	132
Borrowings	584	-	9	67 ⁵	660
Other non-current liabilities	2	3	(3)	-	2
Total non-current liabilities	586	3	6	67	662
Total liabilities	725	8	(3)	64	794
Net assets	1,175	11	(6)	74	1,254
Contributed equity	975	-	-	85 ⁶	1,060
Retained earnings	200	11	(6)	(11) ⁷	194
Total equity	1,175	11	(6)	74	1,254
Securities on issue (millions)	494	-	-	36	530
NTA per security	\$2.38				\$2.10
NAV per security	\$2.38				\$2.37
Gearing	35.6%		36.0% ⁹		39.3%

Notes:

1. The financial information presented in the column entitled "Settlement of performance fee" represents the notional settlement of the \$9 million performance fee payable from the Fund to APG for the financial year ended 30 June 2018, the notional payment of \$3 million in associated income tax by APG, the notional declaration and payment of a \$6 million dividend to APG shareholders and notional residual cash of \$1 million retained by APG. Following settlement of the performance fee AVN's gearing increases from 35.6% to 36.0%.
2. The \$3 million adjustment represents the cash portion of the \$154 million total funding required for the Proposal. Refer to Section 5.11 for further details.
3. The \$3 million adjustment represents elimination of APG accrued income and AVN accrued expenses on consolidation.
4. The \$143 million adjustment represents intangible assets arising from the acquisition of APG and its subsidiaries. The amount of total

intangible assets, including goodwill, relating to the Proposal may change once the fair value of all assets and liabilities are determined as at the Implementation Date.

5. The \$67 million adjustment represents additional debt which will be drawn on the expected Implementation Date to fund a portion of the total \$154 million funding required for the Proposal. Refer to Section 5.11 for further details.
6. The \$85 million adjustment represents the issuance of New Stapled Securities to the respective Sellers to fund a portion of the total \$154 million funding required for the Proposal. Refer to Section 5.11 for further details.
7. The \$11 million adjustment represents the elimination of pre-acquisition retained earnings of APG, including the notional \$6 million dividend paid to shareholders on settlement of the performance fee for the year ended 30 June 2018 plus \$6 million in transaction costs associated with the Proposal.
8. Aventus' current liabilities exceed current assets by \$117 million. This is mainly attributable to \$90 million of borrowings and \$20 million of distributions payable. Current liabilities will be settled in the normal course of business from unutilised debt and operating cash flows.
9. Represents the Fund's 30 June 2018 pro forma gearing for settlement of the performance fee but prior to transaction impact. Note that this column also includes 30 June 2018 pro forma adjustments for APG in relation to settlement of the performance fee which do not impact the Fund's gearing.

5.6. FORECAST FINANCIAL INFORMATION

5.6.1. FORECAST CONSOLIDATED INCOME STATEMENTS AND FORECAST CONSOLIDATED INCOME STATEMENT POST INTERNALISATION

The table below outlines the Forecast Consolidated Income Statements and Consolidated Income Statement Post Internalisation for the year ending 30 June 2019 and is based on an expected Implementation Date of the Proposal on 1 October 2018.

The column entitled 'Aventus' has been calculated as follows:

- i. forecast consolidated income statement for the Fund for the year ending 30 June 2019 based on an assessment of current economic and operating conditions, assumptions regarding future events and actions and on a standalone basis (see column entitled 'The Fund');
- ii. forecast consolidated income statement for APG for the period 1 October 2018 to 30 June 2019 prepared on a standalone basis (see column entitled 'APG'); and
- iii. the transaction impact arising from the Proposal and elimination adjustments with respect to cross-staple transactions (see column entitled 'Adjustments'). The aggregate of the forecast consolidated statement of comprehensive income for APG and the Adjustments are presented in the column entitled 'Total transaction impact' to inform the reader of the total forecast impact of the internalisation.

	The Fund Forecast Year ending 30 June 2019 \$m	APG Forecast Period 1 Oct 2018 to 30 June 2019 \$m	Adjustments \$m	Total transaction impact \$m	Aventus Year ending 30 June 2019 \$m
	A	B	C	B+C=D	A+D=E
Property income	164	-	-	-	164
Investment management fees	-	8	(8) ¹	-	-
Property management fees	-	6	(5) ²	-	-
Leasing and development fees	-	4	(4) ³	-	-
Other revenue	2	5	(5) ²	-	2
Total revenue	167	23	(22)	1	167
Property expenses	(41)	-	5 ²	5	(36)
Investment management fees	(10)	-	8 ¹	8	(3)

	The Fund Forecast Year ending 30 June 2019 \$m	APG Forecast Period 1 Oct 2018 to 30 June 2019 \$m	Adjustments \$m	Total transaction impact \$m	Aventus Year ending 30 June 2019 \$m
	A	B	C	B+C=D	A+D=E
Other expenses	(2)	(11)	5 ²	(6)	(8)
Transaction costs	-	-	(6) ⁴	(6)	(6)
Finance costs	(26)	-	(1) ⁵	(1)	(27)
Total expenses	(79)	(11)	10	(1)	(80)
Net profit before tax	87	11	(11)	-	87
Income tax expense	-	(3)	3 ⁶	-	-
Net profit after tax	87	8	(8)	-	87

Notes:

1. Represents elimination of investment management fees on consolidation.
2. Represents elimination of property management fees on consolidation.
3. Represents elimination of leasing and development fees on consolidation.
4. Represents transaction costs associated with the Proposal. Costs are non-recurring in nature and will be funded out of existing cash and unutilised debt facilities.
5. Represents additional interest on debt drawn to fund the Proposal.
6. Represents elimination of income tax expense associated with revenue and expenses eliminated on consolidation.

5.6.2. FORECAST CONSOLIDATED DISTRIBUTION STATEMENTS

The table below outlines the Forecast Consolidated Distribution Statements for the year ending 30 June 2019. The Forecast Consolidated Distribution Statements are more relevant for Aventus post implementation of the Proposal as a stapled group compared to the historical consolidated statements of cash flows which have been included in the Historical Financial Information. The forecast distribution statements of AVN and APG have been presented for information purposes only.

	The Fund Forecast Year ending 30 June 2019 \$m	APG Forecast Period 1 Oct 2018 to 30 June 2019 \$m	Adjustments \$m	Total transaction impact \$m	Aventus Year ending 30 June 2019 \$m
	A	B	C	B+C=D	A+D=E
Net profit after tax¹	87	8	(8)	-	87
Straight lining of rental income	(2)	-	-	-	(2)
Amortisation of rental guarantees	3	-	-	-	3
Transaction costs	-	-	6	6	6
Other non-cash items	1	-	-	-	1
Funds from operations (FFO)	90	8	(2)	6	96
Maintenance capex ²	(6)	-	-	-	(6)
Leasing costs ³	(5)	-	2	2	(3)

	The Fund Forecast	APG Forecast Period 1 Oct 2018 to 30 June 2019	Adjustments	Total transaction impact	Aventus
	Year ending 30 June 2019 \$m	to 30 June 2019 \$m	\$m	\$m	Year ending 30 June 2019 \$m
	A	B	C	B+C=D	A+D=E
Adjusted funds from operations (AFFO)	80	8	-	8	87
Securities on issue (million)	495		36	36	522 ⁴
FFO per security (cents)	18.2				18.4
FFO accretion per security (%)					+1.1%
AFFO per security (cents)	16.1				16.7
AFFO accretion per security (%)					+4.0%

Notes:

1. Net profit after tax as disclosed in Section 5.6.1.
2. Maintenance capex includes operational capital expenditure and excludes tenancy fitout incentives, landlord works and development capital expenditure.
3. Leasing costs represents lease incentives and leasing fees.
4. Weighted average number of securities on issue based on an expected Implementation Date of the Proposal on 1 October 2018.

5.7. FORECAST ASSUMPTIONS

The key assumptions relating to the Forecast Financial Information are set out below.

5.7.1. GENERAL ASSUMPTIONS

In preparing the Forecast Financial Information for the year ending 30 June 2019 the following general assumptions have been adopted:

- no significant change in economic conditions (including retail property market and financial market stability);
- no significant change in the competitive operating environment;
- no unexpected changes to the statutory, legal or regulatory environment which would be detrimental to the Fund in any of the jurisdictions in which it operates;
- no changes in current Australian tax legislation;
- no material changes in AAS and Interpretations, other mandatory professional reporting requirements or the Corporations Act that would have a material impact on the consolidated financial performance, cashflows, financial position, distributions, accounting policies, financial reporting or disclosures;
- key personnel, particularly the senior management team, are retained;
- no material litigation or contract disputes;
- no acquisitions or disposals of investment properties;
- no material change in capital expenditure requirements from those included in the Forecast Financial Information caused by factors outside the Fund's control;
- no significant amendment to any material contracts relating to the business;
- no movement in the fair value of investment properties;
- no movement in the fair value of derivatives;
- all existing leases are enforceable and performed in accordance with their terms; and
- the Proposal proceeds in accordance with the timetable set out in this Explanatory Memorandum.

5.7.2. SPECIFIC ASSUMPTIONS – THE FUND

The Forecast Financial Information for the Fund has been prepared by the Independent Directors based on an assessment of each individual property of the Fund. In preparing the Forecast Financial Information, the Independent Directors have taken into account the tenancy schedule, historical performance metrics and future outlook for each individual property, and the current market conditions as applicable to the Fund.

The specific, best-estimate assumptions applied in preparing the Forecast Financial Information for the year ending 30 June 2019 are described below.

PROPERTY INCOME

Property income comprises gross rental income including outgoings recoveries and has been forecast on a property-by-property basis based on existing leases and assumptions for future occupancy rates, tenant retention and market rentals.

As at the date of this Explanatory Memorandum the Independent Directors believe there is no information to indicate any tenancy issues that would materially impact the forecasts.

The projections in relation to property income are based on a number of assumptions and subject to a number of risks in relation to the operations of the properties. Investors are already exposed to these risks, as investors in the Fund.

Property income assumes the impact of a number of development projects (including the Fund's asset at Caringbah). This includes assumed or future lease income, incentives, and expected lease commencements. The forecast makes certain assumptions around the redevelopment of Caringbah. At this stage, the redevelopment has not been formally approved and regulatory approvals are also required. If the Caringbah redevelopment does not occur as anticipated in the financial year ending 30 June 2019, this is not projected to have any material impact on the forecasts for the financial year ending 30 June 2019.

The Fund's portfolio includes one former Masters Home Improvement Australia Pty Ltd (**Masters**) tenancy at Cranbourne. Masters ceased trading in December 2016 and Home Consortium Company Pty Ltd (**Home Consortium**) acquired the relevant lessee company as part of its arrangements with Woolworths Ltd. Home Consortium continues to pay rent under this lease as at the date of this Explanatory Memorandum and Woolworths Ltd remains as the guarantor. ACL continues to monitor Home Consortium's future plans for the site and the long term solution for this tenancy.

The Fund's portfolio also includes seven brands held by Steinhoff Asia Pacific Group Holdings Ltd (**Steinhoff APAC**), which contribute 9% of portfolio income. The Fund has monitored these tenancies since December 2017, when Steinhoff International Holdings N.V. (the South African holding entity of Steinhoff APAC) announced accounting irregularities within its business. In February 2018, Steinhoff International Holdings N.V. announced that the Steinhoff APAC entities had been refinanced and that funding requirements of the Steinhoff APAC entities had been secured. The Steinhoff APAC entities' rental payments remain up to date and they are meeting their lease obligations as at the date of this Explanatory Memorandum. Management of the Fund is in regular dialogue with the Steinhoff APAC management and will continue to monitor the situation closely. At this stage, ACL has no reason to consider the Steinhoff APAC entities' tenancies to be at risk.

Property income assumes that the relevant Steinhoff APAC entities and Home Consortium will continue to pay rent in accordance with their lease obligations.

EXPIRIES, RELETTING AND TENANT INCENTIVES

Specific assumptions have been made in respect of each lease expiry over the forecast period for each individual property.

Reletting and lease incentives for expiring leases during the forecast period have been assumed on a property by property basis, taking into consideration agreements for lease, draft terms being negotiated with potential tenants (including existing tenants), and also taking into consideration available information for the relevant tenancy, such as current passing rent, market rent, property, locality, and discussions with tenants and potential tenants.

Letting up periods have been forecast on a property by property basis based on the individual tenancy and management's historical experience and plans for the property.

Lease incentives comprising of rent free, fit out periods and tenancy fitout are included in the forecast period.

RENTAL GUARANTEES

The Fund has received rental guarantees for six of its properties to cover, vacancies, lease incentives and rent abatements incurred to secure a new tenant.

The level of rental guarantees assumed to be received has regard to the assumptions adopted in respect of tenant retention rates, let ups and lease incentives.

The value of the cash flows expected to be received under the rental guarantees has been capitalised to the Fund's balance sheet. The amortisation of this amount is offset in the forecasts against the expected cash recovered over the guarantee period.

PROPERTY EXPENSES

Property expenses have been forecast on a property by property basis based on current outgoings expectations and best estimate assumptions relating to operational requirements of each property.

FINANCE COSTS

All debt falling due for renewal is refinanced at the Fund's current weighted average cost of debt, being approximately 3.5%.

MANAGEMENT FEES

Management fees comprise investment management fees and performance fees. Investment management fees have been forecast based on 0.60% per annum of the Fund's estimated gross asset value up to an including \$2.0 billion and 0.50% where the gross asset value is greater than \$2.0 billion. No performance fees are forecast for the year ending 30 June 2019 on the basis the Proposal is implemented, as the total return of the Fund is not expected to exceed the required hurdle rate.

MAINTENANCE CAPEX

Management have forecast capital expenditure for maintenance capex on a property by property basis in accordance with their assessment of infrastructure requirements, along with improvements to amenities, car parks and landscaping. Management have based their estimates on historical property expenditure, future capital expenditure requirements and quotes for work to be performed.

LEASING COSTS

Leasing costs comprise lease incentives and leasing fees. Leasing costs are forecast on the assumptions for new leases, existing tenant renewals and exercise of options over the forecast period.

Leasing fees are based on a percentage of the first year lease gross income excluding any incentives.

DISTRIBUTIONS

Forecast distributions are based on the Fund's distribution policy of 90% to 100% of FFO (which may change over time). For the purposes of the forecast consolidated distribution statement a payout ratio of 90% of FFO has been assumed.

DISTRIBUTION RE-INVESTMENT PLAN

In preparing the Financial Information, a distribution re-investment plan has been assumed to be active for all four quarters of the year ending 30 June 2019. Assumptions for securities issued as part of the distribution re-investment plans have been based on historical averages.

5.7.3. SPECIFIC ASSUMPTIONS – APG

The Forecast Financial Information for APG has been prepared by the Independent Directors based on an assessment of current economic and operating conditions and assumptions regarding future events. The Forecast Financial Information for APG is for the period 1 October 2018 to 30 June 2019.

The specific, best-estimate assumptions applied in preparing the Forecast Financial Information are described below.

REVENUE FROM SERVICES

Revenue includes investment management, property management, leasing and development fees derived for services provided to the Fund and property management and leasing fees derived for services provided to Kotara. Fees have been forecast in accordance with relevant assumptions and underlying management agreements.

Investment management fee revenue has been forecast on the same basis as forecast investment management fee expenses to be incurred by the Fund. No performance fees are forecast for the period ending 30 June 2019 on the basis the Proposal is implemented.

Property management fees have been forecast based on forecast rental income for the Fund and Kotara.

Leasing fees are forecast based on the assumptions for new leases, existing tenant renewals and exercise of options for the Fund and Kotara over the forecast period.

Development management fees have been forecast based on the forecast cost of the Fund's development projects.

The AASB has issued a new standard for the recognition of revenue. AASB 15 *Revenue from Contracts with Customers* is effective from 1 July 2018 and will not have a significant impact on APG's accounting policies or the amounts recognised in the Financial Information.

OTHER EXPENSES

Other expenses include employee benefits expenses and corporate and administration costs. These do not include non-recurring transaction costs associated with the Proposal.

5.8. FFO GUIDANCE FOR THE YEAR ENDING 30 JUNE 2019

The impact of the Proposal on FFO guidance for the year ending 30 June 2019 is expected to be 1.1% accretive to the Fund's FFO guidance.

The forecast FFO for the year ending 30 June 2019 is 18.4 cents per security. This FFO guidance assumes:

- i. the Proposal is implemented on the Implementation Date, which is expected to be 1 October 2018;
- ii. in respect of Aventus, no performance fee is payable for the year ending 30 June 2019; and
- iii. there is no unforeseen material deterioration to existing economic conditions.

5.9. SENSITIVITIES

FORECAST FFO FOR THE YEAR ENDING 30 JUNE 2019

The Forecast Financial Information is based on a number of key assumptions which have been outlined above. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Fund and APG, the Independent Directors and based upon assumptions with respect to future business decisions or actions which are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 4.8.

Unitholders should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Explanatory Memorandum are to be expected. To assist unitholders in assessing the impact of these assumptions on the forecast financial information, the sensitivity of the FFO forecasts to changes in certain key assumptions is set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown.

	\$m	Cents per security
Base case	95.9	18.4
Change in average annual interest expense (-25bps / +25 bps)	96.0 / 95.8	18.4 / 18.3
Change in gross property income (-3% / +3%)	90.9 / 100.9	17.4 / 19.3
Change in corporate and administration costs (-10% / +10%)	95.9 / 95.9	18.4 / 18.4

The estimated impact of changes in each of the variables has been calculated in isolation in order to illustrate the impact on the FFO forecasts. In practice, changes in variables may offset each other or may be cumulative.

5.10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used to prepare the Financial Information are consistent with those disclosed in the Fund's and APG's financial statements for the year ended 30 June 2018.

The preparation of the Financial Information requires estimates, judgments and assumptions that affect the reported amounts. Actual results may differ from these estimates under different assumptions or conditions. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

The significant accounting policies below apply estimates, judgments and assumptions which could materially affect the financial performance and/or financial position reported in future periods.

A. PRINCIPLES OF CONSOLIDATION

Subsidiaries are all entities over which the stapled group has control. The stapled group controls an entity when the stapled group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the stapled group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the stapled group.

Inter-entity transactions, balances and unrealised gains on transactions between stapled group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the stapled group.

When the stapled group ceases to consolidate for an investment because of a loss of control any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the stapled group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

B. BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the stapled group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The stapled group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

C. PROPERTY INCOME

Rental income derived from investment properties is recognised on a straight-line basis over the term of the lease.

The portion of rental income relating to fixed increases in rent in future years is recognised as a separate component of investment properties and amortised on a straight-line basis over the term of the lease.

D. FINANCE COSTS

Finance costs include interest, fair value movements in derivative financial instruments, payments in respect of derivative financial instruments and the amortisation of other costs incurred in respect of obtaining finance.

Finance costs associated with the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset during the period that is required to complete and prepare the asset for its intended use.

Borrowing costs not associated with qualifying assets are recognised as an expense when incurred.

Other costs incurred in respect of obtaining finance, including loan establishment fees, are deferred and expensed over the term of the respective loan facility.

E. INCOME TAX

The Fund

Under current income tax legislation, the Fund is not liable to pay income tax as the net income of the Fund is assessable in the hands of the beneficiaries (the unitholders) who are 'presently entitled' to the income of the Fund. There is no income of the Fund to which the unitholders are not presently entitled.

As a result, deferred taxes have not been recognised in the Financial Information in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the Financial Information. In the event that taxable gains are realised by the Fund, these gains would be included in the taxable income that is assessable in the hands of the unitholders as noted above.

Realised capital losses are not distributed to unitholders but are retained within the Fund to be offset against any realised capital gains. The benefit of any carried forward capital losses are generally not recognised in the Financial Information, on the basis that the Fund is a flow through trust for Australian tax purposes. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of unitholders in that period and is distributed to unitholders in accordance with the requirements of the Fund constitution.

AHL and its subsidiaries

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

F. INVESTMENT PROPERTIES

Investment properties comprise large format retail centres which are held for long-term rental yields and/or capital appreciation and are not occupied by the stapled group.

With the exception of investment properties acquired as part of a business combination investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value.

Fair value is the amount at which the investment property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A willing seller is neither a forced seller nor one prepared to sell at a price not considered reasonable in the market.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Independent Directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows;
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Gains and losses arising from changes in fair value of investment properties are recognised in profit or loss in the period in which they arise.

The stapled group obtains independent valuations for its investment properties at least every two years.

At the end of each reporting period, the Independent Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Independent Directors determine a property's value within a range of reasonable fair value estimates. Fair value is determined using a long term investment period. Specific circumstances of the owner are not taken into account.

The carrying amount of investment properties recorded in the balance sheet may include the cost of acquisition, additions, refurbishments, improvements, lease incentives, leasing costs and assets relating to fixed increases in operating lease rentals in future years. This includes any internal cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Existing investment properties being developed for continued future use are also carried at fair value.

Where the stapled group disposes of an investment property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, with a corresponding adjustment recorded in profit or loss.

G. INTANGIBLE ASSETS

Intangible assets are identifiable, non-monetary assets without physical substance. They are recognised only if it is probable the asset will generate future benefits for the stapled group.

i. Goodwill

Goodwill is measured as described in note 5.10(b) above. Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired as at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

ii. Management rights

Management rights acquired as part of a business combination are recognised at fair value at the acquisition date. Management rights have an indefinite useful life.

iii. Impairment of intangibles

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

H. IMPAIRMENT OF ASSETS

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

I. BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the stapled group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

J. EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimate future cash outflows to be made by the stapled group in respect of services provided by employees up to the reporting date.

The obligations are presented as current liabilities in the balance sheet if the stapled group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

K. IMPACT OF NEW AND AMENDED ACCOUNTING STANDARDS

The AASB has issued two new standards which will be effective for the financial years ending 30 June 2019: AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. AASB 15 *Revenue from Contracts with Customers* excludes income derived from leases and will not have a significant impact on the accounting policies or the amounts recognised in the Financial Information. AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial asset and financial liabilities. The new standard is not expected to have a significant impact on the recognition or measurement of the stapled group's financial instruments.

The AASB has issued AASB 16 *Leases* which supersedes AASB 117 *Leases* but is not effective for the financial year ending 30 June 2019. As AASB 16 retains the distinction between operating leases and finance leases for lessors there is no fundamental change in accounting for leases between the stapled group and its tenants.

5.11. FUNDING FOR THE PROPOSAL

The total funding required in connection with the Proposal is estimated to be approximately \$154 million. The sources and uses of funds are set out below:

Sources	\$m	%
New Stapled Securities issued to entities associated with Brett Blundy	62	40
New Stapled Securities issued to entities associated with Darren Holland	23	15
Cash funding	3	2
Debt funding	67	43
Total sources	154	100%

Uses	\$m	%
Acquisition of intangible assets	143	93
Acquisition of APG net assets	5	3
Transaction costs	6	4
Total uses	154	100%

5.12. DEBT FACILITIES AND CASH

On implementation of the Proposal, the Fund's principal sources of funds will continue to be cash flows from operations and unutilised debt facilities. The Independent Directors expect that the Fund will have sufficient cash flows from operations and unutilised debt facilities to meet its operational requirements during the forecast period.

\$67 million in debt will be drawn at Implementation Date from the Fund's syndicated bank debt facility to partially fund the Proposal.

Key terms of the Fund's debt facilities as at 30 June 2018 are summarised below. Refer to the Fund's financial report for the year ended 30 June 2018 for additional details.

5.12.1. SYNDICATED BANK DEBT FACILITY (REVOLVING CASH ADVANCE FACILITY)

	Tranche A	Tranche B	Tranche C	Tranche E	Tranche F	Tranche G	Tranche H
Tranche limit	\$200 million	\$90 million	\$100 million	\$50 million	\$50 million	\$75 million	\$125 million
Term	5 years	3 years	5 years	4 years	4 years	5 years	5 years
Maturity	October 2020	October 2018	May 2021	July 2021	July 2021	July 2022	July 2022
Interest	30 day BBSY + margin	30 day BBSY + margin	30 day BBSY + margin	90 day BBSY + margin	90 day BBSY + margin	90 day BBSY + margin	30 day BBSY + margin

An additional tranche (tranche D) of up to \$100 million may be added to the existing debt facility subject to the satisfaction of certain conditions. No commitment is provided by the banks for this additional tranche and there is no certainty that it will be available in future financial periods.

5.12.2. SYNDICATED LOAN NOTE FACILITY

Facility limit	\$110 million
Term	7 years (5 year initial term plus 2 x 1 year extensions at the option of the Fund)
Maturity	January 2025
Interest rate	90-day BBSY plus margin

5.12.3. DEBT REFINANCING

In July 2018 the Fund undertook the following refinancing activities:

- \$60 million of 5 year bi-lateral debt was raised with bank lenders with the proceeds used to repay tranche B debt under the syndicated bank debt facility.
- The maturity dates of tranches C, E, F, G and H under the syndicated bank debt facility, amounting to \$400 million in committed debt, were extended by an additional 12 months.
- The Fund received unconditional commitments from lenders for a \$50.0 million extension of its syndicated loan note facility.

5.13. COMMITMENTS

The Fund has entered into contracts for the redevelopment of a number of its investment properties. Total pro forma commitments of the Fund as at 30 June 2018 amounted to \$3.0 million.

6.0

TAX INFORMATION FOR INVESTORS

The Directors
Aventus Capital Limited as responsible entity
of the Aventus Retail Property Fund
Level 33 Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

10 August 2018

Dear Directors

Australian Taxation Report

We have been requested by Aventus Capital Limited (**ACL**) as responsible entity of the Aventus Retail Property Fund (**AVN**) to prepare a Taxation Report to be included in this Notices of Meeting and Explanatory Memorandum document (**Explanatory Memorandum**).

The information contained in this report is of a general nature only. It does not constitute tax advice and should not be relied upon as such. This report outlines the general Australian taxation implications for AVN unitholders in respect of the proposed internalisation.

We have only dealt with the tax implications for resident and non-resident AVN unitholders who are individuals, complying superannuation entities and companies that hold their investments on capital account.

We have not addressed the Australian tax consequences that arise for:

- AVN unitholders who hold their units as trading stock or revenue assets;
- financial institutions, insurance companies, partnerships, tax exempt organisations or temporary residents (unless expressly stated);
- dealers in securities;
- Australian residents who hold their units as part of an enterprise carried on, at or through a permanent establishment in a foreign country;
- Foreign Holders; and
- AVN unitholders who change their tax residence while holding AVN securities.

All investors should seek independent professional advice on the consequences of their participation in the transaction, based on their particular circumstances. AVN unitholders who are not resident in Australia must obtain advice on the taxation implications arising in their local jurisdiction of the proposed transaction.

Terms used in this report, unless stated otherwise, are defined in the same way as they are in the Explanatory Memorandum.

This report is based on the provisions of the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *A New Tax System (Goods and Services Tax) Act 1999* and related acts, regulations and Australian Taxation Office (**ATO**) rulings and determinations applicable as at the date of this report.

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1 Proposal

The proposed transaction steps are detailed in Section 8.4 of the Explanatory Memorandum.

2 Tax consequences of the Proposal

An outline of the taxation implications for Australian and non-resident AVN unitholders covered by this report is provided below.

2.1 Distribution of Aventus Holdings Limited (AHL) Shares

(a) Cost base in AVN units

The cost base implications for an AVN unitholder's AVN units as a result of the distribution of Aventus Holdings Limited (AHL) Shares is provided below.

Details of the cost base implications for unitholders will be provided on Aventus' website.

(1) Resident AVN unitholders

The distribution of AHL shares made by AVN to its unitholders (**Stapled Distribution**) should not be treated as assessable income.

Rather, the Stapled Distribution should reduce the cost base that AVN unitholders have in their AVN Units. To the extent that the Stapled Distribution exceeds an AVN unitholder's cost base in their AVN Units, that AVN unitholder will realise a capital gain equal to the excess. If a capital gain does arise, the date of the capital gain will be just before the end of the income year in which the Stapled Distribution is paid rather than the time of the actual Stapled Distribution.

AVN unitholders who realise a capital gain may be entitled to a CGT discount provided that they have held their AVN Units for 12 months or more before the date of the capital gain. A CGT discount is only available to individuals (50% discount), trusts (50% discount) and complying superannuation entities (33.33% discount). Companies are not entitled to the CGT discount.

Unitholders that acquired their AVN Units as part of the initial public offering (IPO) should not make any capital gain as a result of the Stapled Distribution. Prior to receiving the Stapled Distribution, such Unitholders should have a cost base in each AVN Unit of approximately \$1.82¹. The Stapled Distribution will further reduce a resident unitholder's cost base in an AVN Unit by approximately \$0.11 to approximately \$1.71.

Each resident unitholder's cost base in each AHL Share stapled to each AVN Unit should be approximately \$0.11. Therefore, an IPO unitholder's cost base in the resulting Aventus group stapled security would be approximately \$1.82, which is equal to the IPO unitholder's current cost base in their AVN Unit. All that has happened is the unitholder's current AVN Unit cost base has been "spread" across the AVN Unit and the new AHL Share to be stapled to that unit.

(2) Non-resident AVN unitholders

The cost base implications for non-resident AVN unitholders should be similar to those that apply for resident AVN unitholders. That is, to the extent that the Stapling Distribution exceeds an AVN unitholder's cost base in their AVN Units, that AVN unitholder will realise a capital gain equal to the excess with the time of the capital gain being just before the end of the income year in which the Stapling Distribution is paid.

However, any capital gain made by non-resident AVN unitholders should be exempt provided that the AVN Unit is not taxable Australian property.

An AVN Unit will be taxable Australian property if:

¹ This is calculated as the IPO acquisition price of \$2, less the tax deferred distributions paid per AVN Unit in the years ended 30 June 2016, 2017 and 2018.

- more than 50% of the value of AVN is attributable to Australian real property (which is the case) and the interest passes the non-portfolio test just before the CGT event or throughout a 12 month period that began no earlier than 24 months before that time. An interest held by an entity in another entity passes the non-portfolio interest test at a time if the sum of the "direct participation interests" held by the first entity and its associates in the other entity at that time is 10% or more; or
- the units are used by the AVN unitholder in carrying on a business through a permanent establishment in Australia; or
- the AVN unitholder made an election to treat the units as taxable Australian property at the time they ceased to be an Australian resident (if the AVN unitholder was ever an Australian resident).

Non-residents are not entitled to the CGT discount for capital gains that accrued after 8 May 2012. Therefore, to the extent that an AVN Unit is taxable Australian property and a non-resident AVN unitholder makes a capital gain as a result of the Stapling Distribution, the AVN unitholder will not be eligible for a CGT discount.

(b) **Cost base in AHL Shares**

The cost base implications for the AHL Shares as a result of the Stapling Distribution are set out below.

(1) *Resident AVN unitholders*

The cost base that the AVN unitholders will have in the AHL Shares that they receive will be equal to the market value of AHL Shares at the time the Proposal is implemented (on 1 October 2018). It will be necessary for AVN unitholders to apportion the total cost base across the total number of AHL Shares they acquire to determine their cost base per AHL Share. Based on the example at 2.1(a)(1) above, this is expected to be \$0.11 per AHL Share.

The date of acquisition of the AHL Shares for CGT purposes will be the date on which the shares are issued to the AVN unitholders.

Information will be provided on the AVN website at <http://aventusproperty.com.au> to assist AVN unitholders to perform the above calculations.

(2) *Non-resident AVN unitholders*

The cost base implications for non-resident AVN unitholders should be similar to those that apply for resident AVN unitholders.

However, AHL Shares should not be taxable Australian property provided that the shares are not used in carrying on a business through a permanent establishment in Australia (since AHL will not hold interests in real property). Accordingly, non-residents should not be subject to CGT on disposal of their AHL Shares.

2.2 Stapling of AVN and AHL

No tax consequences should arise from the stapling of AVN and AHL for either resident or non-resident AVN unitholders.

3 Holding New AVN/AHL Stapled Securities

Following implementation of the Proposal, AVN unitholders who hold an interest in New AVN/AHL Stapled Securities will have an interest in each of the individual securities (i.e. AVN and AHL) and will be entitled to receive distributions in respect of those securities.

Aventus will provide holders of Stapled Securities with a detailed annual tax statement to provide guidance on how a security holder should include taxable income arising from their Stapled Securities in their tax returns.

3.1 Summary

(1) Resident AVN unitholders

Resident AVN unitholders will generally be taxable on:

- the AVN unitholder's share of the net income of AVN for tax purposes;
- the tax deferred (non-assessable) component of distributions made in relation to AVN Units to the extent the tax deferred amount exceeds the AVN unitholder's cost base of the AVN Units;
- the amount of any dividend received from AHL and any franking credits attached to the dividend; and
- any gain arising from the subsequent disposal of the New AVN/AHL Stapled Securities.

(2) Non-resident AVN unitholders

On the basis that neither the AVN Units nor the AHL Shares will be taxable Australian property, non-resident AVN unitholders will generally be taxed on:

- the AVN unitholder's share of the net income of AVN for tax purposes to the extent that it is attributable to sources in Australia (AVN will deduct this by way of withholding tax); and
- the amount of any unfranked dividend received from AHL (AHL will deduct this by way of dividend withholding tax).

3.2 Ownership of New AVN/AHL Stapled Securities – General

AVN unitholders will need to treat each component making up the New AVN/AHL Stapled Security separately for tax purposes. That is:

- AVN unitholders will receive, and separately deal with the tax consequences of, dividends from AHL and distributions from AVN; and
- when the New AVN/AHL Stapled Securities are disposed of, the AVN unitholders will have to separately consider and account for the tax issues associated with the disposal of the AHL Shares and the AVN Units.

3.3 Income Distributions from AVN

ACL, as the Responsible Entity of AVN intends to manage AVN such that it is regarded as a flow-through entity for Australian tax purposes. This means that AVN should not be liable to tax on its income provided that AVN unitholders are presently entitled to all of the income of AVN.

(1) Resident AVN unitholders

AVN unitholders will include in their assessable income the taxable component of the AVN distributions to which the AVN unitholder is entitled (being the AVN unitholder's proportionate share of AVN's taxable income) even if the amount is not distributed to the AVN unitholder.

If a net capital gain is included in the taxable income of AVN (for example, on disposal of an asset), AVN unitholders will be regarded as having derived a capital gain equal to their proportionate share of that net capital gain. However, where discount capital gains treatment has been applied in calculating the net capital gain for AVN, AVN unitholders will be required to gross-up the amount of the capital gain included in their assessable income. Australian resident investors can then apply any available capital losses from other sources to offset the capital gain and then apply their CGT discount factor, if applicable.

If the total cash distributions that an AVN unitholder receives in an income year exceed his or her proportionate share of the taxable income of AVN, the excess will represent a "tax deferred" distribution.

The tax deferred component of a distribution an AVN unitholder receives should generally not be included in that AVN unitholder's assessable income. However the tax deferred component will reduce the cost base of the AVN unitholder's AVN Units.

Where the cost base of an AVN unitholder's AVN Unit is reduced to zero, any further receipts of tax deferred distributions in respect of that unit will be assessable to the AVN unitholder on receipt as a capital gain.

AVN unitholders who realise a capital gain may be entitled to a CGT discount provided that they held their AVN Units for 12 months or more. A CGT discount is only available to individuals (50% discount), trusts (50% discount) and complying superannuation entities (33.33% discount).

(2) *Non-resident AVN unitholders*

Non-resident AVN unitholders will generally not be assessable on the amount of any income or gains distributed to them by AVN. However, AVN will be required to withhold tax from such distributions. The amount to be withheld is dependent on a range of factors including the source of the distributed amount and the profile of the AVN unitholder.

Interest income distributed by AVN will be subject to withholding tax of 10% unitholder

Distributions from AVN of income other than interest should be subject to tax, payable by the trustee. AVN will withhold tax from such distributions to the extent they represent taxable income of AVN other than non-Australian sourced income or capital gains on assets that are not taxable Australian property (refer section 2.1(a)(2) of this Taxation Report above). Generally, the withholding rate is 30% for non-resident companies, up to 45% for non-resident individuals and 45% for any non-resident trustee. Any "tax deferred" amount distributed by AVN to non-resident AVN unitholders should not be subject to withholding.

3.4 Dividends from AHL

(1) *Resident AVN unitholders*

Resident AVN unitholders will include in their assessable income dividends paid to the AVN unitholder by AHL. In addition to the amount of the dividends, the AVN unitholder will generally include any franking credits attached to the dividends in the AVN unitholder's assessable income. Where franking credits are included in an AVN unitholder's assessable income, the AVN unitholder will generally be entitled to a corresponding tax offset.

Relevantly, to be eligible for the franking credit and tax offset, the AVN unitholder must have held the shares "at risk" for at least 45 days (not including the date of the share's acquisition or disposal). This rule should not apply to an AVN unitholder if the AVN unitholder is an individual whose tax offset entitlement (on all shares and interests in shares held) does not exceed \$5,000 for the income year in which the franked dividend is paid.

Where the AVN unitholder is an individual or a complying superannuation entity, the AVN unitholder may be entitled to a refund to the extent that the franking credits attached to the AVN unitholder's dividends exceed the AVN unitholder's tax liability for the income year.

Where the AVN unitholder is a corporate shareholder, any franked dividends the AVN unitholder receives will generally give rise to a franking credit in the AVN unitholder's franking account.

(2) *Non-resident AVN unitholders*

Non-resident AVN unitholders should not be assessable on the amount of any dividend received from AHL. However, AHL will be required to withhold tax from the unfranked component of dividends paid to a non-resident AVN unitholder. The tax withheld will, in the

absence of a Double Tax Agreement, be equal to 30% of the unfranked component of the dividends paid.

This rate may be reduced where the AVN unitholder is a resident of a country with which Australia has concluded a Double Tax Agreement.

4 Disposal of Stapled Securities

Following implementation of the Proposal, AVN unitholders who hold an interest in New AVN/AHL Stapled Securities will have an interest in each of the individual securities (i.e. AVN and AHL) and will be entitled to receive distributions in respect of those securities.

4.1 General

As a consequence of stapling, each AHL Share and AVN Unit comprising a New AVN/AHL Stapled Security may not be traded separately. However, each AHL Share and AVN Unit comprising a New AVN/AHL Stapled Security is a separate CGT asset. Accordingly, where there is a disposal of a New AVN/AHL Stapled Security, there will necessarily be a disposal for CGT purposes of a AHL Share and AVN Unit.

Where consideration is received in connection with a transaction that relates to more than one CGT asset, the capital proceeds for each asset is so much of the total consideration as is reasonably attributable to that asset.

Accordingly, the capital proceeds referable to the disposal of each individual AHL Share and AVN Unit comprising a New AVN/AHL Stapled Security will be determined by apportioning the total capital proceeds received in respect of the disposal of the New AVN/AHL Stapled Security between the AHL Share and AVN Unit on a reasonable basis.

4.2 Resident AVN unitholders

Upon disposal of a New AVN/AHL Stapled Security, an AVN unitholder will make a capital gain if:

- the portion of the consideration reasonably attributable to an AVN Unit exceeds the cost base of the AVN Unit; and/or
- the portion of the consideration reasonably attributable to the AHL Share exceeds the cost base of the AHL Share.

An AVN unitholder will make a capital loss if:

- the portion of the consideration reasonably attributable to an AVN Unit is less than the reduced cost base of the AVN Unit; and/or
- the portion of the consideration reasonably attributable to the AHL Share is less than the reduced cost base of the AHL Share.

In broad terms:

- the cost base of an AVN Unit is the amount the AVN unitholder paid for it (including incidental costs of acquisition and disposal) less any reductions for the "tax deferred" component of distributions received; and
- the cost base of an AHL Share, as outlined in Section 2.1(b) of this Taxation Report, should include the Stapling Distribution and the market value of the AVN Units divided by the number of AHL Shares.

AVN unitholders who realise a capital gain from the disposal of New AVN/AHL Stapled Securities may be entitled to a CGT discount provided that they held their New AVN/AHL Stapled Securities units for 12 months or more. A CGT discount is only available to individuals (50% discount), trusts (50% discount) and complying superannuation entities (33.33% discount).

If the AVN unitholder is a company, the CGT discount is not available.

4.3 Non-Resident AVN unitholders

Any capital gain or capital loss made by non-resident AVN unitholders from the disposal of either units in AVN or shares in AHL should be disregarded provided that the relevant securities are not taxable Australian property (see section 2.1(a)(2) of this Taxation Report above).

5 Goods and Services Tax (GST)

No GST will be charged to AVN unitholders nor any GST liability arise for AVN unitholders (whether resident or non-resident) on any of the steps in the proposed transaction:

- the issue of AHL Shares will not be subject to GST as it will be either an input taxed supply (to resident AVN unitholders) or a GST-free supply (to non-resident AVN unitholders);
- the current and future distributions to AVN unitholders will not be consideration for supplies for GST purposes; and
- the stapling steps will not amount to supplies for GST purposes.

6 Other Issues

AVN unitholders are not obliged to provide their Tax File Number (**TFN**) or Australian Business Number (**ABN**). However, if an AVN unitholder does not provide their TFN, ABN or an exemption, tax may be withheld at a rate of 45% on any gross distributions made (with the AVN unitholder entitled to claim an income tax credit in respect of the tax withheld).

* * * *

Yours sincerely



Greenwoods & Herbert Smith Freehills Pty Limited

7.0

INDEPENDENT EXPERT REPORT



Aventus Retail Property Fund

Independent expert's report and Financial Services Guide

8 August 2018

Financial Services Guide

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Why are we providing this FSG to you?

Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) (AFSL 241457) has been engaged by Aventus Capital Limited as responsible entity of Aventus Retail Property Fund to prepare an independent expert's report (our Report) in connection with the proposed acquisition of Aventus Property Group by Aventus Holdings Limited (a newly formed entity whose shares will be stapled to your units in Aventus Retail Property Fund). Aventus Capital Limited will provide our Report to you.

Our Report provides you with general financial product advice. This FSG informs you about the use of general financial product advice, the financial services we offer, our dispute resolution process and our remuneration.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

We are providing general financial product advice

In our Report, we provide general financial product advice as we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. You should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

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If you have a concern about our Report, please contact us:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

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1800 367 287 (free call)
Financial Ombudsman Service
GPO Box 3 Melbourne VIC 3001

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Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

8 August 2018

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

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New South Wales, 2000

8 August 2018

Dear Directors

Re: Independent expert's report

1 Introduction and background

On 10 August 2018, the independent directors of Aventus Capital Limited (ACL) (the Independent Directors), as responsible entity (RE) of the Aventus Retail Property Fund (AVN or the Fund), will announce a proposal for Aventus Holdings Limited (AHL) a newly formed entity whose shares will be stapled to units in AVN, to acquire Aventus Property Group Pty Limited and its subsidiaries (APG or the Platform) for \$143 million (m) via cash and scrip (the Consideration), plus an amount for the net tangible assets (NTA) of APG (to be fixed at \$5m, paid in cash) (the Proposed Transaction).

AVN is a managed investment scheme that was listed on the Australian Securities Exchange Limited (ASX) in October 2015 to invest in Australian retail property, focusing on large format retail (LFR) centres. APG is the holding company of various entities (including the RE) which provide specialist fund, asset and development management services to LFR centres in Australia, including to AVN.

The Proposed Transaction involves the acquisition of a substantial asset from a substantial holder in AVN. When such a transaction is proposed, Chapter 10 of the Listing Rules of the ASX (the Listing Rules) requires the preparation of a report by an independent expert stating whether the proposed transaction is fair and reasonable to the non-associated securityholders. The Independent Directors have requested that Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) provide an independent expert's report advising whether, in our opinion, the Proposed Transaction is fair and reasonable to, and in the best interests of, securityholders who are not associated with APG (the Non-Associated Securityholders).

We have prepared this report having regard to Chapter 10 of the Listing Rules, and Australian Securities and Investments Commission (ASIC) Regulatory Guide (RG) 76, ASIC RG 111 and ASIC RG 112.

This report is to be included in the explanatory memorandum to be sent to Non-Associated Securityholders (the Explanatory Memorandum) and has been prepared for the exclusive purpose of assisting Non-Associated Securityholders in their consideration of the Proposed Transaction. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Securityholders, ACL and AVN, in respect of this report, including any errors or omissions however caused.

2 Terms of the Proposed Transaction

2.1 Overview

Holland Management Holdings Pty Ltd (HMH) and BBRC International Pte Ltd (BBRC), entities associated with Darren Holland and Brett Blundy respectively, are the current owners of APG (collectively the Vendors).

Under the terms of the Proposed Transaction, a newly formed entity, AHL will acquire APG. AHL shares will be stapled to existing AVN units, subsequently listed on the ASX and trade as stapled securities (the Stapled Securities). The scrip component of the Consideration will be in the form of Stapled Securities.

2.2 Key Terms & Conditions of the Proposed Transaction

The Consideration for APG is \$143m (excluding the NTA of APG to be fixed at \$5m).

BBRC has agreed to receive 64% of its share of the Consideration via scrip and 36% in cash, while HMH has agreed to receive its share of the Consideration in a 50% split between cash and scrip. The scrip components of the Consideration will be issued at a price equal to the reported NTA per unit for AVN as at 30 June 2018 being \$2.38.

Set out in the following table is the cash to be paid and the securities to be issued under the Proposed Transaction, along with the existing number of securities held by BBRC and HMH.

Table 1: AVN securityholding held by Vendors

		Unit	BBRC	HMH	Total Vendors
Cash consideration proportion			36.0%	50.0%	
Cash consideration	A	\$m	34.7	23.3	58.0
Scrip consideration proportion			64.0%	50.0%	
Scrip consideration	B	\$m	61.8	23.3	85.0
Total Consideration¹	C = A + B	\$m	96.5	46.6	143.1
AVN NTA per unit as at 30 June 2018	D	\$	2.38	2.38	
AVN Stapled Securities issued to Vendors	E = B / D	m	25.9	9.8	35.7
AVN units held (pre)	F	m	142.6	2.5	145.2
AVN Stapled Securities held (post)	G = E + F	m	168.6	12.3	180.9
Total AVN units on issue (pre)	H	m	494.2	494.2	494.2
Total AVN Stapled Securities on issue (post)	I	m	529.9	529.9	529.9
Interest in AVN held (pre)	J = F / H		28.9%	0.5%	29.4%
Interest in AVN held (post)	K = G / I		31.8%	2.3%	34.1%

Note:

1. Excludes \$5m cash that will be paid for the NTA of APG.

Source: AVN management

The Proposed Transaction is subject to various procedural conditions along with the following specific conditions:

- the CEO entering a new 3 year employment agreement with APG and the CFO entering into a new employment agreement with APG on terms satisfactory to the Fund and AHL
- no 'material adverse change' in relation to APG as defined in the Explanatory Memorandum and the Implementation Deed, broadly comprising an adverse financial effect:
 - of \$1m or more on the EBITDA of APG
 - of \$0.5m or more on the value of net assets of APG

- ACL does not receive a competing proposal which the Independent Directors deem to be superior
- no adverse event occurs in relation to AVN that will, or would be likely to have an adverse impact of 10% or more on the projected gross property income of AVN for the financial year ending 30 June 2019 (as projected in the forecasts for that year set out in the Explanatory Memorandum)
- the S&P/ASX 300 A-REIT Index does not, for three consecutive trading days prior to close of trading on the business day before the meeting, close at a level that is 10% or more below the closing level on the business day prior to the date of execution of the Implementation Deed.

3 Basis of evaluation

3.1 Guidance

In evaluating whether the Proposed Transaction is fair and reasonable to the Non-Associated Securityholders, we had regard to the ASX Listing Rules, ASIC RG 76 in relation to related party transactions, ASIC RG 111 in relation to the content of expert's reports and ASIC RG 112 in relation to the independence of experts.

Chapter 10 of the Listing Rules

ASX Listing Rule 10.1 requires securityholder approval if a listed entity proposes to acquire a substantial asset (being an asset valued in excess of 5% of the listed entity's equity interests) from an entity (in this case BBRC) which owns 10% or more of the listed entity. Accordingly, an independent expert report is required to be commissioned under ASX Listing Rule 10.10.2 which must state the expert's opinion on whether or not the transaction is fair and reasonable.

Neither the ASX Listing Rules, nor the Corporations Act 2011 (Cth) provides a definition of fair and reasonable for the purposes of ASX Listing Rule 10. However, Listing Rule 10 can encompass a wide range of transactions. Accordingly, fair and reasonable must be capable of broad interpretation to meet the particular circumstances of each transaction. This involves judgement on the part of the expert as to the appropriate basis of evaluation to adopt given the particular circumstances of the transaction.

As Chapter 10 of the Listing Rules provide little guidance on how such transactions should be assessed, we have had regard to ASIC RG 111, as discussed below.

ASIC RG 76

According to ASIC RG 76, a related party transaction is any transaction through which an entity provides a financial benefit to a related party. As noted in paragraph RG 76.1, related party transactions involve conflicts of interest because related parties are often in a position to influence the decision of whether the benefit is provided to them and the terms of its provision.

ASIC RG 76 refers to ASIC RG 111 and ASIC RG 112 for guidance on how the independent expert should assess related party transactions.

ASIC RG 111

ASIC RG 111 provides guidance in relation to the content of independent expert's reports prepared for a range of transactions. ASIC RG 111 notes that a related party transaction is:

- fair, when the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the benefit being received. In valuing the financial benefit given and the consideration received by the entity, an expert should take into account all material terms of the proposed transaction
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should vote in favour of the transaction.

ASIC RG 112

RG 112 primarily focuses on the independence of experts and provides little guidance on evaluating transactions.

3.2 Evaluation of fairness and reasonableness

In evaluating whether or not the Proposed Transaction is fair and reasonable to Non-Associated Securityholders, pursuant to Listing Rule 10.1, we have made a separate assessment of whether, or not, the Proposed Transaction is 'fair' and 'reasonable' as required by RG 111.56. The criteria which we have used to assess the fairness and reasonableness of the Proposed Transaction are set out below.

Fairness

- how the Consideration of \$143m compares with the assessed market value of APG

Reasonableness

- advantages and disadvantages of the Proposed Transaction to AVN
- other options available to AVN
- implications if the Proposed Transaction does not proceed.

4 Profile of APG

4.1 Background

APG is a specialist fund, asset and development manager of LFR properties in Australia. APG's platform offering incorporates all aspects of the investment cycle including:

- RE services provided by ACL
- development – design/construction/development/project management of LFR greenfield and brownfield projects
- property management – operating LFR centres in the portfolio, including management of facilities maintenance services and marketing and promoting the LFR centre to shoppers
- leasing – acting as an agent of the centres and co-ordinating activities regarding the leasing of space in the LFR centres, including the negotiation of new leases and renewal of lease terms
- investment management
 - property acquisition and divestment – coordinating the process of acquiring and selling land/LFR properties
 - financial management – budgeting and capital management
 - corporate governance – risk management, compliance and disclosure.

APG was established to provide management services to AVN and also owns 100% of ACL which is the RE of AVN. APG also manages another LFR asset not owned by AVN (Kotara North), though the property management fees earned from Kotara North only comprise 3% of APG's total revenues. As a result, our analysis in the remainder of this section excludes the impact of Kotara North.

As at 30 June 2018, APG managed 20 LFR centres valued at approximately \$1.9 billion¹ in total. This includes more than 500,000 square metres of LFR space currently leased to more than 550 tenants. Major tenants include Bunnings, The Good Guys, Harvey Norman and Freedom Furniture. APG manages centres in each state of Australia (excluding Tasmania), with the majority located in Australia's eastern states (18 of APG's LFR centres are located in Queensland, New South Wales or Victoria).

4.2 Management Agreements

Coinciding with the ASX listing date of AVN on 16 October 2015, AVN entered into the Management Services Agreement and Property and Development Management Agreement (the Management Agreements) with APG. Under the Management Agreements, APG provides a range of services including property acquisition, development, management, leasing, marketing and divestment.

Whilst real estate fund managers would typically outsource a number of these services, the integrated approach adopted by APG to the provision of these services is considered to be particularly advantageous for the identification of growth opportunities as well as for building relationships with tenants, its speed of response and accordingly maximising returns for property owners over time.

¹ Excludes Kotara North

The following table provides an overview of all services provided by APG as well as fees charged under the Management Agreements.

Table 2: APG's services and management arrangements

Service type	Service description and fees charged
Investment management	<ul style="list-style-type: none"> a fee for the management and operation of the Fund, being 0.6% per annum of gross asset value (GAV) up to and including \$2.0 billion (b), and 0.5% per annum on GAV over \$2.0b
Performance	<ul style="list-style-type: none"> performance fee where the total return (change in the NTA per security plus the distributions per security over the relevant period divided by the NTA per security at the commencement of the period) on the Fund exceeds a hurdle amount, being 20% of the percentage by which the total return on the Fund exceeds a hurdle of 12% per annum on a historical 3-year rolling basis
Asset and property management	<ul style="list-style-type: none"> managing revenues and operating expenses of relevant properties minimising and managing risk management of tenant relationships including leasing negotiations facilities management and technical services administering of capital works program meeting compliance and reporting requirements preparation of annual budgets for AVN fees charged for asset and property management services: <ul style="list-style-type: none"> 4% of face rental (payable monthly in arrears), however APG is entitled to a higher fee where the property management fee in respect of a particular property is higher than 4% of total face rent and it remains recoverable from tenants under current leases salary recoveries associated with managing the particular property
Leasing services	<ul style="list-style-type: none"> acting as agent of AVN and co-ordinating activities of licensed real estate agents conducting marketing of the applicable property and negotiating terms of leases and renewals of leases fees charged for leasing services: <ul style="list-style-type: none"> new tenants: 15% of face rental for the first year of the lease term (disregarding incentives and abatements) existing tenants: 10% of face rental for the first year of new lease or additional space leased renewal fee: 7% of face rental for the first year of new lease if a tenant exercises an option to continue leasing their current space market rent review fee: 7% of the increase between the rent payable for the year before the relevant rent review and the rent payable for the year after that rent review date as a result of a market rent review administration fee: \$4,000 per lease documentation negotiated and prepared by APG
Development services	<ul style="list-style-type: none"> evaluating of property development potential and preparation of development proposal whole of life cycle property development services, including: <ul style="list-style-type: none"> engaging, commissioning, coordinating, managing, paying and supervising the work of project consultants administering buildings contracts preparing development proposals and obtaining relevant government approvals preparing related budgets and progress reports fees charged for development services: <ul style="list-style-type: none"> 5% of total development costs (payable monthly in arrears) APG is only able to recover an amount equal to 2% of the total development costs from the time that the development proposal is approved to the commencement of construction, with the balance to be paid in instalments from the time that construction commences to deliver of the project

Source: The Management Agreements, AVN PDS

The Management Agreements are for an initial ten-year term and automatically renew for subsequent 5 year terms, subject to the following termination triggers:

- APG becomes insolvent
- APG ceases to carry on its business
- APG is prohibited from performing its obligations
- APG commits a material breach of the Management Agreements which it fails to remedy or pay reasonable compensation to the Fund
- a change in control of APG
- the RE ceases to be the responsible entity for AVN and is not replaced by APG or one of its subsidiaries.

In the event that the RE ceases to be the RE for AVN and is not replaced by APG or one of its subsidiaries, the new RE has the right to terminate the Management Agreements with 12 months' notice or, in lieu of notice, immediately terminate the Management Agreements on payment to the relevant manager an amount equal to the total fees billed to it in the 12 months leading up to the termination.

The appointment of a replacement RE which is not APG or one of its subsidiaries is subject to approval by the Fund's securityholders which would include the Vendors who currently hold a combined 29.4% interest in AVN.

In the event the Management Agreements are terminated, an entity associated with Brett Blundy has a pre-emptive right over the Kotara South property that would allow the entity to acquire the property at the independently assessed market value of the property.

4.3 Management team

APG currently employs more than 60 personnel across various functions as set out in the following table.

Table 3: APG's organisational structure and responsibilities

Function	Head	Total number of employees	Function activities
CEO office	Darren Holland	3	<ul style="list-style-type: none"> • overall management of APG • executive assistant, office management and team support
Asset Management	Gary Jones	32	<ul style="list-style-type: none"> • centre and operations management • marketing
Development and leasing	Adam Trent	10	<ul style="list-style-type: none"> • design and development management • project management • act as agent of AVN and co-ordinate leasing activities • marketing of applicable properties and negotiate terms and renewals of leases
Acquisitions	Cameron Male	1	<ul style="list-style-type: none"> • identification of potential sites for acquisition • negotiation of terms for acquisitions
Finance	Lawrence Wong	13	<ul style="list-style-type: none"> • general management accounting including the generation of internal reports • preparation of financial statements • capital and investment management of the Fund
Legal	Mary Weaver	4	<ul style="list-style-type: none"> • general legal functions and compliance • preparation and review of lease contracts • administration of lease contracts
Culture and talent	Sandra Francis	1	<ul style="list-style-type: none"> • human resource management • employee recruitment

Source: APG management

34 employees are based in the head office in Sydney whilst the rest of the team are located at the centre level.

Darren Holland is currently the CEO and Executive Director of APG and has over 25 years experience in acquiring, developing and managing LFR properties, including experience with Homemaker Retail Group. Brett Blundy is currently an Executive Director of APG and has over 35 years of retail experience as a current and past investor in numerous global retail brands including Bras N Things, Lovisa, Adairs and Dusk.

Under the Proposed Transaction, Darren Holland will enter into a 3-year employment contract. All existing employees are expected to move with the Platform under standard permanent contracts.

4.4 Key drivers

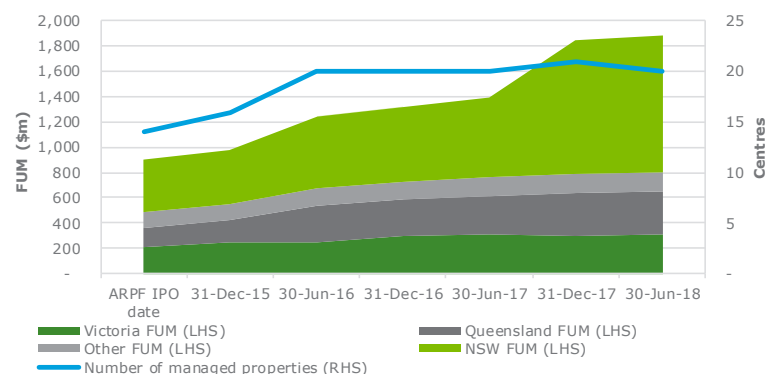
Fee income is generated based on funds under management (FUM) and the lease profile of the underlying properties.

4.4.1 FUM

FUM is driven by the value of the underlying properties, which has increased since the inception of AVN due to a combination of acquisitions, developments and upward revaluations from income growth and yield compression. There have been two property disposals over that period.

The following figure illustrates APG's FUM by geographic location and the number of properties managed by APG since AVN listed on the ASX in October 2015.

Figure 1: Historical FUM balances of AVN



Note:
FUM excludes Kotara North. As at 30 June 2018, if Kotara North was included in the analysis total FUM for APG would be \$2.0b.
Source: AVN Investor Presentations, Deloitte Corporate Finance analysis

More specifically:

- AVN listed in October 2015 with 14 LFR centres
- in FY16, AVN acquired seven properties (which included Epping Hub, Belrose Gateway, Bankstown and Logan Super Centre) for a combined value of \$265.4m. The acquisition of Belrose Gateway was consolidated into the Belrose Super Centre and consequently, the number of LFR centres managed by APG increased to 20
- in July 2017, AVN finalised the acquisitions of Castle Hill and Marsden Park LFR centres for a combined value of \$436m
- AVN divested its interest in Shepparton Home in December 2017 and Tweed Hub in February 2018 for a combined price of \$60m.

Since inception a number of development projects have been undertaken and completed by APG, also driving FUM. These include:

- Peninsula Home – additional 920 square metres of gross lettable area (GLA), including an Aldi supermarket and 165 seat restaurant
- Tuggerah Super Centre – revitalisation of the ground floor and expansion of Bunnings, along with the addition of Services NSW and Petstock stores; currently expanding Level 1 of this centre to add approximately 10,000 square metres
- Belrose Super Centre – expansion of the centre to add 2,250 square metres of GLA to the existing rooftop car park
- Cranbourne Home – construction of an on-site childcare facility
- Sunshine Coast Home – redevelopment of the former Bunnings tenancy for new retailers Super Amart, Sheridan and World Gym.

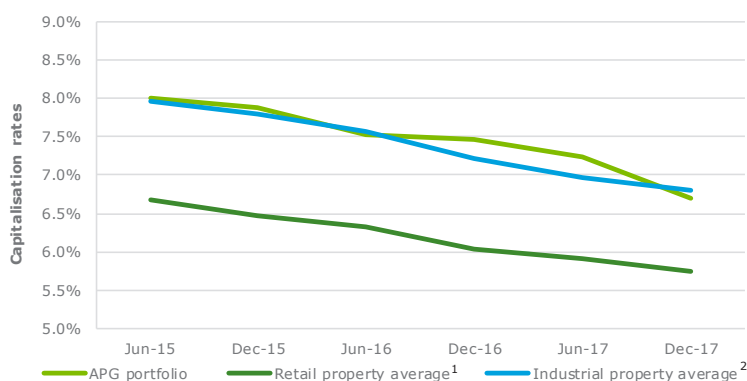
As at 30 June 2018, approximately 75% of AVN centres by FUM have development potential pending certain contractual, regulatory and planning approvals.

AVN obtains independent valuations for its investment properties at least every two years. However, the entire portfolio of AVN has independent valuations as at 31 December 2017 or 30 June 2018. At the end

of each reporting period (31 December and 30 June each year) the directors of AVN update their assessment of the fair value of each property after considering the respective independent valuations.

Since AVN's listing, in addition to income growth, there have been upwards revaluations in the portfolio as a consequence of the decrease in capitalisation rates over time. The movement in capitalisation rates of the Fund's portfolio, driven primarily by acquisitions and divestments since the Fund's inception, compared to industry capitalisation rates, is presented below.

Figure 2: AVN and comparable industry capitalisation rates



Notes:

1. ASX listed Real Estate Investment Trusts (REITs) included in this group are Charter Hall Retail REIT, Scentre Group, SCA Property Group and Vicinity Centres
2. ASX listed REITs included in this group are Centuria Industrial REIT, Charter Hall Long Wale REIT, Industria REIT, National Storage REIT, Growthpoint Properties Australia and Property Link Group.

Source: AVN results presentations, Deloitte analysis

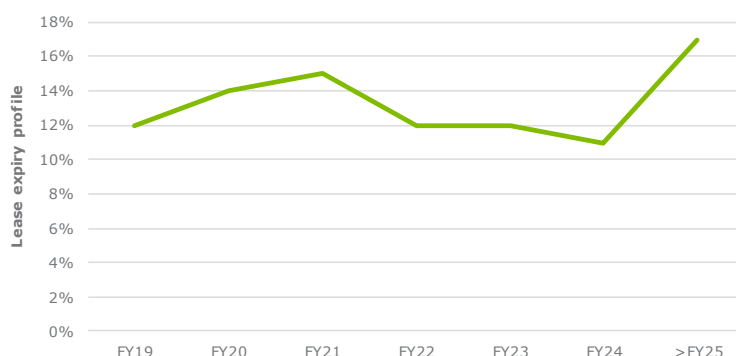
For retail and industrial property average capitalisation rates the key driver of the decrease over the period has been investor (local and foreign) demand for properties with secure income yields, supported by the view that interest rates are likely to remain lower for a longer period of time.

Industrial and LFR investments are generally smaller assets than traditional retail malls, with a more concentrated tenant mix implying greater risk for the valuation and as a result, industrial and LFR capitalisation rates have tended to be higher than for traditional retail.

4.4.2 Lease profile

The weighted average lease expiry of APG's portfolio has remained relatively consistent since the inception of AVN at approximately 4 years. APG's current portfolio lease expiry profile by gross rent is illustrated in the following figure.

Figure 3: Lease expiry profile by gross rent



Source: AVN management

Lease terms are generally three to ten years and are actively managed by APG for optimisation of tenant mix by location and total portfolio, whilst also maintaining a reasonable lease expiry profile.

As at 30 June 2018, 85% of AVN leases had annual fixed or consumer price index linked rent increases. Fixed increases are generally in the range of 3% to 5% per annum.

Occupancy at AVN's centres has also marginally improved from 97.1% in October 2015 to 98.7% as at 30 June 2018.

4.4.3 Sector outlook

The LFR property sector in Australia has grown substantially over recent years and has increasingly broken out from the broader retail property sector as a specialist segment given the demand from shoppers.

Wage growth and general economic growth in Australia are expected to be key drivers of consumer spending, including retail spending, in turn driving the LFR sector.

The number of dwelling completions and renovation of existing dwellings is also expected to support the growth in LFR centres as demand for household items increases. While attached dwelling development has slowed, the development of detached dwellings has remained strong, particularly in New South Wales. At the same time fewer LFR centres have been constructed since 2009 so the supply of LFR centres has remained constant while demand has increased. This is expected to continue in the short term.

Ultimately, yield premiums in the LFR sub-sector relative to the broader retail sector are expected to remain and as a result, LFR is forecast to be an attractive investment option in a low yield environment.

4.5 Financial performance

The table below sets out the audited consolidated financial performance of APG for FY17 and FY18, and forecast financial performance for FY19. APG management has provided us with normalisation adjustments which we have discussed further below. The FY19 financial performance, including the normalisation adjustments, have been the subject of review by Ernst & Young Transaction Advisory Services Limited. Further information on their work is set out in Section 5 of the Explanatory Memorandum.

Table 4: APG's financial performance

\$m (unless otherwise stated)	FY17	FY18	FY19F
Investment management	7.9	10.0	10.3
Property management	5.7	7.2	7.3
Portfolio management salary recoveries	4.8	6.1	6.8
Property leasing	3.1	3.1	4.0
Property development	0.9	1.4	1.8
Other	0.4	0.5	0.5
Total revenue	22.8¹	28.2	30.7
Employee expenses	(9.4)	(11.4)	(12.8)
Other expenses	(2.3)	(2.2)	(2.4)
Total operating costs²	(11.7)	(13.7)	(15.2)
EBITDA	11.1	14.6	15.5
Normalisation adjustments – IM fee waiver for Marsden Park and Castle Hill centres	-	1.3	1.3
Normalised EBITDA	11.1	15.9	16.8
Key metrics			
Revenue growth	n/a	24.0%	8.6%
EBITDA margin %	48.7%	51.6%	50.4%
Normalised EBITDA margin %	48.7%	56.2%	54.7%

Notes:

1. FY17 total revenue does not include performance fees, gross lease administration revenue and rebates
2. Total operating expenses does not include lease administration expenses which are netted against income and immaterial abnormal items.

N/a = not available

Source: APG Financial Statements, APG management, Deloitte Corporate Finance analysis

Investment management fees increased in FY18 driven by the Castle Hill and Marsden Park acquisitions. FY19 forecast investment management fee increases only reflect upwards revaluations of the underlying properties currently managed by APG.

Property management revenue also increased in FY18 as a result of the acquisition of Castle Hill and Marsden Park centres. Only modest increases are expected in FY19 driven by increased rental revenue at Castle Hill, due to the re-carving of Domayne, and Tuggerah, where completion of the level 1 refurbishment will allow affected retailers to resume trading. The increase in revenue is also due to the annual escalation of existing leases.

Portfolio management salary recoveries reflect the recoverable component of employee costs predominantly paid by tenants related to property management services.

Property leasing fees in FY18 remained flat over FY17. In FY19, additional leasing activity is anticipated as a result of the refurbishment of Tuggerah and the restructure of floor space at Castle Hill.

Growth in property development fees in FY18 and FY19 is the result of on the refurbishment of the Tuggerah centre and other projects at the Sunshine Coast, MacGregor and Caringbah.

Other income relates to administration fees and rental income from the sub-lease of office space to BBRC.

Operating expenses predominantly relate to employee expenses (approximately 84% of total operating expenses in FY18). Employee expenses include wage costs, payroll tax and recruitment expenses, and increased in FY18 due to increased headcount associated with property management activities following the acquisition of Castle Hill and Marsden Park. They are expected to increase to a lesser extent in FY19 on the expectation that headcount will not materially change based on an expectation of stable portfolio size.

Other operating expenses comprises administrative and services costs. Administrative costs include IT related costs and consultant fees, while services costs consist of office rent, insurance and office utilities.

Normalisation adjustments refer to a waiver of 50% of investment management fees chargeable by APG for Castle Hill and Marsden Park centres in FY18 and FY19 given these acquisitions occurred during the year. The full amount will be charged from July 2019 onwards.

4.6 Financial position

The table below sets out the audited consolidated financial position of APG as at 30 June 2018, adjusted for the Proposed Transaction.

Table 5: APG's financial position

\$m (unless otherwise stated)	Statutory	Adjustment	Pro forma
Cash	5.3	0.6	5.9
Receivables and other assets	13.2	(9.1)	4.2
Total assets	18.5		10.1
Tax liabilities	(4.3)	2.7	(1.6)
Other liabilities	(3.4)	-	(3.4)
Total liabilities	(7.8)		(5.1)
Net assets	10.8		5.0

Source: APG audited financial statements, APG management

The balance sheet of APG comprises mainly cash and working capital. Receivables and other assets primarily reflect performance fees and other management fees receivable from AVN. This balance also includes minimal fixed assets.

Tax liabilities are the most significant liability for APG. Other liabilities reflect amounts due to suppliers, GST payable and provisions for employee benefits.

The FY18 performance fee payable to APG by AVN of \$9.1m will be settled prior to completion of the Proposed Transaction. This will in turn trigger a payment of the tax liability associated with the performance fee. As part of the Proposed Transaction, it has been agreed that APG net assets post payment of the performance fee (net of tax impact) will be fixed at \$5m. Based on the audited balance sheet as at 30 June 2018, a net amount of \$0.6m is expected to be withheld from the performance fee distribution entitled to the Vendors to ensure the net asset position is \$5m.

5 Valuation of APG

5.1 Methodology

For the purposes of assessing the market value of APG, we have defined market value as the amount at which the shares in APG would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation has not been premised on the existence of a special purchaser.

In selecting an appropriate methodology to estimate the market value of APG, we considered common market practice and the valuation methodologies recommended by RG 111. Further information on the methodologies is set out at Appendix 1. In estimating the market value of the APG, we have:

- assessed the market value of APG using the capitalisation of maintainable earnings (CME) method as our primary methodology. The CME method is typically applied to businesses which generate a stable level of earnings. This method involves applying a multiple to a proxy of maintainable earnings. In this regard, we note:
 - earnings are relatively stable for APG when adjusted for the fee waiver. There are no projected acquisitions or divestments of LFR properties expected in FY19 or in the immediate future
 - there are an adequate number of publicly listed companies and transactions involving companies with operations sufficiently comparable to APG from which a meaningful comparison can be undertaken and an appropriate multiple can be applied
- cross-checked our estimate of the market value of APG using the percentage of FUM method (FUM multiple), based on the FUM multiples observed in comparable listed companies and transactions in the funds management sector
- also cross-checked our estimate of the market value of APG using a high level discounted cash flow (DCF) approach. APG management did not provide cash flow forecasts beyond FY19 from which we could adopt the DCF approach as our primary methodology.

We have not selected the asset based method as it ignores the value of intangible assets held by APG such as the Management Agreements.

5.2 Market value of APG

Under the terms of the Proposed Transaction, AVN will acquire APG for a Consideration of \$143m. In addition to the Consideration, AVN will pay for APG's NTA at completion, to be fixed at \$5m.

In assessing whether the Proposed Transaction is fair, we have compared the Consideration to the market value of APG, excluding any consideration for the NTA's given its book value is likely to approximate market value.

5.2.1 Capitalisation of maintainable earnings

The CME method estimates the market value of APG by capitalising future earnings using an appropriate multiple. In applying the CME approach, we have considered the following:

- the level of maintainable earnings that the existing operations could reasonably be expected to generate. We have selected EBITDA as an appropriate measure of earnings because earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies and effective tax rates than multiples based on EBIT or NPAT. This allows a better comparison with the earnings multiples of other companies. For these types of businesses, EBITDA and EBIT are not dissimilar due to low levels of depreciation and amortisation

- the enterprise value per dollar of EBITDA (EBITDA multiple) observed from recent transactions involving companies comparable to APG and the trading multiples of listed companies comparable to APG. Given we are assessing the Consideration excluding consideration for NTA, we have adjusted the enterprise values of these comparable listed companies and transactions by deducting their NTA.

A summary of the application of the CME approach is set out below:

Table 6: Summary of valuation outcome under the CME approach

	Unit	Low	High
Maintainable EBITDA	\$m	16.0	16.5
EBITDA multiple on a control basis	times	8.5	9.5
Assessed market value of the Platform on a control basis pre adjustments	\$m	136.0	156.8
Adjustment for fee waiver ¹	\$m	(0.7)	(0.7)
Assessed market value of the Platform on a control basis	\$m	135.3	156.1

Note:

- Adjustment for fee waiver reflects fees that will not be received by APG for the period of FY19 post the Proposed Transaction date of 1 October 2018 but will be received from 1 July 2019 onwards.

Source: Deloitte Corporate Finance analysis

Future maintainable earnings

Future maintainable earnings represent the level of maintainable earnings that the existing operations could reasonably be expected to generate.

In determining our assessed maintainable EBITDA, we had regard to the normalised FY18 actual and FY19 forecast financial results, as discussed above in Section 4.5 and as summarised in the table below.

Table 7: APG's normalised EBITDA

\$m	FY17	FY18	FY19F
Normalised EBITDA	11.1	15.9	16.8

Source: APG Financial Statements, APG management, Deloitte Corporate Finance analysis

Normalised EBITDA in FY17 is not reflective of current EBITDA expectations for APG given the substantial increase in the GAV of the Fund as a result of acquisitions undertaken in FY16 and FY17. The normalised EBITDA in FY18 and FY19 captures the fee waiver relating to the Castle Hill and Marsden Park centres and hence reflects the full annual fee to be earned from those assets by APG going forward.

Consequently, to account for the steady growth in earnings expected for FY19 and beyond, we have adopted a maintainable EBITDA in the range of \$16.0m to \$16.5m.

EBITDA multiple selection

We have applied a current EBITDA multiple ranging from 8.5 to 9.5 times, on a control basis, to APG's maintainable earnings based on our analysis of comparable listed trading multiples and recent transaction multiples.

The criteria against which we have selected comparable trading companies and transactions are as follows:

- comparable listed companies whose primary operations are the provision of fund management services. We note that there are no listed Australian property focused fund managers who do not have other business activities and therefore we have expanded our search to include companies that are in the broader funds management industry
- in the case of comparable transactions, we have sought to identify those transactions relating to an internalisation or sale of management rights in the property sector.

Outlined in the following table are the implied EBITDA multiples and relevant metrics of the comparable listed companies.

Table 8: Comparable listed companies summary

Company name	Enterprise value ¹ (\$m)	Current EBITDA multiple ¹	Current EBITDA margin	FUM (\$m)	EV / FUM ¹	EBITDA / FUM
Magellan Financial Group	3,369	11.1x	72.1%	67,354	5.0%	0.5%
Pendal Group Limited ²	2,370	9.2x	44.8%	99,000	2.4%	0.3%
Platinum Asset Management Limited	2,615	9.8x	78.9%	27,748	9.4%	1.0%
IOOF Holdings Ltd	2,185	8.0x	46.5%	118,800	1.8%	0.2%
Perpetual Limited	1,474	6.4x	42.8%	30,200	4.9%	0.8%
EQT Holdings Limited	344	10.2x	38.5%	60,300	n/m	n/m
Average		9.1x	53.9%	67,234	4.7%	0.5%
Median		9.5x	45.7%	63,827	4.9%	0.5%

Notes:

1. Enterprise value has been adjusted to remove NTA to be consistent with our evaluation of the Consideration. The adjusted enterprise value is used to calculate EBITDA and FUM multiples.

2. Pendal Group Limited was previously named BT Investment Management Limited.

N/m = not meaningful

Source: CapitalIQ, Deloitte Corporate Finance analysis

The EBITDA multiples implied through observable share market trading provides some evidence of an appropriate EBITDA multiple to apply to our valuation. However, these multiples typically do not reflect the market value for control of a company as they are based on the value of a minority interest. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding equity values. In comparison, the acquisition price achieved in mergers or acquisitions of companies represents the market value of a controlling interest in that company.

We note the following in respect of the comparable listed companies summarised above and detailed in Appendix 2:

- the average and median current EBITDA multiples for the comparable listed companies are 9.1 times and 9.5 times on a minority basis respectively. In calculating these multiples, we have removed the impact of NTA to ensure that our approach to evaluation is aligned with the structure of the Proposed Transaction
- multiples for IOOF Holdings Ltd and Perpetual Limited are at the low end of the range reflecting, in our opinion, their exposure to the financial planning sector, a sector which has been adversely impacted by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
- all the comparable listed companies are larger than APG in terms of FUM and therefore revenue. The average and median FUM of the comparable listed companies is \$67.2b and \$63.8b respectively, while APG manages approximately \$2.0b² of assets. In addition, the majority of the comparable listed companies derive management fees from a variety of asset classes, including property, equities, fixed income, cash and other diversified assets across a number of different funds. APG manages one fund in the LFR sector and accordingly it is less diversified than the comparable listed companies. We would expect larger, more diversified companies to attract a higher earnings multiple than would be applied to APG's business given the lower risk to earnings
- the average and median current EBITDA margin for the comparable listed companies is 54.1% and 43.5%, respectively, which is not dissimilar with APG's FY18 normalised EBITDA margin of 56.2%. Given the similarity in profitability levels, we don't consider any specific adjustments are required to APG's multiples to account for any differences in margins.

² Includes Kotara North

We also considered the comparable transactions outlined in Appendix 3. These transaction values were also adjusted to remove the impact of NTAs (where specifically disclosed) to ensure our evaluation of each transaction is aligned with our assessment of the Proposed Transaction.

All of the comparable transactions relate to the acquisition of a controlling interest in a funds management business and accordingly the implied EBITDA and EBIT multiples incorporate a control premium.

There is limited publically available data in relation to the EBITDA (compared to EBIT) for these transactions and therefore we placed greater reliance on the EBIT multiples for the comparable transactions.

The average and median implied EBIT multiples for the comparable transactions are 8.8 times and 9.5 times, respectively. Whilst EBIT multiples are generally higher than EBITDA multiples, it is uncommon for fund managers to have high levels of depreciation and amortisation and therefore EBIT and EBITDA multiples tend to be similar. A number of the observed transactions involved entities managing larger funds than APG, which is likely to support higher multiples for these transactions compared to APG.

Of the comparable transactions considered and set out in Appendix 3, we consider the transactions set out in the table below to be the most comparable to APG.

Table 9: Selected comparable transactions

Date	Target	Consideration paid ¹ (\$m)	FUM (\$m)	Implied % of FUM	Implied EBIT multiple	EBIT / FUM
May-17	Armada Real Estate Asset Management	30	800	3.7%	n/a	n/a
Nov-16	360 Capital listed property platform	92	1,397	6.6%	10.1x	0.7%
Jun-14	Westfield Australia and New Zealand real estate platform	2,158	38,600	5.6%	11.1x	0.5%
Dec-13	Commonwealth Managed Investments	460	13,900	3.3%	9.5x	0.3%

Note:

1. Consideration paid excludes any amounts paid for NTA at the completion of the transaction. This adjusted consideration is used to calculate EBIT and FUM multiples.

Source: CapitalIQ, Deloitte Corporate Finance analysis

With respect to the above transactions, we note the following:

- in May 2017, Moelis Australia agreed to acquire 100% of the issued share capital of Armada Real Estate Asset Management for \$30m through a combination of cash and scrip. Armada Real Estate Asset Management managed 10 real estate investment funds which in aggregate owned interests in retail shopping centres valued at approximately \$800m
- in November 2016, Centuria Capital Group and associated entities acquired the 360 Capital Group real estate platform. At the time, 360 Capital Group's platform managed \$1.4b in assets including two ASX listed REITs
- in June 2014, Westfield Group finalised a circa \$70b restructure in which Westfield Corporation acquired the company's international business while the Australian and New Zealand shopping centres, along with retail property management, funds management and development operating platform transferred to Scentre Group, which was subsequently listed on the ASX. Scentre Group became one of Australia's largest internally managed retail property groups comprising 47 Westfield centres in Australia and New Zealand, including 14 of Australia's top 20 performing centres
- in December 2013, CFS Retail Property Trust completed the acquisition of Commonwealth Management Investments Limited (CMIL). CMIL had \$13.9b in FUM and managed a portfolio of 28 retail assets, including the Chadstone Shopping Centre and the Emporium in Melbourne, and the Chatswood Chase Mall in Sydney.

Having regard to the comparable listed companies and the comparable transactions outlined above, we have applied an earnings multiple ranging from 8.5 times to 9.5 times, on a control basis for the following reasons:

- APG is smaller and less geographically and operationally diversified than the comparable listed companies. APG manages one fund, which focuses on a single subsector of retail property, LFR, while most of the comparable listed companies manage numerous funds and derive management fees from a variety of asset classes, including property (industrial, office and/or retail), equities, fixed income, cash and other diversified assets. As a result, APG should trade at a lower multiple than the comparable listed companies after they are adjusted for a premium for control
- APG is smaller in scale compared to Scentre Group and CMIL. Hence, a multiple that is lower than implied by those transactions should be applied to determine the market value of APG, all else being equal
- 360 Capital listed property platform manages investments in office, industrial and retail property and therefore is more diversified than APG. As a result, a lower multiple should be applied to APG.

Adjustments

The market value assumes that the fee waiver does not apply as it is based on a normalised earnings which adds back the fee waiver. Since APG does not receive these fees for 9 months of FY19, we have made an adjustment against the market value of APG. This adjustment is based on 9 months of the annual fee waiver of \$1.3m for FY19, less an allowance for tax payable on this income.

5.2.2 Cross-check to our valuation

FUM multiples approach

As a cross-check of our valuation of APG under the CME method, we have compared the implied FUM multiples of our assessed market value of APG on a control basis and compared this to the implied FUM multiples observed for the comparable listed companies and transactions.

The implied FUM % multiples of our assessed market value of APG range from 6.7% to 7.7%, as calculated in the table below:

Table 10: Implied FUM % calculation

	Unit	Low	High
Assessed fair market value of APG on a control basis	\$m	136.0	156.8
FUM as at 30 June 2018 ¹	\$b	2.0	2.0
Implied consideration as a % of FUM	%	6.7%	7.7%

Note:

1. Includes Kotara North.

Source: Deloitte Corporate Finance analysis

A key driver of the FUM multiple is the earnings generated from the underlying FUM. Companies that have a higher percentage of operating earnings per FUM (i.e. generate higher earnings from FUM) generally have a higher FUM multiple. APG's EBITDA per FUM percentage of 0.8% is at the higher end of the range of comparable listed companies and therefore supports APG having a FUM multiple at the high end of the range of comparable listed companies.

A similar trend can be observed when comparing APG to the comparable transactions. APG generates higher operating earnings as a percentage of FUM than the comparable transactions which supports the higher FUM multiples implied by our valuation.

DCF approach

We have also used the DCF approach as a cross-check of our valuation of APG derived under the CME method.

As we were not provided with forecast cash flows beyond FY19 we prepared a high level, five year DCF model based on the following assumptions:

- FY19 budget as the base year

- revenue growth for FY19 (year 1) scaling down on a straight line basis to 3% by year five
- constant FY19 EBITDA margins applied over the forecast period
- no adjustment for capital expenditure, depreciation and working capital on the basis that historical evidence and our own experience suggests these are likely to be insignificant
- 30.0% company tax rate
- terminal year calculation based on the Gordon Growth method using a 2.5% terminal growth rate.

These net cash flows imply an internal rate of return of 10.6%, based on the mid-point of our valuation range for APG. This discount rate is not unreasonable based on our experience of rates of return required for a fund management business similar to APG. Consequently, we consider this high level DCF analysis supports our valuation range determined under the CME method.

6 Other implications of the Proposed Transaction

The following table presents the movement in various metrics of AVN as a result of the Proposed Transaction.

Table 11: Other implications of the Proposed Transaction

FY19	Unit	AVN Pre-Proposed Transaction	Adjustment	AVN Post-Proposed Transaction	Percentage change
Current securities on issue	m	494.2	35.7	529.9	7.2%
FY19 weighted average securities on issue ¹	m	495.3	26.8 ²	522.0	5.4%
FY19 Funds from operations (FFO)	\$m	90.0	5.9	95.9	6.5%
FY19 FFO per security	\$	0.18	0.0	0.18	1.1%
FY19 Adjusted funds from operations (AFFO) ³	\$m	79.7	7.6	87.3	9.6%
FY19 AFFO per security	\$	0.16	0.0	0.17	4.0%
Net asset value (NAV)	\$m	1,175.2 ⁴	78.8	1,253.9	6.7%
NAV per security	\$	2.38	(0.01)	2.37	(0.5)%
NTA	\$m	1,171.2 ⁴	(64.3)	1,110.9	(5.5)%
NTA per security	\$	2.38	(0.28)	2.10	(11.8)%
Net debt	\$m	683.5 ⁵	63.4	746.9	9.3%
Net debt/total assets		36.0%	0.5%	36.5%	1.4%
Net debt/total tangible assets adjusted for cash		36.0%	3.3%	39.3%	9.3%
Net debt/NAV		58.2%	1.4%	59.6%	2.4%

Notes:

1. Reflects securities expected to be issued primarily as a result of distribution reinvestment plan
2. Weighted average adjustment is lower because of impact of issuance being only for 9 of 12 months
3. AFFO reflects FFO adjusted for maintenance capital expenditure and leasing fees
4. Reflects audited metrics of AVN as at 30 June 2018
5. Reflects audited metrics of AVN as at 30 June 2018 adjusted for the debt funding of the FY18 performance fee payment of \$9.1m.

Source: APG management, Deloitte Corporate Finance analysis

Under the Proposed Transaction, AHL will acquire APG and the Stapled Securities will be issued to current AVN securityholders. As a result, AVN securityholders will continue to receive distributions from the securities they own in the Fund, as well as being entitled to receive dividends from shares in AHL. These dividends have the potential to be franked and therefore provide imputation credits.

The Proposed Transaction is also expected to be FFO per security and AFFO per security accretive. FFO per security is expected to increase by 1.1%, while AFFO per security is expected to increase by 4.0%.

Whilst NAV per security is not expected to change as a result of the Proposed Transaction, NTA per security is expected to decrease from \$2.38 to \$2.10, as a result of the intangible assets, including goodwill, being acquired, along with new stapled securities being issued to the Vendors.

The gearing of AVN is expected to increase marginally, with net debt to total tangible assets adjusted for cash increasing from 36.0% to 39.3% due to the additional debt being drawn down to finance the cash component of the Consideration.

7 Opinion

We have considered whether or not the Consideration is fair having regard to our assessed market value of APG. In accordance with RG 111, an offer is reasonable if it is fair. An offer might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for securityholders to accept the offer in absence of any superior proposal before the close of the offer.

The Consideration of \$143m falls within our assessed market value range of APG (excluding NTA), of \$135.3m to \$156.1m and therefore is fair. If you were to value the scrip component of the Consideration based on the AVN security price, the Consideration would reduce to \$137.7m³ and therefore make the Proposed Transaction more fair.

As the Proposed Transaction is fair, it is reasonable, and therefore in the best interests of Non-Associated Securityholders. We also note the following factors that Non-Associated Securityholders may consider relevant to the reasonableness of the Proposed Transaction.

Closer alignment of interests of AVN and its manager

The internalisation will provide greater alignment between AVN and its manager, providing AVN with the opportunity to more closely influence the strategy of the Fund as well as directly control key performance indicators and incentive arrangements for personnel who manage the Fund.

Further, approval of the Proposed Transaction will remove a potential perceived conflict of interest associated with the current arrangement which involves ACL acting as the RE of AVN whilst being a wholly owned subsidiary of APG.

This internalisation is consistent with the shift that has occurred since the mid 2000's when many Australian REIT's internalised their management capability in order to overcome perceived conflicts as well as enhance the alignment of interests between boards, management and investors and improve corporate governance.

Increased investor control over management and board

In addition to the greater alignment between AVN and its manager, AHL's management and board will be directly accountable to AVN securityholders. In this regard, AVN Securityholders will have the direct ability to periodically appoint or remove AHL directors and vote on the remuneration of key personnel.

Decline in NTA per unit, though accretive on a FFO per unit and AFFO per unit basis

Should the Proposed Transaction proceed, AVN's NTA per security is expected to decline from \$2.38 to \$2.10 per security due to the acquisition of intangible assets associated with APG. However, this does not capture the margin savings by internalising management which are captured through per security metrics on an operating earnings basis (i.e. FFO per security, AFFO per security).

In this regard, the Proposed Transaction is expected to be FFO per security and AFFO per security accretive to AVN securityholders, by 1.1% and 4.0%, respectively.

Continuity of senior management

There will be continuity in the composition of the board and senior management of ACL and AHL. The key management personnel will enter into new employment agreements and continue to manage the day to day operations of the Fund. This includes the CEO, Darren Holland, who, as a condition of the Proposed Transaction, will enter into a three year employment contract and has also entered into an escrow agreement in relation to the Stapled Securities he will receive as part of the Consideration.

³ 35.7m (securities issued to the Venders as part scrip component of the Consideration) multiplied by \$2.23 (AVN closing security price as at 2 August 2018) plus \$58.0m (cash component of the consideration) = \$137.7m

Access to dividends from the Stapled Securities

AVN securityholders will now hold the Stapled Securities and therefore be entitled to receive dividends from shares in AHL rather than just security distributions. These dividends have the potential to be franked and therefore provide imputation credit benefits.

Higher level of gearing for AVN

The Proposed Transaction is expected to be funded by a combination of equity contributions and debt. The overall increase in gearing is relatively minor with net debt as a percentage of total tangible assets adjusted for cash as at 30 June 2018 expected to increase from 36.0% to 39.3%.

The availability of alternatives to the Proposed Transaction is low

The Management Agreements are not terminable without cause until 2025 or through a change of RE (which would require a unitholder vote at which the RE's associates comprising approximately 30% of the AVN register would be able to vote against). Even assuming termination, the RE would need to either find alternative management suitably skilled in LFR management and with sufficient tenant relationships to be able to run the Fund effectively or establish the required capabilities which will take time and is likely to disrupt the operations of the Fund and its underlying assets.

Consequently, there is considerable risk associated with these alternatives.

Taxation implications arising from the Proposed Transaction

Section 6 of the Explanatory Memorandum provides details in relation to potential taxation implications for AVN securityholders arising from the completion of the Proposed Transaction. This includes the potential to receive franked dividends from the ownership of the Stapled Securities. AVN securityholders should obtain their own independent advice in connection with how the Proposed Transaction would affect their specific circumstances.

The Vendors' securityholding in AVN will increase

Under the Proposed Transaction, the Vendors will receive securities in AVN which will increase their collective securityholding from 29.4% to 34.1%. The number of securities being issued to the Vendors will be based on the NTA of AVN, however, if it was based on the prevailing security price, not only would more securities be issued to the Vendors, but this would also have a dilutive impact on FFO per security, AFFO per security and NAV per security.

Performance fees no longer payable

As a result of the Proposed Transaction, future performance fees will no longer be an expense of AVN as they will be eliminated upon consolidation. However, this will be partly offset by any employee incentive plan AVN will have in place.

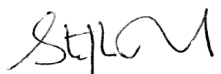
APG would continue to manage AVN in the event the Proposed Transaction does not proceed

In the event the Proposed Transaction does not proceed, APG will continue to manage AVN and act as RE of AVN (via ACL) under the current arrangement. In this regard, AVN will continue to pay management and related fees to APG in return for services pertaining to the management of the Fund and its underlying property assets.

Yours faithfully



Tapan Parekh
Authorised Representative Number: 461009
Deloitte Corporate Finance Pty Limited



Stephen Reid
Authorised Representative Number: 461011
Deloitte Corporate Finance Pty Limited

Appendix 1: Valuation methodologies

Common market practice and the valuation methodologies which are applicable to corporate entities and businesses are discussed below.

Market based methods

Market based methods estimate an entity's fair market value by considering the market price of transactions in its shares or the fair market value of comparable listed companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of an entity's recent share trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on an entity's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable listed companies. The capitalisation of maintainable earnings method is appropriate where the entity's earnings are relatively stable.

The most recent share trading history provides evidence of the fair market value of the shares in an entity where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an entity than other valuation methods because they may not account for entity specific factors.

Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting an entity's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Asset based methods

Asset based methods estimate the market value of an entity's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of an entity but does not take account of realisation costs.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of an entity's assets are liquid, or for asset holding companies.

Appendix 2: Comparable listed companies

The table below sets out our selected comparable listed companies. We have attempted to identify those companies whose primary operations are in the provision of funds management services to property funds. However, there are no listed Australian pure-play property fund managers and therefore we have considered companies that are in the broader funds management industry. We recognise that there are other Australian real estate investment managers. However, considering the substantial co-investment of these managers along with, in some cases other business activities, it is difficult to isolate metrics for the fund management component to allow for suitable and accurate comparison to APG.

Table 12: Comparable listed companies

Company name	Market cap ¹ (\$m)	Enterprise value (\$m) ²	Gearing	EBITDA multiple ²				EBITDA margins			FUM (\$m)	EV / FUM ²	Revenue / FUM	EBITDA / FUM
				Current	Forward	Current	Forward	Current	Forward	Current				
Magellan Financial Group	3,914	3,369	0%	11.1x	9.3x	72.1%	76.1%				67,354	5.0%	0.6%	0.5%
Pendal Group Limited ³	2,789	2,370	0%	9.2x	8.5x	44.8%	44.7%				99,000	2.4%	0.6%	0.3%
Platinum Asset Management Limited	3,139	2,615	0%	9.8x	9.4x	78.9%	79.7%				27,748	9.4%	1.2%	1.0%
IOOF Holdings Ltd	3,177	2,185	0%	8.0x	6.4x	46.5%	42.2%				118,800	1.8%	0.5%	0.2%
Perpetual Limited	1,976	1,474	0%	6.4x	6.5x	42.8%	41.8%				30,200	4.9%	1.8%	0.8%
EQT Holdings Limited	418	344	0%	10.2x	8.9x	38.5%	40.2%				60,300	n/m	n/m	n/m
Average			0%	9.1x	8.2x	53.9%	54.1%				67,234	4.7%	0.9%	0.5%
Median			0%	9.5x	8.7x	45.7%	43.5%				63,827	4.9%	0.6%	0.5%

Notes:

1. Market capitalisation and enterprise calculated as at 5 July 2018
2. Enterprise value has been adjusted to remove NTA to be consistent with our evaluation of the Consideration. The adjusted enterprise value is used to calculate EBITDA and FUM multiples.
3. Pendal Group Limited was previously named BT Investment Management Limited.

Source: CapitalIQ, Deloitte Corporate Finance analysis

Appendix 3: Comparable transactions

Table 13: Comparable transactions

Announcement date	Target	Acquirer	Consideration paid ¹ (\$m)	FUM (\$m)	Implied consideration as % of FUM ¹	Implied EBIT multiple ¹	Implied EBITDA multiple ¹	EBIT / FUM
May-17	Armada Real Estate Asset Management	Moelis Australia	30	800	3.7%	n/a	n/a	n/a
Dec-16	Hunter Hall International Limited	Washington H. Soul Pattinson and Company Limited	5	1,117	1.4%	n/m	n/m	n/m
Nov-16	360 Capital listed property platform ²	Centuria Capital Group and associated entities	92	1,397	6.6%	10.1x	n/a	0.7%
Jul-16	Unity Pacific Group	Sentinel Property Group	17	n/a	n/a	2.2x	2.2x	n/a
Jul-16	GPT Management Holding Limited	Growthpoint Properties Australia Trust	9	439	2.0%	6.9x	n/a	0.3%
Jun-16	Generation Healthcare management platform	Northwest Healthcare Properties REIT	36	400	8.9%	n/a	n/a	n/a
Mar-16	Investa Office Management Platform	Investa Commercial Property Fund	90	8,500	1.1%	9.4x	8.7x	0.1%
Jan-15	Valad Europe property management platform	Cromwell Property Group	158	7,600	2.1%	n/a	6.4x	n/a
Nov-14	Arena Investment Management	Arena REIT	11	382	2.8%	12.5x	n/a	0.2%
Jun-14	Westfield Australia and New Zealand real estate platform ³	Westfield Retail Trust (Scentre Group)	2,158	38,600	5.6%	11.1x	n/a	0.5%
Dec-13	Commonwealth Property Office Fund (CPA)	DEXUS	41	3,700	1.1%	n/a	n/a	n/a
Dec-13	Commonwealth Managed Investments	CFS Retail Property Trust	460	13,900	3.3%	9.5x	n/a	0.3%
Oct-13	Funds management business of GDI Property Group	GDI Property Group	27	683	3.9%	n/a	n/a	n/a
Average			241	6,593	3.6%	8.8x	5.8x	0.4%
Median			36	1,698	3.1%	9.5x	6.4x	0.3%

Notes:

1. Consideration paid excludes any amounts paid for NTA at the completion of the transaction, to be consistent with our evaluation of the Consideration. This adjusted consideration is used to calculate EBITDA, EBIT and FUM multiples.
2. Centuria Capital Limited paid additional \$10m in cash for co-investment stakes and this has been excluded from the numbers presented
3. The consideration is based on the implied value of the management platform set out in the security holder booklet dated April 2014.

Source: CapitalIQ, Deloitte Corporate Finance analysis

Aventus Retail Property Fund - Independent expert's report and Financial Services Guide

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Appendix 4: Context to the report

Individual circumstances

We have evaluated the Proposed Transaction for Non-Associate Securityholders as a whole and have not considered the effect of the Proposed Transaction on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable and therefore in the best interests of Securityholders. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

The report has been prepared at the request of the Independent Directors of ACL as RE of AVN and is to be included in the Explanatory Memorandum to be given to Non-Associated Securityholders for approval of the Proposed Transaction. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Explanatory Memorandum in their assessment of the Proposed Transaction outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Securityholders, ACL and AVN, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Transaction.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Transaction is fair and reasonable in relation to Chapter 10 of the ASX Listing Rules.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by ACL and its officers, employees, agents or advisors (as set out below in 'Sources of Information'). Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to ACL management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by ACL and its officers, employees, agents or advisors, ACL has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which ACL may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by ACL and its officers, employees, agents or advisors or the failure by ACL and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Transaction.

Drafts of our report were issued to ACL management for confirmation of factual accuracy. We may not have become aware of all information that may be relevant to our work and opinion.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of ACL personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the AUASB or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for APG included in this report has been prepared on a reasonable basis in accordance with ASIC Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of APG referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is

dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Tapan Parekh, Partner, M.Com, B.Bus, F.Fin, CA (BV Specialist) and Stephen Reid, M.App.Fin, B.Ec, CA (BV Specialist). Each have many years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- ACL proposes to issue a disclosure document in respect of the Propose Transaction between AVN and APG (the Explanatory Memorandum)
- the Explanatory Memorandum will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Explanatory Memorandum for review
- it is named in the Explanatory Memorandum as the 'independent expert' and the Explanatory Memorandum includes its independent expert's report in Section 7.

On the basis that the Explanatory Memorandum is consistent in all material respects with the draft Explanatory Memorandum received, Deloitte Corporate Finance Pty Limited consents to it being named in the Explanatory Memorandum in the form and context in which it is so named, to the inclusion of its independent expert's report in Section 7 of the Explanatory Memorandum and to all references to its independent expert's report in the form and context in which they are included, whether the Explanatory Memorandum is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Explanatory Memorandum and takes no responsibility for any part of the Explanatory Memorandum, other than any references to its name and the independent expert's report as included in Section 7.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- draft copies of the Explanatory Memorandum
- the Implementation Deed between ACL, AHL, APG BBRC and HMM
- audited financial statements for APG for the years ending 30 June 2016, 30 June 2017 and 30 June 2018
- audited financial statements for AVN for the years ending 30 June 2016 and 30 June 2017
- independent property valuations of assets management by APG as at 31 December 2017 and / or 30 June 2018
- EY Project Sato Independent Limited Assurance Report dated 5 June 2018, including the Addendum Report dated 30 July 2018
- Aventus Retail Property Fund Product Disclosure Statement dated 30 September 2015
- APG company website
- publicly available information on comparable listed companies and market transactions published by ASIC, Thomson Research, Thomson Reuters Financial markets, SDC Platinum and Mergermarket
- IBIS World company and industry reports
- other publicly available information and media releases on APG and the retail property funds management industry.

In addition, we have had discussions and correspondence with certain directors and executives of APG, along with advisors of ACL, including:

- Lawrence Wong, Chief Financial Officer

- Andrew Wolf, Assistant Fund Manager
- Bruce Carter, Independent, Non-Executive Chairman
- Kieran Pryke, Independent, Non-Executive Director
- Robyn Stubbs, Independent, Non-Executive Director
- Macquarie Capital (Australia) Limited and UBS AG, Australia Branch, financial advisors to ACL.



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8.0

ADDITIONAL INFORMATION

8. ADDITIONAL INFORMATION

8.1. EXISTING MANAGEMENT SERVICES FOR THE FUND

This Section 8.1 and Section 8.2 provide a summary of the existing fee structures and the nature of the existing management arrangements. If the Proposal is implemented, Investors will own the management entities and the fees payable under the current structure will be payable within the stapled structure owned by Investors.

OVERVIEW

As disclosed in the product disclosure statement for the IPO of Aventus in 2015, ACL has engaged one of APG's other subsidiaries, Aventus Funds Management Pty Limited (ACN 606 747 675) (**Manager**), to manage the fund on a day-to-day basis.

TERM AND TERMINATION

The initial term of the Management Services Agreement (**MSA**) is ten years (ie. until October 2025) and is automatically extended for successive five year terms, unless terminated:

- earlier pursuant to any of the termination rights provided by the MSA (summarised below); or
- by the Manager or Responsible Entity at least six months before the end of the initial term or any successive five year term, in which case the agreement terminates on expiry of the initial term or successive five year term (as applicable).

The Manager can terminate the agreement:

- at any time without cause on 90 days' notice;
- immediately if ACL or the Fund becomes insolvent;
- not earlier than 60 days after ACL ceases to be the responsible entity of the Fund and is not replaced with an entity which is APG or one of its subsidiaries; or
- where ACL commits a material breach, the Manager serves ACL with a notice within 14 days, and ACL fails to remedy the breach or pay reasonable compensation to the Manager within 40 days of receiving that notice.

ACL can terminate the agreement:

- at any time if the Manager is insolvent, ceases to carry on business, or is prohibited from performing its obligations by a change in law – unless APG or one of its subsidiaries is reasonably capable and willing to act in the place of the Manager;
- where the Manager commits a material breach, ACL serves the Manager with a notice within 14 days, and the Manager fails to remedy the breach or pay reasonable compensation to ACL within 40 days of receiving that notice; or
- where there is a change of control of the Manager, within 3 months of this change of control, ACL may terminate by:
 - providing the Manager with 12 months written notice; or
 - lesser written notice accompanied by the payment of an amount equal to all fees billed by the Manager in the 12 months prior to the date of the notice.

Where ACL ceases to be the responsible entity of the Fund and is not replaced by APG or one of its subsidiaries, within 3 months of its appointment the replacement responsible entity may terminate by:

- providing the Manager with 12 months written notice; or
- lesser written notice accompanied by the payment of an amount equal to all fees billed by the Manager in the 12 months prior to the date of the notice.

BASE FEE

The Manager is currently entitled to receive an annual base fee that is payable on a monthly basis. This fee is calculated on the basis of the gross asset value of the Fund's properties, as determined by the Fund's Constitution (**GAV**). The base fee equals the aggregate of:

- 0.6% per annum of the GAV of the Fund up to \$2.0 billion; and
- 0.5% per annum of the GAV of the Fund in excess of \$2.0 billion.

PERFORMANCE FEE

The Manager is also entitled to receive a Performance Fee (being 20% of outperformance above a 12% return) calculated as:

Outperformance % × Closing NTA × 20%
(together with any carry forward outperformance as further described below) where:

Outperformance % =	Total Return % less Hurdle Rate.
Total Return =	Change in the NTA per Unit over the relevant period plus the Distributions per Unit paid during the relevant period divided by the NTA per Unit at the commencement of the relevant period (expressed as a percentage).
Hurdle Rate =	12%.
Closing NTA =	The NTA of the Fund on the last day of the relevant period.

The total fee payable (comprising Base Fee plus the Performance Fee) in any year is capped at 1.0% of GAV of the Fund. Any excess fee is carried over to subsequent Performance Fee periods (subject to the performance of the Fund and any application of the cap during that period). Any prior period underperformance must be recovered before the Manager becomes entitled to the payment of a Performance Fee in respect of a subsequent period.

COSTS AND EXPENSES

The Manager is entitled to be reimbursed for all costs and expenses it incurs as the Fund's manager, other than its own overhead costs. However the Manager must seek the consent of the Responsible Entity before incurring any individual cost or expense in excess of \$50,000 and must seek the consent of the Responsible Entity where aggregate costs and expenses for the scoping of a potential investment of the Fund would exceed \$200,000.

If the Proposal is approved it is expected that the MSA will be amended from the Implementation Date with a reduction in the base fee. The reduced base fee will equal the aggregate of 0.045% per annum of the GAV of the Fund up to \$2.0 billion, and 0.0375% per annum of the GAV of the Fund in excess of \$2.0 billion.

8.2. EXISTING PROPERTY AND DEVELOPMENT SERVICES

OVERVIEW

As disclosed in the product disclosure statement for the Fund's IPO, ACL has also engaged Aventus Property Management Pty Ltd (ACN 606 747 666) (**Property Manager**) to carry out property management and development services for the Fund.

TERM AND TERMINATION

The initial term of the Property and Development Management Agreement (**PDMA**) is ten years (ie. until October 2025) and is automatically extended for successive five year terms, unless terminated:

- pursuant to any of the termination rights provided by the PDMA; or
- by either the Property Manager or Responsible Entity at least six months before the end of the initial term or any successive five year term, in which case the agreement terminates on expiry of the initial term or successive five year term (as applicable).

Where the Fund no longer owns (directly or indirectly) at least 50% of the beneficial interest in a property listed in the PDMA Property Schedule, the PDMA will terminate in respect of that property on the date of completion of the sale of that property.

Other termination rights provided by the PDMA mirror the MSA termination rights described in Section 8.1.

TERMINATION IN RESPECT OF DEVELOPMENT SERVICES

Where a continuing material breach giving ACL a right to terminate only relates to particular development works, ACL may terminate the PDMA as it applies to those development works only, by giving written notice to the Property Manager. In these circumstances, the sole and exclusive engagement of the Property Manager to provide development management services under the PDMA will cease (and the Fund could engage alternative services providers).

In addition, where the PDMA is terminated:

- pursuant to any of the termination rights provided by the PDMA;
- by the Property Manager or Responsible Entity at least six months before the end of the initial term or any successive five year term, in which case the agreement terminates on expiry of the initial term or successive five year term (as applicable);
- upon a change of the responsible entity with an entity that is not APG or one of its subsidiaries;
- upon a change in control of the Property Manager; or
- in respect of a particular property in the PDMA Property Schedule, because the Fund no longer owns (directly or indirectly) at least 50% of the beneficial interest in that property,

the Property Manager will continue to perform and be paid for development management services in respect of any approved development works that are ongoing at the time of termination.

FEES

For performing the property and development services, the Property Manager is currently entitled to the following fees:

- Leasing fee for new tenants: 15% of face rental (being gross rent payable by a tenant, disregarding incentives and rent abatements) for the first year of the lease term;
- Existing tenant leasing fee: 10% of face rental for the first year of new lease or additional leased space (as applicable) if an existing tenant enters into a new lease for premises it currently occupies (excluding by way of exercise of an option), relocates to new premises within the relevant property or enters into a new lease for new space in a property in the relevant portfolio;
- Leasing renewal fee: 7% of face rental for the first year of the new lease if an existing tenant exercises an option to continue leasing their current space in a property in the relevant portfolio;
- Leasing market rent review fee: 7% of the increase between the rent payable for the year before the relevant rent review date and the rent payable for the year after that rent review date, resulting from a market rent review negotiated by the Property Manager;
- Asset and Property Management fee: 4% of the total face rental (payable in equal monthly instalments in arrears) provided that where, immediately prior to a property becoming subject to the PDMA (for example, upon Completion or the acquisition by the Fund of a new property), the property management fee in respect of that property (which is recoverable from tenants as outgoings under the terms of the relevant lease(s)) is higher than 4% of the total face rent, the Property Manager shall be entitled to that higher fee for so long as it remains recoverable from tenants under the relevant lease(s). The Property Manager may also be entitled to salary recoveries associated with managing the property;
- Leasing administration fee: \$4,000 per lease documentation negotiated and prepared by the Property Manager (without double servicing where the relevant lease is prepared by an external legal provider); and
- Development Services Fee: 5% of total development costs (being the total cost of any development works undertaken in respect of a Property and payable in monthly instalments in arrears). The Property Manager will only be able to recover an amount equal to 2% of the total development cost from the time that the development proposal is approved to the commencement of construction, with the balance to be paid in instalments from the time that construction commences to delivering of the project.

A process applies for benchmarking Property Manager fees to market rates at the five year interval in the initial term and on commencement of any successive term (including independent review of fees against market rates and, if fees are considered to be outside of market ranges, a process for either the parties agreeing or referring to expert determination, a revision of fees to market).

If the Proposal is approved, the PDMA will continue unchanged. However, Investors will effectively own the Property Manager and the above leasing and development fees will be earned and distributed to Investors after costs, as the directors of the AHL board determine.

KOTARA MANAGEMENT AGREEMENT

An agreement on substantially the same terms to those above has been entered into between the Property Manager and BBRC in relation to Kotara. The main differences are that the agreement does not have a fixed term but can be terminated at any time by BBRC without cause on 180 days' notice or on a sale of the property. The Property Manager can terminate for breach or by agreement or on a sale of the property. Fees are at reduced rates, compared with those outlined above as part of a wider arrangement recognising APG's management role for Kotara Home South and mutual pre-emptives if either party wishes to sell. Revenue earned from Kotara will be less than 1% of forecast total revenue for Aventus in FY19.

8.3. SHARE SALE AGREEMENT (SSA) FOR THE PURCHASE OF APG

The Share Sale Agreement (SSA) for the purchase of APG is on arm's length market terms, and key features are summarised below.

PARTIES

The SSA is entered into between AHL as buyer and BBRC and HMH as Sellers.

PURCHASE PRICE

Details of the agreed Purchase Price and the mix of cash and scrip consideration are set out in Sections 3 and 4 of this Explanatory Memorandum.

CONDITIONS AND TERMINATION

Details of the conditions are set out in Section 4.12. The SSA can be terminated if the Implementation Deed is terminated, or on an insolvency of AHL, the Fund, the Sellers, or any of APG or its subsidiaries. AHL can also terminate if there is a breach of warranty entitling a claim greater than \$500,000 or a material breach by the Sellers.

CONDUCT OF BUSINESS

Between signing and completion, the Sellers must conduct the business of APG and its subsidiaries in the ordinary course.

TAX INDEMNITY AND WARRANTIES

The Sellers give a tax indemnity for tax liabilities for the period pre-completion and also extensive standard warranties including warranties (subject to the Sellers' disclosure) as to:

- title to the APG shares;
- no encumbrances or third party rights;
- authority to sell;
- past accounts give a true and fair view and disclose all liabilities;
- no material breaches of contracts, or change of control triggers;
- compliance with financing arrangements;
- right to use assets, intellectual property and IT;
- no material litigation;
- disclosure of employee entitlements;
- material compliance with laws;
- no insolvency;
- currency of insurance;
- taxes paid and other tax warranties; and
- a general disclosure warranty.

Any claims are to be made within 18 months after completion, or 4 years for tax claims, and can only be made once all claims exceed \$700,000. Liability is limited to 100% of the Purchase Price.

8.4. INTERNALISATION STEPS

The Implementation Deed provides that, subject to the approval of the Resolutions and fulfilment of the other Conditions, the Proposal will be implemented as follows:

1. ACL will establish AHL as a new company whose shares will be wholly-owned by the Fund. This has already occurred. AHL will be capitalised by way of equity and intra-staple debt up to approximately \$63 million. AHL has not traded and will not trade prior to implementation of the Proposal;
2. Each Unit will be Stapled to each AHL Share, so that one is not tradeable without the other. The constitution of AHL will be Stapling ready (consistent with the Fund's existing Constitution). Stapled Securities will trade on ASX under the existing code AVN from the effective date of the Stapling, initially on a deferred settlement basis, with full trading expected to commence on or about 2 October 2018;
3. The directors of AHL will be the Independent Directors of ACL, with the remaining ACL directors to be appointed to the AHL Board if the Proposal is approved;
4. Upon such approval, the AHL shares will be distributed in specie to Fund Unitholders as a capital distribution in accordance with the Fund's Constitution. The Fund will distribute 100% of the AHL Shares, so that each Unitholder holds one AHL Share for each Existing Unit held. This will comprise a capital distribution of \$0.11 per Unit. The receipt of new AHL shares by Investors will be by way of capital return and will not require Investors to contribute any additional money, nor lodge an application form;
5. On the Implementation Date, AHL will purchase all of the shares in APG from the Sellers for approximately \$143 million, plus APG's NTA to be fixed at \$5 million. The Purchase Price will comprise a mix of cash and Stapled Securities. BBRC will receive \$96.5 million of the Purchase Price with 64% of this amount (approximately \$61.8 million) being paid in Stapled Securities and 36% (approximately \$34.7 million) in cash. HMM will receive \$46.6 million of the Purchase Price with 50% of this amount (approximately \$23.3 million) being paid in Stapled Securities and 50% (approximately \$23.3 million) in cash. The number of Stapled Securities to be issued to the Sellers (being 35.7 million Stapled Securities) has been calculated by dividing the dollar value of the scrip component of the Purchase Price by the Issue Price. The Issue Price will be the Fund's last published NTA per Unit (being the NTA per Unit as at 30 June 2018 of \$2.38). The \$5 million NTA amount will be paid in cash. The Consideration Securities issued on the Implementation Date will rank equally with all other Stapled Securities from the date of issue.

Each of the Sellers has nominated an associated entity to hold the Consideration Securities to be issued to it under the Proposal, as set out in the Notice of Meeting

6. The cash component of the Purchase Price will be funded through an equity subscription and intra-staple debt provided by the Fund to AHL. The Fund will fund this by a draw down from its existing debt facilities. Simultaneously, the Fund will issue Stapled Securities to the Sellers in an amount equal to the security component of the Purchase Price. The value of the unit component of the Stapled Securities (plus the cash loan amount) will give rise to an intra-staple loan of \$89.5 million, owed by AHL to the Fund and subject to a market rate of interest; and
7. HMM (an entity associated with Darren Holland) will enter into a voluntary escrow deed. Under this deed HMM will undertake not to Deal with the Consideration Securities issued to HMM for a period of 12 months after completion of the APG sale (except where there is an accepted bona fide takeover bid in respect of the Stapled Securities, the Stapled Securities are transferred or cancelled as part of a scheme of arrangement, or as required by law). HMM will also undertake not to sell more than 50% of the Consideration Securities in the period up to 24 months after the completion of the APG sale (except in the same limited circumstances set out directly above).

8.5. ASIC RELIEF

ASIC is expected to grant the following modifications and exemptions in relation to the Corporations Act.

PROSPECTUS RELIEF

- Modification of sections 711(6) and 723(1) to facilitate the issue of the Prospectus without stating an expiry date, and without an application form accompanying it.

STAPLING RELIEF

- Modification of Part 5C.2 to allow ACL, as responsible entity of the Fund, and its directors and officers to act in the best interests of Stapled Securityholders, taking into account their common interests as holders of the Stapled Securities, rather than their separate interests as Unitholders and AHL shareholders;
- Modification of Part 5C.2 to allow ACL, as responsible entity of the Fund, and its directors, officers and employees to use information acquired in their respective roles for the benefit of Stapled Securityholders collectively, rather than their separate interests as Unitholders and AHL shareholders;
- Modification of Chapter 2E as notionally inserted by Part 5C.7 to allow benefits to be given between the Stapled Entities on non-arm's length terms, recognising the commonality of the Stapled Entities' securityholders; and
- Modification of sections 708D(13) and 1012(D) to allow the Stapled Entities to pool dividends (in respect of shares) and distributions (in respect of units) under a dividend and distribution re-investment plan without a prospectus or PDS.

CHAPTER 7 RELIEF

- Modification of section 1017E to permit a single bank account to be used for application moneys in respect of any future issues of Stapled Securities; and
- Exemption from Division 2 of Part 7.7 of the Act to confirm that the Stapled Entities do not have to provide a Financial Services Guide in relation to the Proposal.

8.6. ASX WAIVERS AND CONFIRMATIONS

ASX has provided an in-principle decision to grant waivers and confirmations of the following Listing Rules as they apply to AHL and the Fund.

WAIVERS

Waiver from:

- Condition 8 of Listing Rule 1.1 to the extent necessary, so that AHL need not comply with the stipulated value threshold, provided that the Stapled Entities together will satisfy this condition after the Proposal is implemented and that Aventus will satisfy Listing Rule 12.4 (requiring a sufficient spread of securities in each entity's main security class) at the time of AHL's admission to the official list of ASX;
- Condition 2 of Listing Rule 2.1 to the extent necessary, so that AHL need not comply with the stipulated issue price threshold, on the basis that AHL Shares will be stapled to Units;
- Condition 9 of Listing Rule 1.1 to the extent necessary, so that AHL need not satisfy the profit test (Listing Rule 1.2) or asset test (Listing Rule 1.3) to be admitted to the official ASX list, on the condition that AHL Shares will be stapled to Units, and Aventus will satisfy Listing Rules 12.1 and 12.2 (which require each entity's financial condition and level of operations to be sufficient to warrant its continued listing and the quotation of its securities) at the time of AHL's admission to the official list of ASX;
- Listing Rule 6.24 in respect of clause 1 of Appendix 6A to the extent necessary, so that the rate and amount of a distribution for the Fund and AHL need not be advised to the ASX when the distribution and record date is announced, on the condition that the actual rate is advised to ASX as soon as it becomes known;
- Listing Rule 8.10 to the extent necessary to permit the Fund and AHL to refuse to register a transfer document relating to quoted securities if it is not accompanied by a transfer of securities in the other Stapled Entity; and
- Listing Rule 10.1 to the extent necessary to permit the transfer of 'substantial assets' between the Fund and AHL (and their respective controlled entities) without the need for securityholder approval, on condition that AHL Shares will be stapled to Units, and neither AHL nor the Fund will issue any other equity securities that are not stapled to corresponding securities of the other Stapled Entity.

CONFIRMATIONS

Confirmation that:

- the constitution of AHL complies with Condition 2 of Listing Rule 1.1;
- the terms of the Stapled Securities comply with Chapter 6, for the purposes of Condition 1 of Listing Rule 2.1;
- disclosure by one Stapled Entity on behalf of Aventus satisfies the obligations for each entity regarding a matter, for the purposes of Listing Rule 3.1;

- the terms applying to the Stapled Securities are appropriate and equitable, for the purposes of Listing Rule 6.1;
- Stapled Securities are 'equity securities' for the purpose of the definitions set out in Listing Rule 19.12; and
- ASX approves of the timetable for the Proposal, in accordance with the requirements of paragraph 8 of Appendix 7A.

Following lodgement of this Explanatory Memorandum, application will be made to ASX for the admission of AHL to the official list of ASX dependent upon satisfaction of the Conditions and confirmations will be sought from ASX that:

- the structure and operations of AHL are appropriate for a listed entity, for the purposes of Condition 1 of Listing Rule 1.1;
- the Stapled Entities will not constitute an 'investment entity' for the purposes of the definitions set out in Listing Rule 19.12;
- in ASX's opinion, AHL satisfies the requirements of Appendix 1A to the Listing Rules, on submission of a final ASX Listing Application and Agreement; and
- the terms of the Stapling arrangements, including the Stapling provisions in the Stapled Entities' constitutions, are appropriate to ASX for the purposes of Guidance Note 2.

8.7. INTERESTS OF ACL DIRECTORS IN THE FUND

The table below lists the Existing Units held directly, or indirectly or beneficially by, or on behalf of, each director of ACL as at the date of this Document. This includes Existing Units held by entities associated with Brett Blundy and Darren Holland.

If the Proposal is approved and implemented, those directors (or the associated entities holding the Existing Units) will receive one AHL Share for each Existing Unit they hold at the Stapling Record Date. Entities associated with Brett Blundy and Darren Holland will also receive Stapled Securities as consideration for the sale of their shares in APG. The table below calculates the number of Stapled Securities to be held by each of the directors and their associates before and after implementation:

Name	Existing Units (either directly or otherwise) (pre- implementation)	% of Existing Units (pre implementation)*	Stapled Securities (post implementation)	% of Stapled Securities (post implementation)*
Bruce Carter	1,189,312	0.2%	1,189,312	0.2%
Robyn Stubbs	41,364	< 0.1%	41,364	< 0.1%
Kieran Pryke	70,873	< 0.1%	70,873	< 0.1%
Brett Blundy	142,643,925	28.9%	168,593,671	31.8%
Darren Holland	2,544,889	0.5%	12,330,177	2.3%

* % figures may be reduced slightly by any new issues prior to implementation under the Aventus distribution re-investment plan.

The Independent Directors will be entitled to vote on the Resolutions (and intend to vote in favour of the Resolutions) and receive shares in AHL (and otherwise participate in the Proposal) in respect of any securities held by, or on behalf of, them to the extent permitted by law. Entities associated with Brett Blundy and Darren Holland will not be entitled to vote.

8.8. INTERESTS OF ACL DIRECTORS IN AHL

No shares in AHL are currently held by, or on behalf of, any ACL director.

8.9. INTERESTS OF ACL DIRECTORS IN AGREEMENTS OR ARRANGEMENTS RELATING TO THE PROPOSAL

Other than as set out in this Section or elsewhere in this Explanatory Memorandum:

- none of the ACL directors has an interest in any contract entered into which is conditional on, or related to, the Proposal; and
- there is no agreement or arrangement between any ACL director and another person in connection with or conditional on the implementation of the Proposal.

8.10. PAYMENTS AND OTHER BENEFITS TO DIRECTORS, SECRETARIES, EXECUTIVE OFFICERS OR RELATED BODIES CORPORATE

No payment or other benefit is proposed to be made or given (in connection with or conditional on the Proposal) to any director, secretary or executive officer of ACL as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in ACL or its related bodies corporate.

Other than as set out in this Section 8 or elsewhere in this Explanatory Memorandum, no payment or other benefit is proposed to be made or given to any related body corporate of ACL in connection with or conditional on the Proposal.

8.11. INTERESTS OF AHL DIRECTORS IN THE FUND

The directors of AHL are:

- Bruce Carter;
- Kieran Pryke; and
- Robyn Stubbs.

Their holdings of Existing Units are set out in Section 8.7 above.

The directors of AHL, whether as directors, members, creditors or otherwise, have no material interest in the Proposal or the Resolutions except as members holding Existing Units as set out above or as otherwise disclosed in this Explanatory Memorandum.

8.12. REMUNERATION OF AVENTUS DIRECTORS

Non-executive directors of AHL and ACL (including Brett Blundy) will receive cash fees for their participation on the boards of AHL and ACL. Aventus proposes to increase director fees as a result of the implementation of the Proposal to reflect the change in responsibility for the enlarged Aventus group. Aventus will provide base fees inclusive of superannuation of \$90,000 per non-executive director (currently \$84,000 for each non-executive director of ACL) and \$180,000 for the chair (currently \$156,000 for the chair of ACL), for their participation on the boards of both AHL and ACL. An increase in committee fees is proposed, to \$10,000 for a committee chair (currently \$5,000) and to \$5,000 for committee members (for which no fee is currently payable). The chair does not, and will not, receive committee fees.

The AHL constitution will provide a limit of \$1,000,000 (or such greater amount as may be fixed by AHL in general meeting) on the total aggregate remuneration which may be provided to all non-executive directors of AHL in any financial year for their services as directors.

To protect their independent conduct and judgement the non-executive directors will not be entitled to participate in any executive variable remuneration schemes, or receive any performance-based remuneration entitlements (including options over securities) that may reasonably be perceived to compromise their independence and alignment of interests with the Fund's long term Investors.

8.13. REMUNERATION OF AVENTUS EMPLOYEES

The AHL Board has adopted an equity incentive plan that recognises the need to motivate, attract and retain employees to deliver sustainable and superior business performance. It is underpinned by the following principles:

- Remuneration is externally competitive in terms of quantum, mix and design to support the attraction and retention of employees and takes into account the relative size and nature of the Aventus business and its ability to pay and the role and experience of employees.
- Remuneration comprises fixed and variable remuneration components.
- The remuneration framework focuses on short-term and long-term performance by setting annual Key Performance Indicators (**KPIs**) and delivering a material proportion of variable remuneration in equity which will be subject to vesting conditions over 2, 3, and 4 years.
- The remuneration framework is designed to be simple and transparent.

Variable remuneration for senior management and invited executives will be delivered via the Executive Incentive Scheme (**EIS**),

where participants are eligible to achieve annual cash awards and grants of Stapled Securities vesting over 2, 3 and 4 years. The Remuneration Committee will review the EIS on an annual basis to ensure the remuneration arrangements are driving business performance and are aligned with the long-term strategy of Aventus.

As part of the transaction, a small number of key employees have also been granted retention arrangements (or have had their prior year cash bonuses effectively converted to securities) to be delivered under the EIS, vesting over two years following implementation with unvested amounts lapsing on a resignation or removal for cause.

The Remuneration Committee will, as required, obtain advice from external remuneration advisers on aspects of the stapled group's remuneration policy and structures.

SUMMARY OF REMUNERATION OF AVENTUS CEO AND CFO

The following table lists the annualised remuneration of Aventus' CEO and CFO (including statutory superannuation) to apply from the Implementation Date for FY19.

FY19 Executive Incentive Scheme						
Role	Name	Total annual fixed rem.	Total max variable rem.	Max rem. amount paid in cash (fixed + variable)	Max rem amount in restricted Stapled Securities (fixed + variable)	TOTAL MAX REM. (fixed + variable)
Chief Executive Officer	Darren Holland	\$725,000	\$725,000	\$1,087,500	\$362,500	\$1,450,000
Chief Financial Officer	Lawrence Wong	\$437,750	\$437,750	\$656,625	\$218,875	\$875,500

Note 1: Maximum Amount delivered in cash and Stapled Securities in the table above is an annualised amount which will be pro-rated in FY19 for the period from the Implementation Date to 30 June 2019.

Note 2: Mr Wong has agreed that if the Proposal is implemented he will forgo actual and potential pre-internalisation cash bonus entitlements up to \$267,219 and instead receive a grant of rights to 224,554 Stapled Securities under the EIS having a value at grant of approximately \$534,438 (double the cash award entitlements), at a price per security of \$2.38, being the NTA of the Fund as at 30 June 2018. This will vest in two equal tranches over a two-year period following implementation, subject to forfeiture of unvested amounts on resignation or termination for cause in that period.

TOTAL ANNUAL FIXED REMUNERATION

Total annual fixed remuneration (**TFR**) consists of base salary, employer superannuation contribution and salary sacrifice benefits. TFR is set based on the role, responsibilities, experience and qualifications of the individual, and with reference to market data of comparable companies. An employee's TFR will generally be reviewed on an annual basis.

VARIABLE REMUNERATION - EIS

Variable remuneration consists of an annual opportunity to receive a short term variable cash award and a grant of restricted Stapled Securities under the EIS, awarded to the extent that certain KPIs are achieved for the financial year.

The diagram below provides an illustration of how the EIS operates for a single year, assuming all KPIs are achieved. Aventus intends to offer EIS awards annually. As the EIS progresses, the vesting of deferred equity awards will become cumulative:



The following outlines the key terms of the FY19 EIS:

Term	Description																								
Eligibility	Offers may be made at the Board’s discretion to senior executives and other employees of the stapled group. At this stage offers are proposed to seven senior employees, including the CEO and CFO. Details of the CEO and CFO entitlements and KPIs are set out below. Non-Executive directors are not eligible to participate in the EIS.																								
Awards under the EIS	<p>KPIs set by the Board must be satisfied over the performance period (being the Implementation Date to 30 June 2019 for the initial period of operation, and 1 July to 30 June thereafter). To the extent the KPIs are satisfied, EIS awards will be delivered 50% in cash and 50% in restricted Stapled Securities.</p> <p>The cash award will be paid following the end of the performance period. The restricted Stapled Securities will be granted following the end of the performance period, and will vest in three tranches following release of full-year results for the first, second and third financial years immediately following the performance period:</p> <ul style="list-style-type: none">• 33.3% of the restricted Stapled Securities will vest approximately two years after the start of the performance period;• 33.3% of the restricted Stapled Securities will vest approximately three years after the start of the performance period; and• 33.4% of the restricted Stapled Securities will vest approximately four years after the start of the performance period; <p>providing the participant remains an employee until the relevant vesting date and the Board has not determined that a “clawback” of any restricted Stapled Securities is required.</p> <p>The number of restricted Stapled Securities to be allocated to each participant will be determined by dividing the dollar value of the equity component of the EIS by the Volume Weighted Average Price of Stapled Securities, measured over the ten trading days following release of full-year results for the performance period’s financial year.</p> <p>Restricted Stapled Securities will be held in an employee share trust on behalf of participants until the relevant vesting date.</p>																								
Acquisition price	Restricted Stapled Securities under the EIS are issued for nil consideration.																								
Key Performance Indicators	<p>KPIs will be documented for each EIS participant in relation to each performance period, including:</p> <ul style="list-style-type: none">• the percentage weighting for each KPI;• threshold and stretch performance hurdles; and• the maximum opportunity that may be delivered in cash and Aventus equity, expressed as a percentage of TFR. <p>FY19 EIS awards will be subject to the following financial and non-financial KPIs tested over the performance period, ending 30 June 2019. No EIS award will be granted unless either the funds from operations (FFO) or the relative total shareholder return (RTSR) KPIs are met:</p> <ul style="list-style-type: none">• FFO - a calculation of the Group’s underlying and recurring earnings from its operations. This is determined by adjusting statutory net profit for certain non-cash and other items, and will be determined in accordance with the guidelines established by the Property Council of Australia;• RTSR, measured against the S&P/ASX 200 A-REIT accumulation index;• A cost control measure based on expenses against revenue (Cost Control Measure);• People and culture;• Role-specific KPIs; and• Board discretion. <p>The following KPIs and weightings will apply to the CEO and CFO for the FY19 EIS:</p> <table><tr><th></th><th colspan="3">Financial KPIs</th><th colspan="2">Non-financial KPIs</th></tr><tr><th>Role</th><th>FFO</th><th>RTSR</th><th>Cost Control Measure</th><th>People & culture</th><th>Board discretion</th></tr><tr><td>CEO</td><td>30%</td><td>30%</td><td>15%</td><td>15%</td><td>10%</td></tr><tr><td>CFO</td><td>30%</td><td>30%</td><td>15%</td><td>15%</td><td>10%</td></tr></table>		Financial KPIs			Non-financial KPIs		Role	FFO	RTSR	Cost Control Measure	People & culture	Board discretion	CEO	30%	30%	15%	15%	10%	CFO	30%	30%	15%	15%	10%
	Financial KPIs			Non-financial KPIs																					
Role	FFO	RTSR	Cost Control Measure	People & culture	Board discretion																				
CEO	30%	30%	15%	15%	10%																				
CFO	30%	30%	15%	15%	10%																				
Dividends and voting rights	Participants who have been allocated restricted Stapled Securities will be entitled to dividend, distribution and voting rights on the same basis as other securityholders.																								

Term	Description
Cessation of employment	<p>Unless the Board determines otherwise:</p> <ul style="list-style-type: none"> • if a participant's employment is terminated for cause, misconduct, or gives notice of their resignation, they will not be entitled to receive any EIS award for the performance period in which they cease employment and any unvested restricted Stapled Securities will be forfeited; and • if a participant ceases employment for any other reason, the participant will be entitled to a pro-rated EIS award for the performance period in which they cease employment (based on performance achieved against the performance conditions and the time served during the performance period). In this case the EIS award may be paid fully in cash (at the normal payment date). Any restricted Stapled Securities granted will continue to be restricted until the original vesting dates.
Change of control	Unless the Board determines otherwise, restricted Stapled Securities will vest in full upon a change of control.
Clawback	The Board may claw back restricted Stapled Securities granted under the EIS in certain circumstances (e.g. gross misconduct, material misstatement, fraud or where in the Board's opinion performance that led to cash payments / equity being awarded is later determined to have been incorrectly measured or not sustained)

8.14. MATERIAL TERMS OF DARREN HOLLAND'S EMPLOYMENT AGREEMENT

REMUNERATION

Mr Holland will receive fixed remuneration (including superannuation) of \$725,000, and an EIS opportunity of \$725,000 as described in Section 8.13. Mr Holland is also entitled to participate in various employee benefit programs maintained by Aventus Services Pty Ltd.

TERM OF EMPLOYMENT

Mr Holland's employment contract with Aventus Services Pty Ltd is for an initial 3 year period. The contract will automatically extend for 6 months if Aventus Services Pty Ltd does not provide Mr Holland with notice that it intends to terminate the contract at least six months before end of the 3 year period (and any subsequent 6 month period).

TERMINATION

Aventus Services Pty Ltd may terminate Mr Holland's employment on 6 months' notice (or payment in lieu of notice).

Aventus Services Pty Ltd may also terminate Mr Holland's employment immediately for cause or misconduct, or by reason of physical or mental incapacity (collectively, **For Cause**).

Any payment in lieu of notice is calculated on total fixed remuneration (inclusive of superannuation). If Mr Holland's employment is terminated by Aventus Services Pty Ltd otherwise than For Cause:

- within two years of the initial 3 year term - Aventus Services Pty Ltd will provide a termination payment equal to 12 months' salary (including superannuation) (less any actual notice or payment in lieu of notice);
- after two years of the initial 3 year term but before 1 April 2021 - Aventus Services Pty Ltd will provide a termination payment equal to the amount payable to the end of the initial term (less any actual notice or payment in lieu of notice);
- after 1 April 2021 - Aventus Services Pty Ltd will provide a termination payment equal to 6 months' salary (including superannuation) (less any actual notice or payment in lieu of notice).

Any incentive payments will be governed by the applicable EIS plan rules, as summarised above.

The contract contains a provision stating that any termination benefits will not exceed the termination benefits cap calculated in accordance with Part 2D.2 of the Corporations Act.

POST-EMPLOYMENT RESTRAINTS

Mr Holland is subject to a non-competition restraint, and is also restrained from soliciting suppliers, customers and staff for a maximum of 12 months after employment ends.

8.15. MATERIAL TERMS OF LAWRENCE WONG'S EMPLOYMENT AGREEMENT

REMUNERATION

Mr Wong will receive fixed remuneration (including superannuation) of \$437,750, and have an EIS opportunity of \$437,750 as described in Section 8.13. Mr Wong is also entitled to participate in various employee benefit programs maintained by Aventus Services Pty Ltd.

TERM OF EMPLOYMENT

Mr Wong is a permanent employee of Aventus Services Pty Ltd and his employment has no fixed term.

TERMINATION

Aventus Services Pty Ltd or Mr Wong may terminate employment on three months' notice (or payment in lieu of notice). Any payment in lieu of notice is calculated on total fixed remuneration (inclusive of superannuation). Any incentive payments will be governed by the applicable EIS plan rules, as summarised above.

If Mr Wong ceases employment for redundancy, he is entitled to the higher of a redundancy payment calculated in accordance with the National Employment Standards, or two weeks salary per completed year of service plus a pro-rata amount for any partially completed year.

POST-EMPLOYMENT RESTRAINTS

Mr Wong is restrained from soliciting suppliers, customers and staff for a maximum of 12 months after employment ends.

8.16. INVESTORS PARTICIPATING IN THE PROPOSAL

For the purposes of identifying Investors entitled to participate in the Proposal, if the Proposal is approved at the Meeting, and all other conditions are satisfied, dealings in Existing Units will only be recognised if:

- for dealings effected using CHESS (the computer system used by the ASX to effect the settlement of the purchase or sale of financial products), the transferee is registered in the Fund's register of members as the holder of the relevant Existing Unit at the Stapling Record Date; and
- for other types of dealings, dealings that occur before the close of business on the Meeting Date and in respect of which registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before the Stapling Record Date at 4:00pm.

If the Proposal is approved, the Fund will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Existing Units received after the times stated above.

8.17. PRIVACY

Information gathered by ACL to implement the Proposal or in relation to the Meeting may be personal information for the purposes of the Privacy Act. ACL as the responsible entity of the Fund (and the Registry on its behalf) will collect, hold and use that personal information to implement the Proposal, service your needs as an investor, provide facilities and services that you request and administer the Fund. The Corporations Act requires certain particulars of securityholders to be collected and maintained in a public register. Access to information may also be provided to ACL's agents and service providers on the basis that they deal with such information as required by law. If you do not provide the information requested of you by the Registry, your Proxy Form may not be able to be processed. Under the Privacy Act, you may request access to your personal information held by (or on behalf of) ACL. You can request access to your personal information by telephoning or writing to ACL. You can access ACL's privacy policy at <http://aventusproperty.com.au>.

8.18. TRADING ON A DEFERRED SETTLEMENT BASIS

It is expected that trading of the Stapled Securities on the ASX will commence on or about 27 September 2018, on a deferred settlement basis, until the Stapling Record Date which is expected to be on or about 28 September 2018.

After Aventus advises the ASX that initial holding statements have been dispatched to Stapled Securityholders, which is expected to occur on or about 2 October 2018, normal settlement trading will commence.

It is the responsibility of each person who trades in the Stapled Securities to confirm their holding before trading in the Stapled Securities. If the Stapled Securities are sold before receiving a holding statement, purchasers of these securities will do so at their own risk.

The Stapled Entities disclaim all liability, whether in negligence or otherwise, if a Stapled Securityholder sells the Stapled Securities before receiving a holding statement, even if the Stapled Securityholder obtained details of their holding from the Aventus Information Line or confirmed their firm allocation through a broker.

Following implementation of the Proposal, securities issued to any participants in the Distribution Re-investment Plan (DRP) will be Stapled Securities. Any consequential changes to the DRP will be advised separately.

8.19. NOTICE TO FOREIGN INVESTORS

This Document and the Prospectus do not constitute an offer of, or an invitation to buy, securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the securities, or to otherwise permit a public offering of the securities, in any jurisdiction outside Australia or New Zealand. The distribution of this Document and the Prospectus outside Australia or New Zealand may be restricted by law and persons who come into possession of such documents outside Australia or New Zealand should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The securities have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

Investors should note that the Proposal is made in connection with the securities of Australian entities in accordance with the laws of Australia. The Proposal is subject to disclosure requirements of Australia that are different from those of the United States and other jurisdictions.

Any financial statements included in this Document and the Prospectus have been prepared in accordance with Australian Accounting Standards and may not be comparable to the financial statements of US companies. Australian corporations must comply with Australian Accounting Standards, which contain Australian equivalents to International Financial Reporting Standards.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws, since ACL (as the responsible entity of the Fund) is located in Australia and most of its officers and directors are residents of Australia. You may not be able to sue ACL or its officers or directors in Australia for violations of US securities laws. It may be difficult to compel ACL and its affiliates to subject themselves to a US court's judgment.

This Document and the Prospectus have not been filed with or reviewed by the US Securities and Exchange Commission or any securities authority of any state or other jurisdiction of the United States and none of them has passed upon or endorsed the merits of the Proposal or the accuracy, adequacy or completeness of this Document and the Prospectus. Any representation to the contrary is a criminal offence.

Investors who are subject to taxation outside Australia should consult their tax adviser as to the applicable tax consequences of holding Stapled Securities and the transactions described in this Document and the Prospectus.

9.0

NOTICE OF MEETING OF INVESTORS

9. NOTICE OF MEETING OF INVESTORS

Notice is given that pursuant to section 252A of the *Corporations Act 2001* (Cth) (**Act**) a meeting of members (**Investors**) of Aventus Retail Property Fund (ARSN 608 000 764) (**Fund**) will be held at:

Time: 11:00am AEST

Date: 25 September 2018

Place: Herbert Smith Freehills, Level 34, ANZ Tower, 161 Castlereagh Street, Sydney NSW 2000

(Meeting)

This notice is issued by Aventus Capital Limited (ACN 606 555 480) (**ACL**) as responsible entity of the Fund.

In accordance with section 252S(1) of the Act, the directors of ACL have appointed Bruce Carter (Chairman of the ACL board) as Chair of the Meeting.

The accompanying Explanatory Memorandum forms part of this notice of meeting (**Notice**) and should be read in conjunction with it. Unless otherwise defined in this Notice, terms used in this Notice have the same meaning as set out in the Glossary in Section 10 of the Explanatory Memorandum.

BUSINESS OF THE MEETING

The business of the Meeting is to consider, and if thought fit, to pass the following three resolutions (**Resolutions**) all of which are inter-conditional.

RESOLUTION 1: GENERAL APPROVAL OF PROPOSAL

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

That, subject to and conditional on the other Resolutions set out in the notice convening this Meeting being passed, the Proposal, as described in the Explanatory Memorandum accompanying this notice of meeting, be approved and Aventus Capital Limited (ACN 606 555 480) as the responsible entity of Aventus Retail Property Fund (ARSN 608 000 764) be authorised to do all things which it considers necessary, desirable or reasonably incidental to give effect to the Proposal.

RESOLUTION 2: APPROVAL OF ACQUISITION OF AVENTUS PROPERTY GROUP PTY LTD (LISTING RULE 10.1)

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

That, subject to and conditional on the other Resolutions set out in the notice convening this Meeting being passed, for the purposes of Listing Rule 10.1 and for all other purposes, the acquisition of 100% of the shares in Aventus Property Group Pty Ltd (ACN 606 747 620) by Aventus Holdings Limited (ACN 627 640 180) as part of the Proposal as described in the Explanatory Memorandum accompanying this notice of meeting, be approved and Aventus Capital Limited (ACN 606 555 480) as the responsible entity of Aventus Retail Property Fund (ARSN 608 000 764) and Aventus Holdings Limited (ACN 627 640 180) be authorised to do all things which they consider necessary, desirable or reasonably incidental to give effect to the acquisition.

RESOLUTION 3: APPROVAL OF ISSUE OF STAPLED SECURITIES (LISTING RULE 10.11)

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

That, subject to and conditional on the other Resolutions set out in the notice convening this Meeting being passed, for the purposes of Listing Rule 10.11 and for all other purposes, the issue of the Stapled Securities to BB Retail Capital Pty Ltd (ACN 006 175 033) as trustee for The Blundy Family Trust and Hightide Group Pty Ltd (ACN 124 203 416) as trustee for the Holland Family Trust as part of the Proposal as described in the Explanatory Memorandum accompanying this notice of meeting, be approved and Aventus Capital Limited (ACN 606 555 480) as the responsible entity of Aventus Retail Property Fund (ARSN 608 000 764) and Aventus Holdings Limited (ACN 627 640 180) be authorised to do all things which they consider necessary, desirable or reasonably incidental to give effect to the issue.

For the purpose of the disclosures required in Listing Rule 10.13, the Stapled Securities to be issued under Resolution 3 will be issued to:

- in the case of the Seller associated with Brett Blundy, BB Retail Capital Pty Limited (**BB Retail**) as trustee for The Blundy Family Trust (of which Mr Blundy is a director and beneficiary respectively) and which has been nominated by BBRC to be issued the scrip component of the Purchase Price payable to BBRC (or its nominee) under the Proposal; and
- in the case of the Seller associated with Darren Holland, Hightide Group Pty Ltd (**HGP**) as trustee for the Holland Family Trust (of which Mr Holland is a director and beneficiary respectively) and which has been nominated by HMH to be issued the scrip component of the Purchase Price payable to HMH (or its nominee) under the Proposal.

The maximum number of Stapled Securities to be issued under Resolution 3 to BB Retail is 25,949,746, while the maximum number of Stapled Securities to be issued to HGP is 9,785,288. The table in Section 8.7 of the Explanatory Memorandum sets out total numbers of securities held by entities associated with Messrs Blundy and Holland before and after implementation of the Proposal, if approved.

The Stapled Securities to be issued under Resolution 3 will be issued on the Implementation Date at an effective issue price of \$2.38 per Stapled Security to make up the scrip component of the Purchase Price to be paid for the acquisition by AHL of the shares in APG as set out in Section 8.4 of the Explanatory Memorandum. These Stapled Securities will be issued on the same terms as, and will rank equally with, all other Stapled Securities from the date of issue.

ENTITLEMENT TO VOTE

For the purposes of the Meeting, persons who are registered as Investors at 7:00 pm AEST on 24 September 2018 will be entitled to attend and vote at the Meeting (subject to any voting exclusions).

VOTING PROCEDURE

Each Resolution is an ordinary resolution and must be passed by more than 50% of the votes cast by Investors entitled to vote on the relevant Resolution.

Voting will be conducted by poll on all Resolutions.

On a poll, an Investor (or their nominated proxy, attorney or representative) has one vote for each dollar of the value of the total interests the Investor has in the Fund.

In accordance with section 253F of the Act, the value of an Investor's total interest in the Fund will be calculated by reference to the last sale price of Existing Units on the ASX on 24 September 2018.

QUORUM

The quorum for the Meeting is 2 members.

REGISTRATION

If you plan to attend the Meeting, you are requested to arrive at the Meeting venue at least 10 minutes prior to the time designated for the Meeting so that the value of your units in the Fund may be checked and your attendance noted.

CORPORATIONS

In order to vote at the Meeting (other than by proxy), a corporation that is an Investor may appoint a person to act as its representative. The appointment must comply with section 253B of the Act. The representative must bring to the Meeting evidence of his or her appointment including any authority under which it has been signed.

VOTING BY PROXY

If you are not attending the Meeting and are entitled to vote on any of the Resolutions, you may appoint one or more proxies to attend and vote for you. A proxy must be a natural person, but otherwise can be any person and does not need to be an Investor. Your proxy can be appointed in respect of some or all of your votes.

If you appoint more than one proxy you may specify the proportion or number of votes each proxy may exercise. If you appoint more than one proxy and fail to specify the proportion or number of votes that each proxy may exercise, each proxy may exercise an equal portion of the votes. A separate form should be used for each proxy appointment.

To ensure that all Investors can exercise their right to vote on the Resolutions, a Proxy Form will be made available to all Investors with the Explanatory Memorandum.

The Proxy Form allows you to appoint a person (including the Chair of the Meeting) of your choice as your proxy. If you return the Proxy Form without naming a proxy, the Chair will be appointed as your proxy.

You can direct your proxy how to vote and the proxy must vote that way. If you do not give a direction, your proxy may vote as he or she sees fit. You should be aware that if you do not name your proxy, your proxy will be directed to the Chair to vote in favour of the Resolutions and the Chair will exercise your votes in favour of the Resolutions.

To ensure that your vote is cast as you wish, it is recommended that, whoever you appoint as your proxy, you direct your proxy as to how to vote on the Resolutions.

The Proxy Form and the original power of attorney or authority (if any), or a copy of that power or authority which has been notarially certified as a true copy, under which the Proxy Form is signed must be received at least 48 hours before the time for holding the Meeting. Proxies should be lodged in accordance with the instructions set out in the Proxy Form.

If the Proxy Form and authority (if any) under which it is signed is sent by facsimile then the original proxy and authority must be provided to ACL before the time for holding the Meeting or must be produced at the start of the Meeting.

You can lodge your Proxy Form by:

- **mailing it to:**
Aventus Retail Property Fund C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia;
- **delivering it by hand during business hours (Monday to Friday, 9:00 am – 5:00 pm AEST) to:**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138;
- **lodging it online at:**
www.linkmarketservices.com.au; or
- **faxing it to:**
+61 2 9287 0309.

VOTING EXCLUSION STATEMENT

Under ASX Listing Rule 14.11.1, ACL will disregard any votes cast on each Resolution by a person who might obtain a benefit (other than a benefit solely in the capacity of a holder of Existing Units) if the Resolutions are passed, or a party to the Proposal, an associate of that person or a person whose votes, in ASX's opinion, should be disregarded.

Section 253E of the Corporations Act provides that a responsible entity of a managed investment scheme and its associates are not entitled to vote their interest on any resolutions if they have an interest in the resolution other than as a member, unless the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

As a consequence of the above voting exclusions, ACL has determined that each party to the transaction (including BBRC International Pte Ltd as trustee of the BB Family International Trust and Holland Management Holdings Pty Ltd as trustee of the Holland Management Holdings Trust, and their respective associates) will be excluded from voting on Resolutions 1, 2 and 3 unless that vote:

- is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Please see the attached Explanatory Memorandum for further information in respect of the Resolutions.

Issued by Aventus Capital Limited (ACN 606 555 480) as the responsible entity of Aventus Retail Property Fund (ARSN 608 000 764).

Dated: 10 August 2018

A handwritten signature in black ink, appearing to read 'Bruce Carter', with a stylized, cursive script.

Bruce Carter

Chairman of Aventus Capital Limited

10.0

GLOSSARY

10. GLOSSARY

The meanings of the terms used in this agreement are set out below.

Term	Meaning
AAS	Australian Accounting Standards.
AASB	Australian Accounting Standards Board.
ABN	Australian Business Number.
ACL	Aventus Capital Limited (ACN 606 555 480).
ACL Board	The board of directors of ACL.
ACN	Australian Company Number.
AEST	Australian Eastern Standard Time.
AFSL	Australian Financial Services Licence.
AHL	Aventus Holdings Limited (ACN 627 640 180).
AHL Share	A fully paid ordinary share in AHL to be distributed to Investors under the Proposal.
Announcement Date	10 August 2018.
APG	Aventus Property Group Pty Limited (ACN 606 747 620).
APG Shareholders Agreement	The shareholders agreement dated 19 October 2015 and the side letter to it dated 16 October 2015, each between APG, the Sellers and Darren Holland.
ARSN	Australian Registered Scheme Number.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691), the Australian Securities Exchange, or the market operated by it, as the context requires.
Aventus	The group formed as a result of the Stapling of Units to AHL Shares as described in this Document.
AVN Adverse Event	An event, change or condition which will have, or could reasonably be expected to have, either individually or in aggregate with other events, changes and conditions, an adverse financial impact of 10% or more on the projected gross property income of the Fund for the financial year ending 30 June 2019 (as projected in the forecasts for that year set out in this Explanatory Memorandum).
BBRC	BBRC International Pte Ltd, a company registered in Singapore with registered company number 201305666E, as trustee for the BB Family International Trust (or, where the reference is to the issue of the Consideration Securities, BB Retail Capital Pty Ltd (ACN 006 175 033) as trustee for The Blundy Family Trust).
Business	The business carried out by the Group Companies of providing management services to the Fund.
Business Day	Has the meaning given in the listing rules published by the ASX.
CEO Employment Agreement	The employment agreement entered into by Darren Holland and Aventus Services Pty Ltd, to take effect if the Proposal is implemented.
Competing Proposal	Any proposal, offer or expression of interest that would if completed substantially in accordance with its terms, result in any person or persons other than AHL or the Fund acquiring, by any means, ownership of, or significant control over, any Group Company, the Business, or the Units.
Conditions	The conditions of the Proposal set out in the Implementation Deed and detailed in in Section 4.12 of this Explanatory Memorandum.
Consideration Securities	The Stapled Securities to be issued to the Sellers on completion of the sale of APG in accordance with the Share Sale Agreement.
Corporations Act	<i>Corporations Act 2001</i> (Cth) and all regulations made pursuant to that Act.

Term	Meaning
Dealing	<p>In respect of any Consideration Securities, means to:</p> <ol style="list-style-type: none"> 1. sell, assign, transfer or otherwise dispose of, or agree or offer to sell, assign, transfer or otherwise dispose of, that Consideration Security or any legal, beneficial or economic interest in that Consideration Security; 2. create, or agree or offer to create, any security interest in that Consideration Security or any legal, beneficial or economic interest in that Consideration Security; 3. enter into any option which, if exercised, enables or requires the relevant security holder to sell, assign, transfer or otherwise dispose of that Consideration Security; or 4. do, or omit to do, any act if the act or omission would have the effect of transferring, directly or indirectly, effective ownership or control of that Consideration Security or any legal, beneficial or economic interest in that Consideration Security, or represent an agreement to do any of those things. <p>Deal has a corresponding meaning.</p>
Deloitte Corporate Finance	Deloitte Corporate Finance, a division of Deloitte Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215; AFSL 246901).
Document	This Notice of Meeting and Explanatory Memorandum.
Employee Loan	Any loan made by a Group Company to an employee of a Group Company.
Existing Unit	The Units on issue at the Stapling Record Date.
Existing Unitholder	A holder of Units in the Fund.
EYTAS	Ernst & Young Transaction Advisory Services Limited.
Financial Information	The financial information described in Section 5.
Fund	Aventus Retail Property Fund (ARSN 608 00 764).
Government Agency	Any government or governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.
Group Company	APG and each Subsidiary of APG.
Greenwoods & Herbert Smith Freehills	Greenwoods & Herbert Smith Freehills Pty Limited (ACN 003 146 852).
HMH	Holland Management Holdings Pty Ltd (ACN 157 735 629) as trustee for the Holland Management Holdings Trust (or, where the reference is to the issue of, or restriction on dealing with, Consideration Securities, Hightide Group Pty Ltd (ACN 124 203 416) as trustee for the Holland Family Trust).
Implementation Deed	The deed between ACL, AHL, APG, BBRC and HMH which sets out the steps necessary to implement the Proposal.
Implementation Date	The date the Proposal is implemented, expected to be 1 October 2018.
Independent Directors	The independent directors of ACL, namely: Bruce Carter, Kieran Pryke and Robyn Stubbs.
Independent Expert	Deloitte Corporate Finance.
Independent Expert Report	The report prepared by the Independent Expert expressing an opinion as to whether the Proposal is fair and reasonable and in the best interests of Investors not associated with the Sellers.
Intra-staple Loan Agreement	The agreement of that name between AHL and ACL, in the form agreed by the parties to that agreement before the date of the Implementation Deed, reflecting the loan between them arising out of the provision of the Unit component of the Consideration Securities under the Share Sale Agreement.
Investor	A holder of an Existing Unit or a Stapled Security as the context requires.
IPO	Initial public offering.
Kotara	The large format retail asset known as Kotara North located along Kullaiba Road, Kotara, NSW, 2289.
Listing Rules	The official listing rules of ASX from time to time as modified by any express written confirmation, waiver, or exemption given by ASX.

Term	Meaning
Management Services Agreement	The Management Services Agreement between the Manager, One Managed Investment Funds Limited (as the former responsible entity of the Fund) and trustees of sub-trusts of the Fund, entered into in or about October 2015 for the management of the Fund, as amended.
Manager	Aventus Funds Management Pty Ltd (ACN 606 747 675).
Material Adverse Change	An event, change or condition which has, or could reasonably be expected to have, either individually or in aggregate with other events, changes and conditions, an adverse financial effect: <ul style="list-style-type: none"> • of \$1 million or more on the EBITDA of APG (calculated on a basis consistent with that applied in the audited financial report of APG for the year ended 30 June 2017); or • of \$0.5 million or more on the value of the net assets of APG.
Meeting	The meeting of Investors to consider the Proposal to be held at 11:00am AEST on 25 September 2018 at Herbert Smith Freehills, Level 34, ANZ Tower, 161 Castlereagh Street, Sydney NSW 2000, and any adjournment of that meeting.
Meeting Date	Expected to be 25 September 2018.
NAV	Net asset value.
Notice of Meeting	The notice of meeting set out in Section 9.
NTA	Net tangible asset value.
Property and Development Management Agreement	The Property and Development Management Agreement between the Property Manager, One Managed Investment Funds Limited as the former responsible entity of the Fund and trustees of sub trusts of the Fund summarised in Section 13.2 of the product disclosure statement for the Fund's 2015 IPO.
Property Manager	Aventus Property Management Pty Ltd (ACN 606 747 675).
Proposal	The proposal to internalise the management functions of the Fund, as described in this Explanatory Memorandum.
Prospectus	The Prospectus issued by AHL on or about the date of this Explanatory Memorandum.
Proxy Form	The proxy form accompanying this Document.
Purchase Price	The consideration payable to the Sellers for the APG shares under the Share Sale Agreement as set out in Section 8.4.
Registry	Link Market Services Ltd (ACN 54 083 214 537).
Resolutions	Resolutions 1, 2 and 3 set out in the Notice of Meeting.
Sellers	HMH and BBRC (or, where the reference is to the issue of, or restriction on dealing with, Consideration Securities, in the case of BBRC, BB Retail Capital Pty Ltd (ACN 006 175 033) as trustee for The Blundy Family Trust, and in the case of HMH, Hightide Group Pty Ltd (ACN 124 203 416) as trustee for the Holland Family Trust).
Share Sale Agreement or SSA	The agreement of that name between AHL and the Sellers for the acquisition of the shares in APG, dated on or about the Announcement Date.
Shareholder Loan	Any loan made to a shareholder of a Group Company to any Group Company.
Stapled Security	A stapled security comprising one Unit and one AHL Share, stapled together as a result of the implementation of the Proposal, so that one may not be transferred or otherwise dealt with without the others and, while the issuers of those securities are admitted to the official list of ASX, so that the securities are quoted on ASX together as a "stapled security" or such other term as the ASX determines from time to time.
Stapled Securityholder	A holder of Stapled Securities.
Stapling	The Stapling of the Units to AHL Shares to form Aventus, such that the securities cannot be traded separately.
Stapling Commencement Date	The date determined by ACL to be the day on which a Unit and an AHL Share will become stapled (if the Resolutions are approved), currently expected to be 1 October 2018.
Stapled Entities	Following implementation of the Proposal, AHL and ACL as responsible entity for the Fund.

Term	Meaning
Stapling Record Date	The date allocated by the Fund to determine which Unitholders are eligible to receive the distribution of the AHL shares for each Existing Unit they hold from the Fund, expected to be 28 September 2018.
Subsidiary	Has the meaning given in the Corporations Act.
Superior Proposal	<p>A bona fide Competing Proposal received by a Stapled Entity that the Independent Directors determine, acting in good faith and in order to satisfy what the Independent Directors consider to be their fiduciary or statutory duties:</p> <ol style="list-style-type: none"> 1. is, in the Independent Directors' view (acting reasonably), reasonably likely to be completed in accordance with its terms, taking into account all aspects of the Competing Proposal, including financial, regulatory, conditionality and the ability of the proposing party to consummate the transactions contemplated by the Competing Proposal; and 2. would, if completed substantially in accordance with its terms, be more favourable to Unitholders than the Proposal.
Transaction Steps	The transaction steps required to give effect to the Proposal as set out in the Implementation Deed.
Unit	An ordinary unit in the Fund.
Unitholder	A person registered as the holder of a Unit.
US Securities Act	The US Securities Act of 1933, as amended.
Voting Record Date	7:00pm (AEST) on 24 September 2018.

CORPORATE DIRECTORY

Responsible Entity

Aventus Capital Limited (ACN 23 606 555 480; AFSL 233190)
Governor Macquarie Tower, Level 33,
1 Farrer Place, Sydney, NSW, 2000

Financial Advisers

Macquarie Capital (Australia) Limited
50 Martin Place
Sydney NSW 2000

UBS AG, Australia Branch
Level 16, Chifley Tower
Sydney NSW 2000

Legal Adviser

Herbert Smith Freehills
ANZ Tower, 161 Castlereagh Street
Sydney NSW 2000

Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Investigating Accountant

Ernst & Young Transaction Advisory Services Limited
200 George Street
Sydney NSW 2000

Independent Expert

Deloitte Corporate Finance Pty Limited
Grosvenor Place
225 George Street
Sydney NSW 2000

Taxation Adviser

Greenwoods & Herbert Smith Freehills
ANZ Tower, 161 Castlereagh Street
Sydney NSW 2000

Registry

Link Market Services Ltd
Level 12, 680 George Street
Sydney NSW 2000

ANNEXURE 1: INDEPENDENT LIMITED ASSURANCE REPORT



Ernst & Young Transaction Advisory
Services Limited
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

10 August 2018

Board of Directors
Aventus Capital Limited, as Responsible Entity of
Aventus Retail Property Fund
Level 33, Governor Macquarie Tower
One Farrer Place
Sydney NSW 2000

Dear Directors,

PART 1 - INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL FINANCIAL INFORMATION, PRO FORMA HISTORICAL FINANCIAL INFORMATION AND FORECAST FINANCIAL INFORMATION

1. Introduction

We have been engaged by Aventus Capital Limited as Responsible Entity of Aventus Retail Property Fund ("AVN" or the "Fund") to report on the historical financial information, pro forma historical financial information and forecast financial information for inclusion in the Explanatory Memorandum to be issued by AVN to be dated on or about 10 August 2018, in respect of the internalisation of Aventus Property Group Pty Limited ("APG") by way of establishing Aventus Holdings Limited ("AHL") a new company wholly owned by the Fund that will acquire APG (the "Proposal").

Expressions and terms defined in the Explanatory Memorandum have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the Corporations Act 2001. Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Gavin Sultana is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following historical financial information:

- historical consolidated income statements of the Fund and APG for the financial years ended 30 June 2016, 2017 and 2018 as set out in Section 5.3 of Explanatory Memorandum;

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- ▶ the historical consolidated statements of cash flows of the Fund and APG for the financial years ended 30 June 2016, 2017 and 2018 as set out in Section 5.4 of the Explanatory Memorandum;
- ▶ historical consolidated balance sheet of the Fund as at 30 June 2018 (see column entitled 'The Fund' as set out in Section 5.5 of the Explanatory Memorandum); and
- ▶ historical consolidated balance sheet of APG as at 30 June 2018 (see column entitled 'APG' as set out in Section 5.5 of the Explanatory Memorandum);

(Hereafter 'the Historical Financial Information')

The Historical Financial Information has been extracted from the audited financial information of the Fund and APG for the years ended 30 June 2016, 2017 and 2018, in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion on the financial reports.

Pro Forma Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma historical financial information:

- ▶ pro forma historical balance sheet of the Fund post implementation of the Proposal as at 30 June 2018 (see column entitled 'Aventus' as set out in Section 5.5 of the Explanatory Memorandum); and

(Hereafter the 'Pro Forma Historical Financial Information').

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Fund, and adjusted for the effects of pro forma adjustments described in Section 5.5 of the Explanatory Memorandum.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards, which are consistent to International Financial Reporting Standards, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 30 June 2018.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Fund's actual or prospective financial position.

Forecast Consolidated Income Statements

You have requested Ernst & Young Transaction Advisory Services to review the following forecast financial information of the Fund and APG on a standalone basis:

- ▶ forecast consolidated income statements of the Fund for the year ending 30 June 2019 (see column entitled 'the Fund' as set out in Section 5.6.1 of the Explanatory Memorandum); and

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- forecast consolidated income statement of APG for the period from 1 October 2018 to 30 June 2019 (see column entitled 'APG' as set out in Section 5.6.1 of the Explanatory Memorandum).

(Hereafter 'the Forecast Consolidated Income Statements').

The directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 5.7 of the Explanatory Memorandum.

The stated basis of preparation used in the preparation of the Forecast Financial Information is in accordance with recognition and measurement principles contained in Australian Accounting Standards.

Forecast Consolidated Income Statement Post Internalisation

You have requested Ernst & Young Transaction Advisory Services to review the forecast financial information of the Fund post implementation of the Proposal:

- forecast consolidated income statement of the Fund post implementation of the Proposal for the year ending 30 June 2019 (see column entitled 'Aventus' as set out in Section 5.6.1 of the Explanatory Memorandum);

(Hereafter 'the Forecast Consolidated Income Statement Post Internalisation').

The Forecast Consolidated Income Statement Post Internalisation has been derived from the Fund's Forecast Consolidated Income Statement, after adjusting for the effects of the pro forma adjustments described in Section 5.6 of the Explanatory Memorandum.

The Forecast Consolidated Income Statement Post Internalisation has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards, which are consistent to International Financial Reporting Standards, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred on or after 1 July 2018.

Due to its nature, the Forecast Consolidated Income Statement Post Internalisation does not represent the Fund's actual prospective financial performance for the year ending 30 June 2019 ("FY19").

Forecast Consolidated Distribution Statements

You have requested Ernst & Young Transaction Advisory Services to review the following forecast financial information:

- forecast consolidated distribution statement of the Fund for the year ending 30 June 2019 (see column entitled 'the Fund' as set out in Section 5.6.2 of the Explanatory Memorandum);
- forecast consolidated distribution statement of APG for the period from 1 October 2018 to 30 June 2019 (see column entitled 'APG' as set out in Section 5.6.2 of the Explanatory Memorandum); and

- forecast consolidated distribution statement of the Fund post implementation of the Proposal for the year ending 30 June 2019 (see column entitled 'Aventus' as set out in Section 5.6.2 of the Explanatory Memorandum).

(Hereafter 'the Forecast Consolidated Distribution Statements').

The Forecast Consolidated Distribution Statements for the year ending 30 June 2019 have been derived by adjusting the Forecast Consolidated Income Statements and the Forecast Consolidated Income Statement Post Internalisation as detailed in Section 5.6.1.

The resulting measure is termed Funds from Operations ("FFO"), being the Directors' measure of the periodic amount available for distributions, which differs from net profit after tax as determined in accordance with AAS. An additional measure Adjusted FFO ("AFFO") is based on FFO, adjusted for maintenance capex and leasing costs.

(Collectively, 'the Financial Information').

Collectively, the Forecast Consolidated Income Statements, the Forecast Consolidated Income Statement Post Internalisation, and the Forecast Consolidated Distribution Statements are the Forecast Financial Information.

The Financial Information is presented in the Explanatory Memorandum in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

3. Directors' Responsibility

Historical and Pro Forma Historical Financial Information

The directors of AVN (the "Directors") are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Forecast Financial Information

The Directors are responsible for the preparation and presentation of the Forecast Financial Information for the period ending 30 June 2019, including the basis of preparation, the best-estimate assumptions underlying the Forecast Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Forecast Financial Information that is free from material misstatement, whether due to fraud or error.



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4. Our Responsibility

Historical and Pro Forma Historical Financial Information

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

Forecast Financial Information

Our responsibility is to express a limited assurance conclusion on the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information themselves, based on our limited assurance engagement.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information comprising:

- historical consolidated income statements of the Fund and APG for the years ended 30 June 2016, 2017 and 2018;
- historical consolidated statements of cash flows of the Fund and APG for the years ended 30 June 2016, 2017 and 2018;
- historical consolidated balance sheet of the Fund as at 30 June 2018;
- historical consolidated balance sheet of APG as at 2018.

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is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 5 of the Explanatory Memorandum.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information comprising:

- the pro forma historical consolidated balance sheet of the Fund post implementation of the Proposal as at 30 June 2018 as set out in Section 5.5 of the Explanatory Memorandum;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 5 of the Explanatory Memorandum

Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information for the year ending 30 June 2019 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best estimate assumptions as described in Section 5.7 of the Explanatory Memorandum; and
 - is not presented fairly in accordance with the stated basis of preparation, as described in Section 5.2 of the Explanatory Memorandum; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Fund and APG for the period ending 30 June 2019. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Fund and APG evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions,



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and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion(s) expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in AVN and AHL, which are detailed in the Explanatory Memorandum and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 5.9 of the Explanatory Memorandum. The sensitivity analysis described in Section 5.9 of the Explanatory Memorandum demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the forecast will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of AVN, that all material information concerning the prospects and proposed operations of AVN has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 5.2 of the Explanatory Memorandum, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this limited assurance report in the Explanatory Memorandum in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interests in the outcome of this Transaction other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

Gavin Sultana
Director and Representative

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10 August 2018

**THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT
LIMITED ASSURANCE REPORT**

PART 2 - FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our" or "Company") has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.



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We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$180,000 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits disclosed in this Explanatory Memorandum, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

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9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

Contacting Ernst & Young Transaction Advisory Services AFS Compliance Manager Ernst & Young 200 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	Contacting the Independent Dispute Resolution Scheme: Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08
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This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

PROSPECTUS

AVENTUS HOLDINGS LIMITED SHARE DISTRIBUTION AND ISSUE:

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES
YOUR IMMEDIATE ATTENTION.**

**PLEASE READ THIS DOCUMENT IN FULL AND
CONSULT YOUR PROFESSIONAL ADVISER IF YOU
HAVE ANY QUERIES.**

PROSPECTUS

Issued by Aventus Holdings Limited
(ACN 627 640 180)

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PROSPECTUS



ABOUT THIS DOCUMENT

This Prospectus is issued in relation to the distribution in specie of ordinary shares in Aventus Holdings Limited (ACN 627 640 180) (**AHL**), as part of a proposal to internalise the management of Aventus Retail Property Fund (**Fund**). The proposal involves: (i) distributing AHL Shares to Investors of the Fund (**Investors**) by way of capital return; (ii) stapling each AHL Share to each Existing Unit to form a Stapled Security; and (iii) AHL acquiring all of the shares in Aventus Property Group Pty Limited (ACN 606 747 620) (**APG**) together with its subsidiaries (together, the **Proposal**). This Prospectus also relates to the AHL Share component of the Stapled Securities to be issued to BBRC International Pte Ltd as trustee for the BB Family International Trust, and Holland Management Holdings Pty Ltd as trustee for Holland Management Holdings Trust (**Sellers**) as part of the Purchase Price paid to them for their shares in APG.

If you hold Existing Units in the Fund, you should read this Prospectus and relevant Notice of Meeting and Explanatory Memorandum in full before deciding whether or not to vote in favour of the Resolutions to facilitate the Proposal. The Sellers should also read this Prospectus in full. If the Proposal is not approved, the AHL Shares will not be distributed to Investors, and Stapled Securities will not be issued.

This Prospectus is dated 10 August 2018

Issued by Aventus Holdings Limited (ACN 627 640 180).

IMPORTANT NOTICES AND DISCLAIMER

THIS PROSPECTUS

This Prospectus is issued by AHL for the purposes of Chapter 6D of the Corporations Act. It provides holders of Existing Units in the Fund (including the Sellers) (**Investors**) with information about the AHL Shares that will be distributed to Investors of the Fund and issued to the Sellers under the Proposal if the Proposal is approved and implemented.

AHL Shares will be distributed or issued on the basis explained in this Prospectus after the completion of the Proposal and, in any event, no AHL Shares will be distributed or issued under this Prospectus more than 13 months after the date of this Prospectus.

IMPORTANT INFORMATION

This document should be read in conjunction with the Notice of Meeting and Explanatory Memorandum for the meeting of Investors to be held on 25 September 2018 to consider and, if thought fit, approve the Proposal. It is important that you read this Prospectus carefully and in its entirety because it contains important information about an investment in AHL. In particular, you should pay careful consideration to the risk factors outlined in Section 5 (and Section 4.8 of the Explanatory Memorandum) and the tax implications in Section 6 of the Explanatory Memorandum. Other risk factors, both known and unknown to AHL, may exist in addition to those identified in this Prospectus which should be considered in light of your personal circumstances. If you have any queries or uncertainties relating to aspects of this Prospectus or an investment in AHL, please consult your stockbroker, accountant or other independent professional adviser.

In preparing this Prospectus, regard has been had to the information Investors would reasonably expect to be contained in it, having regard to the information disclosed simultaneously in the Explanatory Memorandum and Notice of Meeting. In various instances, this Prospectus highlights relevant information located in sections of the Explanatory Memorandum.

Investors should read each document carefully.

READ THE EXPLANATORY MEMORANDUM AND NOTICE OF MEETING DOCUMENT

The Explanatory Memorandum contains important information and requires your immediate attention. It tells you about the Resolutions required to facilitate the Proposal on which you can vote and includes your proxy form. It is also available at the Aventus website at <http://aventusproperty.com.au>.

WHAT DO INVESTORS NEED TO DO?

Investors need to read the Explanatory Memorandum in conjunction with this Prospectus before making a decision on how to vote on the Resolutions.

In particular, please make sure that you understand the information in the Explanatory Memorandum about the Proposal and Aventus, should the Proposal be approved and implemented.

Once you have voted, you do not need to do anything else.

LODGEMENT AND LISTING

This Prospectus is dated 10 August 2018 and was lodged with ASIC on that date.

If the Proposal is approved and implemented, Existing Units will become stapled to AHL Shares and Aventus will commence trading as a stapled entity on the official ASX list. AHL will apply for the quotation of AHL Shares on ASX (as components of the Stapled Securities) within 7 days of the date of this Prospectus. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

NOT INVESTMENT ADVICE

The stapling of Existing Units and AHL Shares to create Aventus (if the Proposal is approved and implemented) is subject to investment and other risks, including loss of income and the principal invested. AHL gives no guarantee or assurance as to the performance of Aventus or the repayment of capital. The information contained in this Prospectus is not personal financial product advice and does not take into account the investment objectives, financial situation, tax position and particular needs of any particular Investor. Accordingly, Investors should read the Explanatory Memorandum, this Prospectus and any supplementary Prospectus in full. It is recommended that before a decision to invest is made Investors carefully consider the information in the Explanatory Memorandum and this Prospectus in light of their particular circumstances and consult their financial or other professional adviser.

PROSPECTUS AVAILABILITY

This Prospectus may be viewed online by Investors and the Sellers at <http://aventusproperty.com.au>. If you access the Prospectus electronically please ensure that you download and read the Prospectus in its entirety.

A paper form of this Prospectus can be obtained, free of charge, by contacting the toll free Information Line on 1300 880 467 between 8:30 am and 5:00 pm (AEST) on Business Days.

ELIGIBILITY AND NEW ZEALAND DISCLAIMER

Only Investors who are on the register of the Fund on the Stapling Record Date are eligible to participate in the Proposal, and this Prospectus is addressed only to them and to the Sellers. If you are uncertain about whether an investment in AHL is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Neither the AHL Shares nor the Consideration Securities are being offered to the public within New Zealand. In New Zealand, the AHL Shares are being transferred only to existing Unitholders with registered addresses in New Zealand, in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Prospectus has been prepared in compliance with Australian law. This document is not a product disclosure statement under the *Financial Markets Conduct Act 2013* (FMC Act) or other similar offering or disclosure document under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the FMC Act or any other relevant law in New Zealand. It does not contain all the information that a product disclosure document, under New Zealand law, is required to contain.

RESTRICTIONS ON DISTRIBUTION

This Prospectus does not constitute an offer of, or an invitation to buy, securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Distribution of this Prospectus outside of Australia (whether electronically or otherwise) may be restricted by law. Persons who receive this Prospectus outside of Australia are required to observe any such restrictions. Failure to comply with such restrictions may find you in violation of applicable securities laws. In particular, AHL Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States. For further details, see Section 9.11.

Neither AHL nor any of its Directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate as an investor in Aventus.

UPDATED INFORMATION

Information regarding Aventus may need to be updated from time to time. Any updated information about Aventus that is considered not materially adverse to Investors will be made available on the website at <http://aventusproperty.com.au> and AHL will provide a copy of the updated information free of charge to any Investor who requests a copy by contacting the toll free Information Line on 1300 880 467 between 8:30 am and 5:00 pm (AEST) on Business Days.

In accordance with its obligations under the Corporations Act, AHL may issue a supplementary Prospectus to supplement any relevant information not disclosed in this Prospectus. You should read any supplementary disclosures made in conjunction with this Prospectus prior to deciding whether to approve the Proposal.

FORWARD LOOKING STATEMENTS

Certain forward-looking statements have been provided in this Prospectus. These statements can be identified by the use of words such as “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “predict”, “guidance”, “plan” and other similar expressions.

Preparation of these forward-looking statements was undertaken with due care and attention. However, forward-looking statements remain subject to known and unknown risks, uncertainties and other factors, many of which are beyond the control of AHL and its Directors, officers, employees, agents and advisers. Consequently, such factors may impact the performance of AHL, the Fund and/or Aventus such that actual performance differs materially to any performance indicated in the forward-looking statements.

Some of the risk factors that impact on forward-looking statements in this Prospectus are set out in Section 5. No assurance can be provided that actual performance will accord with the guidance provided.

Other than as required by law, none of AHL, its respective Directors, officers, employees, agents or advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Prospectus will actually occur. You are cautioned not to place undue reliance on those statements.

The forward-looking statements in this Prospectus reflect the views held only immediately before the date of this Prospectus, unless otherwise stated. Subject to the Corporations Act, the Listing Rules and any other applicable law, each of AHL and its respective Directors, officers, employees, agents and advisers disclaims any duty to disseminate after the date of this Prospectus any updates

or revisions to any such statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

EFFECT OF ROUNDING AND DISTRIBUTION RE-INVESTMENT PLAN

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Document are subject to the effect of rounding.

Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Document.

As a result, any calculations you make based on the figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Document may differ from the correct answers to those calculations.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

Between the date of this document and implementation a small number of additional Units may be issued under the current distribution re-investment plan. Based on current participation levels, this number is expected to be immaterial. This may marginally reduce gearing levels and the relative percentage holdings of directors and Sellers and other "per security" calculations in this document. However, these impacts are expected to be immaterial.

DISCLAIMER

No person is authorised to give any information, or to make any representation, in connection with Aventus that is not contained in this Prospectus or the Explanatory Memorandum.

Any information or representation that is not in this Prospectus or the Explanatory Memorandum may not be relied on as having been authorised by AHL in connection with Aventus. Except as required by law, and only to the extent so required, neither AHL, nor any other person, warrants or guarantees the future performance or liquidity of AHL, the Fund, Aventus, the repayment of capital, or any return on AHL, the Fund or Aventus.

The Sellers have provided information relating to APG, or the Sellers, in Sections 6.1 and 8.4 of this Prospectus. The Sellers take responsibility for that information to the extent that it relates to APG or the Sellers. Neither, AHL, its directors, or other officers assume any responsibility for the accuracy or completeness of such information.

FURTHER QUESTIONS

If you have any queries relating to aspects of this Prospectus please call the toll free Information Line on 1300 880 467 between 8:30 am and 5:00 pm (AEST) Monday to Friday on Business Days. Alternatively, you may contact AHL via email at <http://aventusproperty.com.au>.

1.0

CHAIRMAN'S LETTER

1. CHAIRMAN'S LETTER

Dear Investor,

This Prospectus is issued in relation to the proposed distribution of shares in Aventus Holdings Limited (**AHL**) to the Fund's investors. This is to occur as part of the proposal to internalise the management functions of the Aventus Retail Property Fund (**Proposal**).

BACKGROUND TO THE PROPOSAL

If the Proposal is approved and implemented, it will involve the following:

- forming AHL as a new company owned by the Fund (which has already occurred);
- the Fund distributing to its Investors one fully paid ordinary share in AHL for each existing unit they hold in the Fund (**Existing Unit**) as a capital return;
- stapling each share in AHL to each Existing Unit to form a new stapled security (**Stapled Security**). The constitutions of the Fund and AHL already allow for such a stapling. Stapled Securities will commence trading on ASX under the existing code AVN, initially on a deferred settlement basis, with full trading expected to commence on or about 2 October 2018; and
- AHL acquiring Aventus Property Group Pty Limited (**APG**) and its subsidiaries (comprising the Fund's responsible entity, property manager and employment vehicle) from BBRC International Pte Ltd as trustee for the BB Family International Trust, and Holland Management Holdings Pty Ltd as trustee for Holland Management Holdings Trust (**Sellers**) for a consideration of approximately \$143 million (plus APG's NTA to be fixed at \$5 million), comprising a mixture of cash and the issue of Stapled Securities. Then the new stapled group (**Aventus**), and indirectly the Investors, will own all of the Fund's existing management entities.

The AHL Board considers that the Proposal provides a compelling opportunity to create a unique and well-placed internally managed real estate investment group, which has the ability to continue generating attractive and predictable distributions for Investors.

OVERVIEW OF THIS PROSPECTUS

This Prospectus accompanies the Explanatory Memorandum issued by Aventus Capital Limited (**ACL**), and relates to:

- the distribution of AHL shares to Investors at the Stapling Record Date, which are to be stapled to their Existing Units; and
- the issue of Stapled Securities to the Sellers as part of the consideration for the sale of their interests in APG.

This Prospectus relates only to AHL. Investors should refer to the Explanatory Memorandum for information on the Proposal (including its risks and benefits) and Aventus (the new stapled group).

DISTRIBUTION OF AHL SHARES UNDER THIS PROSPECTUS

Investors already have an interest in the assets of the Fund, including the AHL shares owned by the Fund. By approving the Proposal, Investors will receive direct ownership of the AHL shares, and through AHL, an interest in APG and the other management entities of the Fund, being APG's subsidiaries.

No action is required by Investors under this Prospectus. However, the distribution of AHL shares is conditional on Investors approving the Proposal at the meeting and certain other conditions being satisfied. The conditions are set out in full in Section 4.12 of the Explanatory Memorandum.

Importantly:

- no cash payment is required from Investors; and
- no application form is required from Investors.

The distribution of the AHL Shares in specie is authorised under the Fund's current constitution and will comprise a capital return valued at approximately \$0.1101¹ per Existing Unit.

It is important for Investors to consider the key terms of the AHL shares and risks associated with an investment in AHL shares, which are detailed in Sections 4 and 5 of this Prospectus respectively.

Investors are to vote on the Proposal at a Meeting on 25 September 2018. Please refer to the Notice of Meeting and Explanatory Memorandum for details.

If the Proposal is approved and implemented, the Board looks forward to welcoming you as a shareholder in AHL.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bruce Carter', with a stylized flourish at the end.

Bruce Carter
Chairman

1. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

2.0

INVESTMENT OVERVIEW

2. INVESTMENT OVERVIEW

This Section summarises the key features of the AHL Share distribution that is to occur pursuant to this Prospectus. As this is only a summary, Investors should read the Prospectus and the Explanatory Memorandum in their entirety.

2.1. KEY FEATURES

WHAT ARE THE SECURITIES BEING ISSUED UNDER THIS PROSPECTUS?

The securities being issued under this Prospectus are fully paid ordinary shares in AHL (**AHL Shares**). ACL, on behalf of the Fund, has already established AHL and owns all of the AHL Shares. As unitholders in the Fund, Investors will have an indirect beneficial interest in the AHL Shares owned by the Fund. If the Proposal is approved and implemented, the AHL Shares will be distributed in specie to Investors by way of capital return so that they hold one AHL Share for each Existing Unit.

Each AHL Share will then be stapled to an Existing Unit to form a Stapled Security which will together be quoted and trade on ASX as a single security under the ASX code (AVN), and AHL will acquire APG.

Further, AHL Shares will then be issued to the Sellers as a component of the Stapled Securities to be issued as consideration for the acquisition of APG and its subsidiaries.

The rights attaching to AHL Shares are set out in the AHL Constitution and are regulated by the Corporations Act, the Listing Rules and general law. The key terms of the AHL Shares are described in detail in Section 4.

HOW MANY AHL SHARES WILL BE ISSUED AND TO WHOM?

Investors will receive one AHL Share for each Existing Unit they hold at the Stapling Record Date (ie. an aggregate of approximately 494,174,250² AHL Shares).

AHL Shares will only be distributed:

- to Investors on the register at the Stapling Record Date;
- if the Proposal is approved by Investors; and
- if the Conditions to the implementation of the Proposal are all met by the Implementation Date.

In addition to the above, the Proposal contemplates that part of the Purchase Price for APG Shares will be funded by the issue of Stapled Securities to the Sellers, as described further in Section 3 of this Prospectus.

WHAT CONSIDERATION IS PAYABLE FOR THE AHL SHARES?

Investors are not required to pay any new capital for the AHL Shares or to complete an application form. The AHL Shares are being distributed to Investors under the terms of the Fund's Constitution by way of capital return.

The AHL Shares issued to the Sellers are issued as the share component of the Stapled Securities to be issued as consideration for their shares in APG. The issue price for each Stapled Security will be the Fund's last reported NTA per Unit (expected to be 30 June 2018). The proportionate issue price for the AHL Share component on this basis will be \$ \$0.1101³ per AHL Share.

WHY ARE AHL SHARES BEING DISTRIBUTED?

It is not possible for the Fund to own the Fund's management entities, either legally or for tax purposes. Accordingly, for Investors to effectively acquire the Fund's management entities, it is necessary to establish an entity, AHL, to be owned by Investors which can then acquire the Fund's management entities.

The distribution of AHL Shares under this Prospectus provides Investors with ownership of AHL. These AHL Shares will then be stapled to Existing Units so that they will trade together as a combined economic group.

The AHL Shares issued to the Sellers are issued as the share component of the Stapled Securities to be issued as consideration for their shares in APG. The issue price for each Stapled Security will be the Fund's last reported NTA per Unit (expected to be 30 June 2018). The proportionate issue price for the AHL Share component on this basis will be approximately \$0.1101³ per AHL Share.

2. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

3. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

ARE THERE ANY CONDITIONS TO THE DISTRIBUTION AND ISSUE OF AHL SHARES?

Yes. The distribution and issue of AHL Shares is conditional on the implementation of the Proposal, which is subject to Conditions that must be satisfied, or as applicable, waived. The Conditions are set out in full in Section 4.12 of the Explanatory Memorandum.

WHAT ARE THE RISKS ASSOCIATED WITH AN INVESTMENT IN AHL SHARES?

Investors should refer to Section 5 of this Prospectus for a detailed overview of the risks associated with an investment in AHL shares. Investors should also refer to Section 4.8 of the Explanatory Memorandum for a detailed overview of the risks associated with the Proposal.

2.2. OVERVIEW OF AHL

Summary	Further information
Who is AHL?	
AHL is a newly established public company limited by shares which was incorporated specifically for the purposes of implementing the Proposal. It has not carried out any other business. At the date of this Prospectus, AHL is wholly owned by ACL as responsible entity of the Fund.	Section 6
What is AHL's purpose?	
AHL's purpose is to acquire APG, which owns the funds management and property management entities that provide services to the Fund.	Section 6
What is AHL's financial position?	
AHL was incorporated on 20 July 2018 and has no trading history. AHL does not presently hold any shares or interests in any entity. If the Proposal is approved, ACL will capitalise AHL by way of approximately \$54 million in equity and approximately \$9 million of intra-staple debt, totalling approximately \$63 million of total debt and equity capital, or approximately \$0.1275 ⁴ of debt and equity capital per AHL Share, of which approximately \$0.1101 ⁵ per AHL Share is attributable to equity, before distributing the AHL Shares to investors by way of capital return. Pro forma historical financial information has been included in Section 7 of this Prospectus, along with a discussion of the basis for this information. AHL's key assets will include (if and when the Proposal is implemented): <ul style="list-style-type: none">• APG (including APG's subsidiaries, as shown in the diagram in Section 6.1); and• APG's (and its subsidiaries') approximately \$5 million in net equity.	Section 6
Financial performance	
AHL, through its wholly owned subsidiaries, will provide all the resources required to operate the Fund. AHL and its subsidiaries will be reimbursed from the Fund on a cost-recovery basis to cover the expenses of operating the Fund. Expenses will include the costs of the Independent Directors, the management team and staff and associated costs including office costs. Aventus Property Management Pty Ltd (ACN 606 747 666) will continue to earn property management and development management fees payable from the Fund. Profits from the activities may be distributed to Investors from time to time at the discretion of the directors.	Section 6
Who are the directors of AHL?	
<ul style="list-style-type: none">• Bruce Carter (Independent Non-executive Chairman;• Kieran Pryke (Independent Non-executive Director); and• Robyn Stubbs (Independent Non-executive Director). All of AHL's directors are presently Independent Directors. If the Proposal is approved and implemented, Brett Blundy and Darren Holland will also become directors of AHL after the Implementation Date, to ensure alignment between the boards of the stapled entities.	Section 8
Who is the senior management team of AHL?	
Following implementation, the existing senior management team will remain in place. For further details please see section 4.5(b) of the Explanatory Memorandum.	Section 8 and Section 4.5(b) of the Explanatory Memorandum.

4. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

5. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

3.0

KEY FEATURES OF THE ISSUE AND DISTRIBUTION OF AHL SHARES

3. KEY FEATURES OF THE ISSUE AND DISTRIBUTION OF AHL SHARES

3.1. BACKGROUND TO THE PROPOSAL

As set out in the accompanying Explanatory Memorandum issued by ACL, Investors are being asked to approve the Proposal. If the Proposal is approved and implemented:

- AHL Shares will be distributed to Investors on a one for one basis according to their holdings of Existing Units at the Stapling Record Date. AHL Shares will then be stapled to Existing Units, forming Stapled Securities;
- AHL will purchase APG (including its subsidiaries), so they will become wholly owned subsidiaries of AHL. AHL will then acquire all the resources necessary to provide fund management and property and development management services to the Fund and Kotara, effectively internalising the Fund's management functions; and
- Aventus will continue to trade on ASX under the code AVN.

3.2. CONDITIONS PRECEDENT OF THE PROPOSAL

AHL Shares will be distributed if the Proposal is approved by Investors and implemented. New AHL Shares will also be issued to the Sellers as part of the Purchase Price for APG.

Implementation of the Proposal is subject to a number of Conditions. The full list and terms of the Conditions are set out in Section 4.12 of the Explanatory Memorandum. In summary, these include:

- the Independent Expert concluding that the Proposal is fair and reasonable and in the best interests of Investors not associated with the Sellers;
- the Resolutions being passed by the Investors;
- each of ASIC and ASX providing the consents, waivers and approvals, and doing other such acts, that are necessary to implement the Proposal;
- required consents, approvals and waivers from the Fund's financiers identified as necessary to implement the Proposal being received;
- ACL not receiving any Competing Proposal which the Independent Directors determine to be a Superior Proposal by 6:00pm AEST on the day before the Meeting Date;
- in the period from the date of the Implementation Deed to the close of trading on the Business Day before the Meeting Date, the S&P/ASX 300 A-REIT Index has not closed on any three consecutive trading days at a level that is 10% or more below the level of that index as at the close of trading on the Business Day immediately preceding the date of the Implementation Deed; and
- no AVN Adverse Event (being broadly an event having or reasonably expected to have an adverse effect of 10% or more on the Fund's projected gross property income for the year ending 30 June 2019) has occurred between the date of the Implementation Deed and 6:00 pm on the Business Day before the Meeting Date.

ACL reserves the right to change the terms and conditions of the Proposal at any time prior to its implementation, subject to the Corporations Act and the Listing Rules.

3.3. KEY IMPLEMENTATION STEPS FOR THE PROPOSAL

If all the Conditions are satisfied or waived, the Proposal will be implemented in the manner set out in Section 4 of the Explanatory Memorandum. If the Proposal is not implemented, then the AHL Shares will not be distributed to Investors and therefore Investors will continue to hold their Existing Units. No Stapled Securities will be formed in this instance.

3.4. KEY FEATURES

DISTRIBUTION IN SPECIE

AHL currently has on issue 5 AHL Shares held by ACL.

Under this Prospectus, approximately 494,174,250⁶ AHL Shares (in aggregate) are being distributed to Investors – being one AHL Share for each Existing Unit they hold at the Stapling Record Date⁷. The distribution is conditional upon approval and implementation of the Proposal.

The AHL Shares will only be distributed:

- to those Investors on the register at the Stapling Record Date;
- if the Proposal is approved by a sufficient majority of Investors; and
- if the Conditions are all satisfied or waived (see Section 4.12 of the Explanatory Memorandum for a description of these conditions).

If the Proposal is approved and implemented:

- Investors are not required to pay any new capital for the AHL Shares nor complete an application form. The distribution will be by way of a capital return valued at approximately \$0.1101⁸ per Unit;
- Investors will receive one AHL Share for every Existing Unit they hold; and
- AHL Shares will be stapled to Existing Units so that Investors may only trade both of the securities together.

Following implementation of the Proposal, AHL will have on issue approximately 529,909,284⁹ AHL Shares and in the opinion of AHL, the free float of AHL Shares will be no less than 20% of AHL Shares on issue at that time.

Those Investors who elect to participate in Aventus' distribution re-investment plan (**DRP**) from the September 2018 quarter onwards will be issued AHL Shares as part of Stapled Securities issued under the **DRP**.

ISSUE OF AHL SHARES TO THE SELLERS

In addition to the above, the Proposal contemplates that part of the Purchase Price of APG will be funded by the issue of Stapled Securities to the Sellers.

This Prospectus also covers the AHL Share component of the issue of Stapled Securities to the Sellers as follows:

Seller	No. of Stapled Securities Issued	Percentage of Stapled Securities*
BBRC	25,949,746	2.9%
HMH	9,785,288	1.8%

* % figures may be reduced slightly by any new issues prior to implementation under the Aventus distribution re-investment plan.

The AHL Shares issued to the Sellers are issued as the share component of the Stapled Securities to be issued as consideration for their shares in APG. The issue price for each Stapled Security will be \$2.38 being the Fund's last reported NTA per Unit (as at 30 June 2018). The proportionate issue price for the AHL Share component on this basis will be approximately \$0.1101¹⁰ per AHL Share.

6. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

7. The exact number of securities will be known on the finalisation of Unit issues under the Aventus distribution re investment plan.

8. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

9. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

10. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

4.0

KEY TERMS OF THE AHL SHARES

4. KEY TERMS OF THE AHL SHARES

The AHL Shares (that form part of the Stapled Securities) will be fully paid ordinary shares. The rights that will attach to the AHL Shares after implementation of the Proposal are set out in the AHL Constitution and are regulated by the Corporations Act, the Listing Rules and general law. A copy of the AHL Constitution can be obtained at no charge during the period of this Prospectus by calling the toll free Information Line on 1300 880 467 between 8:30 am and 5:00 pm AEST on Business Days.

The rights that will attach to AHL Shares after implementation of the Proposal are summarised below. The summary is not intended to be an exhaustive summary of the rights and obligations of holders of AHL Shares.

- **Dividend/Entitlements** – The Directors may from time to time pay dividends to registered holders of AHL Shares (**Shareholders**) out of the profits of AHL (if any). The Directors may fix the amount, the date and method of payment. All fully paid AHL Shares on which any dividend is declared or paid are entitled to participate in that dividend equally.
- **General meetings** – Each Shareholder is entitled to receive notices of general meetings of AHL and to receive all notices, financial statements and other AHL documents required to be sent to Shareholders under the AHL Constitution or the Corporations Act or Listing Rules. The directors may call a general meeting and must call an annual general meeting. Meetings of AHL Shareholders may be held in conjunction with meetings of Fund Unitholders.
- **Voting rights** – At a general meeting of AHL, every Shareholder has one vote on a show of hands and one vote for each fully paid AHL Share on a poll.
- **Issue of additional AHL Shares** – The Directors may (subject to the restrictions on the issue of AHL Shares imposed by the AHL Constitution including the stapling provisions which will require an equivalent issue of Fund Units, the Corporations Act and the Listing Rules) issue or allot shares or grant options over unissued AHL Shares, or otherwise dispose of any AHL Shares on any terms and conditions as they see fit.
- **Transferability of AHL Shares** – While Stapled Securities (which include AHL Shares) are quoted on ASX, Shareholders will generally be able to sell or transfer Stapled Securities (which include AHL Shares) without restriction. The Directors may, in their absolute discretion refuse to register any transfer of Stapled Securities, AHL Shares or other securities in circumstances permitted by the Listing Rules and the AHL Constitution (including where the AHL Shares are subject to a voluntary escrow deed). The Directors must refuse to register any transfer of AHL Shares where they are required to do so by the Listing Rules or the AHL Constitution.
- **Buy-backs** – Subject to the stapling requirements in relation to Stapled Securities, the Directors may buy back AHL Shares on the terms and at times determined by them, to the extent and in the manner permitted by the Corporations Act and Listing Rules.
- **Variation of class rights** – The rights attached to any class of AHL Shares, unless otherwise provided for by the terms of issue of those shares, may only be varied or cancelled with the consent in writing of the holders of 75% of the issued shares in the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the shares in that class.
- **Entitlement on winding up** – Subject to the AHL Constitution and to any special or preferential rights attaching to any class or classes of shares in AHL, AHL Shares attract the right in a winding up to participate equally in the distribution of the assets of AHL (both capital and surplus) in proportion to the amount of capital paid up. The AHL Constitution also gives shareholders the right to approve by special resolution various alternative ways in which assets may be dealt with by any liquidator.
- **Amendments to the AHL Constitution** – The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution passed by the shareholders of the company (meaning 75% of votes cast by members entitled to vote on the resolution). The AHL Constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, AHL's constitution (except if the amendments affect the stapling of AHL Shares, in which case consent of each entity in the stapled group of which AHL forms part may need to be obtained).
- **Stapling** – The AHL Constitution provides that all AHL Shares will be stapled to units in the Fund and may only be dealt with as one security. The Directors are entitled to consider the fact that the economic and other interests of AHL and the Fund are aligned and the Directors may therefore have regard to the interests of members both as AHL shareholders and

Fund unitholders. The entities may only be de-stapled with the approval of a special (75%) resolution of AHL shareholders and Fund unitholders, in which event the Stapled Entities would cease to operate as a combined economic entity, the securities in the Stapled Entities would cease to trade together and each of the Stapled Entities would trade separately on ASX. These provisions are consistent with the terms of the existing Fund constitution and authorise the stapling of further securities in the future if the Directors believe this is in the best interests of securityholders.

5.0

RISKS ASSOCIATED WITH AHL SHARES

5. RISKS ASSOCIATED WITH AHL SHARES

A. PRE-EXISTING RISKS WITH AN INVESTMENT IN THE FUND

General and specific risks of an investment in the Fund were set out in Section 11 of the product disclosure statement for the Fund's initial public offering, which may be found at aventusproperty.com.au. Investors are already subject to the risks relevant to their investment in the Fund, and the Proposal does not affect those risks. Accordingly, this Section does not seek to further address those risks.

B. RISKS RELATING TO THE PROPOSAL

Risks which the Independent Directors believe may arise from the Proposal are relevant to the issue and distribution of AHL Shares to Investors, because AHL is a component of Aventus. These risks, and the steps taken by the Independent Directors to mitigate these risks are addressed in Section 4.8 of the Explanatory Memorandum.

C. RISKS ASSOCIATED WITH AN INVESTMENT IN AHL SHARES

This Prospectus outlines the risks that the AHL Board believes may arise from an investment in AHL Shares. These risks overlap with the risks relating to the Proposal explained in Section 4.8 of the Explanatory Memorandum. There may be other risks, and this Section does not seek to be exhaustive of all risks which may potentially arise from an investment in AHL Shares. Specific risk factors are set out below.

HISTORICAL LIABILITIES

AHL will acquire existing management companies which may have unknown historical liabilities. To address this, the AHL Board has commissioned legal, tax and accounting due diligence on APG and its subsidiaries. They have also obtained substantive warranties and tax indemnities from the Sellers under the Share Sale Agreement.

MANAGEMENT AND OTHER PERSONNEL

AHL (and its subsidiaries) will be reliant on retaining and attracting quality senior management and staff to operate Aventus. There is a risk the Proposal could trigger the loss of services of senior management or key personnel, and new personnel might have less specialist experience or be more expensive which could adversely affect Aventus' operations and performance. However, CEO Darren Holland has entered into the CEO Employment Agreement (described in Section 8.14 of the Explanatory Memorandum) and Lawrence Wong has entered into a new employment agreement (described in Section 8.15 of the Explanatory Memorandum), each to take effect if the Proposal is implemented. Certain terms have also been included in these agreements such as notice periods, remuneration set at market levels and incentives aligned to the long-term interest of Investors through the use of Stapled Securities that have various selling restrictions. The AHL Board believes that significant steps have been taken to mitigate the risk of personnel losses. This risk already exists today. However, following implementation of the Proposal, responsibility for managing this risk will be internalised rather than a third party's responsibility.

POTENTIALLY HIGHER OPERATING COSTS

Following implementation of the Proposal, the Fund will no longer pay management fees to an external party. While this will give Aventus greater control over operating costs, it also exposes it to movements and volatility in operating cost structures. Although the AHL Board has considered the potential costs and consider that such costs post internalisation will be lower than the external management and transaction fees the Fund would otherwise have to pay to APG (particularly over time as the Fund grows), there is a risk that ongoing operating costs may be higher than anticipated, so that the financial benefits targeted to arise from the Proposal are not achieved to the extent anticipated, or at all. The price paid to the Sellers for APG takes account of anticipated future savings on external fees. If future expenses exceed expectations there is a risk that the amount paid for APG is too high relative to the fee savings. Other costs, such as office premises, registry services and custodian services are reasonably predictable.

AFSL REQUIREMENTS

If ACL (which, post internalisation, will be a wholly owned Subsidiary of AHL) breaches the conditions of its AFSL there is a risk that ACL's AFSL will be revoked and it will not be able to act as the responsible entity for the Fund. The AHL Board has taken steps to mitigate this risk through its governance policies and procedures, compliance function, and system and risk management framework.

Current AFSL licensing requirements require ACL to comply with minimum solvency and capital standards. These may change over time, requiring additional reserves to be set aside which may adversely affect financial performance. AHL is not aware of any current proposal to increase minimum solvency or capital requirements.

6.0

OVERVIEW OF AHL AND ITS OPERATIONS

6. OVERVIEW OF AHL AND ITS OPERATIONS

This Section provides a brief overview of AHL. More detailed information about the internalised Aventus is set out in Section 4 of the Explanatory Memorandum (including AHL's investment objectives and strategy for Aventus).

6.1. OVERVIEW OF AHL

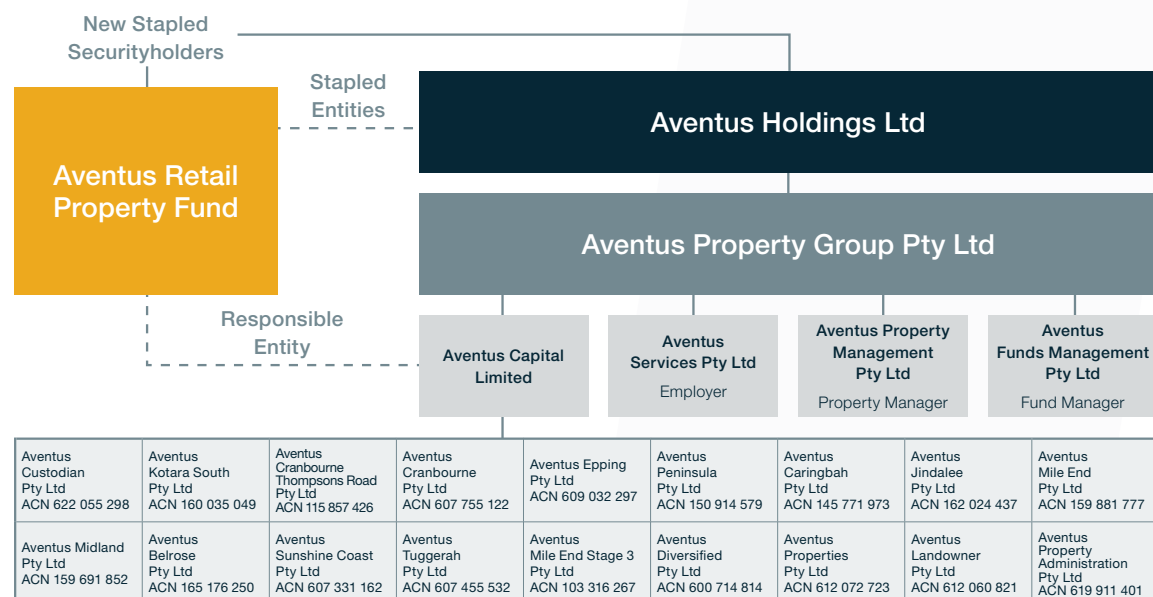
AHL is a newly incorporated public company limited by shares which has not traded, and will not trade, prior to implementation of the Proposal.

Following implementation of the Proposal, AHL will own all of the shares in APG, and through it, the subsidiary companies which manage the Fund. These include:

- **ACL:** the Fund's responsible entity. It carries out all the usual responsibilities of a trustee/responsible entity under the ACL board, in accordance with the Corporations Act, including overseeing investment and asset management of the Fund and its service providers, capital management, financial oversight and accounting, and liaison with investors;
- **Aventus Services Pty Ltd:** is the entity which employs all APG staff (being around 60 staff members) and makes these staff available to the various management entities of the APG group;
- **Aventus Property Management Pty Ltd:** the property and development manager to all of the Fund's properties and deploys 42 of the staff, including at the Fund's centres. Functions include ongoing day-to-day leasing, maintenance and administration of all of the Fund's real estate assets, to ensure the smooth functioning of the centres and recommended capex and leasing initiatives as needed. This entity also carries out project management of redevelopments and capital expenditure where a Fund centre is to be expanded or redeveloped as may be required from time to time; and
- **Aventus Funds Management Pty Ltd:** provides fund management services in relation to the Fund, essentially assisting the responsible entity in performing its functions for the management and administration of the Fund and the provision of investor services;
- **Sub-trustees:** ACL's wholly owned subsidiaries (shown in the diagram below) who act as sub-trustees for the sub-trusts that hold the Fund's assets. The sub-trustees carry out usual trustee services targeted at the specific assets they hold;
- **Aventus Property Administration Pty Ltd:** a wholly owned Subsidiary of ACL that holds the Fund's bank accounts; and
- **Aventus Custodian Pty Ltd:** a wholly owned Subsidiary of ACL which acts as a custodian for various of the sub-trusts.

The Fund is currently the sole shareholder of AHL. If the Proposal is implemented, on the Implementation Date, the AHL shareholders will be those Investors holding Existing Units as at the Stapling Record Date.

The following diagram represents the group structure after implementation of the Proposal.



6.2. AFSL

ACL holds an AFSL authorising it to act as responsible entity of the Fund, and is subject to the usual financial and compliance requirements applicable to Australian responsible entities.

6.3. AHL'S BUSINESS PLAN

AHL's immediate objective is to provide a structure for Investors to indirectly acquire the management of the Fund, to access the potential advantages associated with an internally managed REIT. These potential advantages are set out in detail in Section 4.6 of the Explanatory Memorandum.

For details regarding the potential disadvantages and risks associated with investing in AHL, please refer to Section 5 of this Prospectus and Sections 4.7 and 4.8 of the Explanatory Memorandum.

As the owner of APG and its subsidiaries who perform management services to the Fund after implementation, AHL's ongoing objective is to continue to provide the same services, as part of a combined economic group consolidated with the Fund. AHL will seek to deliver on the Fund's strategy as set out in Section 4.3 of the Explanatory Memorandum, recognising the Fund and AHL will be stapled, with common ownership.

AHL's subsidiaries will also provide management services to Kotara as part of a long-standing arrangement described in Section 4.2 of the Explanatory Memorandum. However revenue from Kotara will comprise less than 1% of total revenue for the stapled group. It is possible that opportunities to manage other third party assets may arise from time to time on a case by case basis, and this may allow some potential for diversification of income streams over time.

AHL or its subsidiaries may pursue these opportunities if they are commercially attractive. However, this is not seen as a major strategic driver for AHL going forward. For the foreseeable future, AHL's main focus will be on the assets of the Fund. AHL's subsidiaries will continue to receive fees from the Fund, but these will be eliminated from an accounting perspective on consolidation, recognising that AHL and the Fund will each be owned by the same investors.

See Section 4.3 of the Explanatory Memorandum for further details regarding the investment strategy of the Fund, which will not be altered by the Proposal.

7.0

FINANCIAL INFORMATION

7. FINANCIAL INFORMATION

The Proposal, as outlined in the Explanatory Memorandum, may have a material impact on the financial position, performance and cash flows of Aventus.

Accordingly, certain financial information (including the basis of preparation and key accounting policies relating to this financial information) has been included in Section 5 of the Explanatory Memorandum to illustrate the likely pro forma financial impact of the implemented Proposal's impact on the Fund. Information about the impact being shown on a consolidated basis is considered appropriate for the Explanatory Memorandum, to enable Securityholders to understand the Proposal's impact.

This Section sets out financial information in relation to AHL, which only comprises the pro forma historical balance sheet of AHL as at the date of this Prospectus (**Pro Forma Historical Consolidated Balance Sheet of AHL**).

AHL was incorporated on 20 July 2018 with nominal capital and has not traded since incorporation. Upon implementation of the Proposal, AHL will acquire APG and its controlled entities for a mix of cash and Stapled Securities.

The value of the unit component of the Stapled Securities (plus a cash loan amount of approximately \$8.6 million) will give rise to an intra-staple loan of \$89.5 million owed by AHL to the Fund. The intra-staple loan will have a facility limit of \$89.5 million with a term of 9 years and 11 months. Interest will be calculated by reference to quoted 90-day BBSW rates plus a margin.

If the Proposal is approved, AHL will be capitalised by way of approximately \$54 million in equity and approximately \$9 million of intra-staple debt, totalling approximately \$63 million of total debt and equity capital, or approximately \$0.1275¹¹ of debt and equity capital per AHL Share, of which approximately \$0.1101¹² per AHL Share is attributable to equity, before distributing the AHL Shares to investors by way of capital return.

Following implementation of the Proposal, AHL and its subsidiaries will guarantee and provide security over their assets to secure the existing and future Aventus funding facilities.

All amounts disclosed in this Section 7 are presented in Australian dollars and are rounded to the nearest million.

Rounding may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

7.1. BASIS OF PREPARATION

The Independent Directors are responsible for the preparation and presentation of the Pro Forma Historical Consolidated Balance Sheet of AHL and other information outlined in Section 7. The Pro Forma Historical Consolidated Balance Sheet of AHL is intended to present investors with information to assist them in understanding the financial position of AHL upon the implementation of the Proposal.

The Pro Forma Historical Consolidated Balance Sheet of AHL has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (**AAS**) other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred as at the date of this Prospectus.

The financial information is presented in an abbreviated form and does not include all of the disclosures, statements or comparative information required by AAS applicable to annual general purpose financial reports prepared in accordance with the Corporations Act.

The accounting policies used in the preparation of the financial information are consistent with the accounting policies of Aventus. Significant accounting policies of Aventus are presented in Section 5.10 of the Explanatory Memorandum.

11. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

12. Will vary slightly depending on the number of securities issued in August 2018 under the Aventus distribution reinvestment plan.

7.2. PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET OF AHL

The Pro Forma Historical Consolidated Balance Sheet of AHL has been derived from:

- the balance sheet of AHL at the date of the Prospectus;
- the historical consolidated balance sheet of APG as at 30 June 2018 given there has been no material change through to the date of the Prospectus; and
- pro forma adjustments to reflect the impact of the Proposal and settlement of performance fees receivable from the Fund as at the date of this Prospectus.

The Pro Forma Historical Consolidated Balance Sheet of AHL at the date of the Prospectus, as if the Proposal was implemented as at the date of this Prospectus, is as follows:

AHL Pro forma Historical Consolidated Balance Sheet as at the date of the Prospectus		
	Notes	\$m
Cash and cash equivalents	(a)	6
Trade and other receivables	(a)	3
Other current assets		-
Total current assets		9
Intangible assets	(b)	143
Other non-current assets	(a)	1
Total non-current assets		144
Total assets		153
Trade and other creditors	(a)	2
Other current liabilities	(a)	2
Total current liabilities		5
Borrowings	(c)	90
Other non-current liabilities	(a)	1
Total non-current liabilities		90
Total liabilities		95
Net assets		58
Contributed equity	(d)	59
Retained earnings		-
Total equity		58

Notes:

- Represents the consolidation of: 1) the AHL historical balance sheet as at the date of the Prospectus (which has net assets of \$1); 2) the APG historical consolidated balance sheet as at 30 June 2018 given there has been no material change through to the date of the Prospectus (presented in Section 5.5 of the Explanatory Memorandum); and 3) the settlement of the performance fee, including the notional settlement of the \$9 million performance fee payable from the Fund to APG for the financial year ended 30 June 2018, the notional payment of \$3 million in associated income tax by APG, the notional declaration and payment of a \$6 million dividend to APG shareholders and notional residual cash of \$1 million retained by APG.
- Represents intangible assets arising from the acquisition of APG and its subsidiaries. The amount of total intangible assets, including goodwill, relating to the Proposal may change once the fair value of all assets and liabilities are determined as at the Implementation Date.
- Represents the intra-staple loan of \$89.5 million owed by AHL to the Fund. The intra-staple loan will have a facility limit of \$89.5 million with a term of 9 years and 11 months. Refer to Section 7.3 for further details.

- d. Represents the portion of the Purchase Price that has been funded by an equity contribution by the Fund to AHL. The remaining portion of the Purchase Price has been funded by the intra-staple loan owed by AHL to the Fund.

The actual consolidated balance sheet on completion of the Proposal may differ from the Pro Forma Historical Consolidated Balance Sheet of AHL following the completion of the purchase price allocation.

The Pro Forma Historical Consolidated Balance Sheet of AHL differs from the pro forma historical consolidated balance sheet of the Fund post implementation of the Proposal set out in Section 5.5 of the Explanatory Memorandum as that balance sheet includes the consolidation of the Fund whereas the Pro Forma Historical Consolidated Balance Sheet of AHL is on a standalone basis.

Should the Proposal not be approved, AHL's net assets will not be impacted.

7.3. FINANCING ARRANGEMENTS

As noted in this Section 7 above, the Fund will loan to AHL an amount for the purpose of partially funding the Proposal upon implementation. This loan will have a facility limit of \$89.5 million with a term of 9 years and 11 months. Interest will be calculated by reference to quoted 90-day BBSW rates plus a margin.

7.4. WORKING CAPITAL

The AHL Board considers that AHL's working capital position, combined with its expected cash flows to be generated from operations are sufficient for AHL to carry out its stated business objectives immediately following implementation of the Proposal, and is appropriate having regard to AHL's financial and investment profile.

7.5. HISTORICAL FINANCIAL PERFORMANCE

AHL is a newly established entity and will not trade until the acquisition of APG which will only occur on implementation of the Proposal.

As AHL is a newly incorporated company and has not traded, the AHL Board does not have a reasonable basis to provide pro forma historical financial performance and cash flow information that is sufficiently meaningful or reliable.

7.6. DIVIDEND POLICY

It is intended that post implementation of the Proposal, the Fund will continue to pay out between 90% and 100% of Funds From Operations as distributions to Unitholders. If any dividends from AHL are to be paid, they will be paid in conjunction with distributions from the Fund.

The payment of dividends by AHL, if any, is at the discretion of the AHL Board. The decision as to whether a dividend will be paid is subject to a number of considerations including:

- operating results;
- the general business environment;
- AHL's financial position and capital requirements;
- regulatory restrictions; and
- any other factors the AHL Board may consider relevant.

No assurances can be given by any person, including the AHL Board, about the payment of any dividend or the level of franking on any such dividend.

7.7. TAXATION

The Australian taxation consequences of the Proposal for Investors, including in relation to the acquisition of AHL Shares under this Prospectus are set out in Section 6 of the Explanatory Memorandum.

The comments contained in this Prospectus do not constitute tax advice and should not be relied upon as such. Investors should consult their own professional tax advisers regarding the consequences of an investment in AHL Shares, in light of their own circumstances.

8.0

KEY PEOPLE

8. KEY PEOPLE

8.1. DIRECTORS

The Directors of AHL are:

- Bruce Carter (Independent Non-executive Chairman);
- Kieran Pryke (Independent, Non-executive Director); and
- Robyn Stubbs (Independent, Non-executive Director).

All AHL directors are currently directors of ACL. If the Proposal is approved and implemented, Brett Blundy and Darren Holland will also be appointed as AHL directors, so that the boards of stapled entities are consistent.

The biographies of the directors are set out in Section 4.5(a) of the Explanatory Memorandum.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The AHL Board consists of three directors, all being independent non-executive directors. The AHL directors are not affected by any of the following business relationships that could or be reasonably perceived to materially affect the exercise of independent judgement:

- being a substantial shareholder of AHL or an officer of, or otherwise associated directly with, a substantial shareholder of AHL;
- being employed, or being previously employed in an executive capacity by AHL or another group member, and there being a period of less than 3 years between ceasing such employment and serving on the AHL Board;
- being a principal of a material professional adviser or a material consultant to AHL or another group member, or an employee materially associated with the service provided within the last 3 years; or
- being a material supplier or customer of AHL or other group member, or an officer of or otherwise associated directly

or indirectly with a material supplier or customer that has a material contractual relationship with AHL or another group member other than as a Independent Director.

8.2. SENIOR MANAGEMENT

If the Proposal is implemented, the Fund's senior management team will continue with Aventus in their existing roles and will comprise:

- Darren Holland (Chief Executive Officer & Managing Director);
- Lawrence Wong (Chief Financial Officer);
- Adam Trent (Head of Development & Leasing);
- Cameron Male (Head of Acquisitions);
- Gary Jones (Head of Asset Management);
- Mary Weaver (Legal Counsel & Company Secretary); and

Sandra Francis (Head of Talent & Culture). Biographies of senior management are set out in Section 4.5(b) of the Explanatory Memorandum.

8.3. INTERESTS OF AHL DIRECTORS

As at the date of this Prospectus, the Fund is the sole shareholder of AHL and no AHL Shares are held by or on behalf of any director or key management personnel of AHL.

The table below lists the Existing Units held directly, or indirectly or beneficially by, or on behalf of, each director of AHL as at the date of this Document.

If the Proposal is approved and implemented, those directors (or the associated entities holding the Existing Units) will receive one AHL Share for each Existing Unit they hold at the Stapling Record Date. The table below calculates the number of Stapled Securities to be held by each of the directors and their associates before and after implementation:

Name of AHL director	Existing Units (either directly or otherwise) (pre- implementation)	% of Existing Units (pre implementation)*	Stapled Securities (post implementation)	% of Stapled Securities (post implementation)*
Bruce Carter	1,189,312	0.2%	1,189,312	0.2%
Robyn Stubbs	41,364	< 0.1%	41,364	< 0.1%
Kieran Pryke	70,873	< 0.1%	70,873	< 0.1%

* % figures may be reduced slightly by any new issues prior to implementation under the Aventus distribution re-investment plan.

Other than as set out in this Prospectus, no AHL director has during the last two years:

- held any interest in the formation or promotion of AHL;
- held any interest in any property acquired or proposed to be acquired by AHL in connection with its formation or promotion or the issue of Stapled Securities;
- received, or agreed to receive, any amount or benefit from any person as inducement to become, or to qualify as a director of AHL (other than remuneration payable for acting as a director of AHL, as set out in Section 8.5 of this Prospectus and Sections 8.12 and 8.14 of the Explanatory Memorandum); or
- received, or agreed to receive, any amount or benefit from any person for services provided to the Fund in connection with the Proposal, the promotion of the Proposal, or the offer of AHL Shares (other than remuneration for acting as a director of AHL or ACL, as set out in Section 8.5 of this Prospectus and Sections 8.12 and 8.14 of the Explanatory Memorandum).

8.4. INTERESTS OF PROPOSED AHL DIRECTORS

Proposed AHL directors Brett Blundy and Darren Holland indirectly hold Existing Units through entities that are associated with them. These entities will not be entitled to vote on the Resolutions to approve the Proposal. However, the interests of Messrs Blundy and Holland in the Fund create a considerable alignment of interest with other Investors in the outcome of the Proposal and the ongoing value of Stapled Securities.

The table below lists the Existing Units held directly, or indirectly or beneficially by, or on behalf of, them as at the date of this Prospectus. If the Proposal is approved and implemented, those proposed directors (or the associated entities holding the Existing Units) will receive one AHL Share for each Existing Unit they hold at the Stapling Record Date.

Entities associated with Brett Blundy and Darren Holland will also receive Stapled Securities as consideration for the sale of their shares in APG. The table below calculates the number of Stapled Securities to be held by each of the AHL directors and their associates before and after implementation:

Name of proposed AHL director	Existing Securities (either directly or otherwise) (pre- implementation)	% of Existing Securities (pre implementation)*	Stapled Securities (post implementation)	% of Stapled Securities (post implementation)*
Brett Blundy	142,643,925	28.9%	168,593,671	31.8%
Darren Holland	2,544,889	0.5%	12,330,177	2.3%

* % figures may be reduced slightly by any new issues prior to implementation under the Aventus distribution re-investment plan.

Both Brett Blundy and Darren Holland also have interests in APG. Brett Blundy is associated with BBRC, which owns approximately 66.7% of the APG shares, and Darren Holland is associated with HMM, which owns approximately 33.3% of the APG shares.

The nature of Brett Blundy's and Darren Holland's interests, and how any potential conflicts and related party issues arising from these interests have been addressed, are set out in more detail in Sections 3 and 8.7 to 8.11 of the Explanatory Memorandum.

Other than as set out in this Prospectus, neither proposed AHL director has during the last two years:

- received, or agreed to receive, any amount or benefit from any person as inducement to become, or to qualify as a director of AHL (other than remuneration payable for acting as a director of AHL, as set out in Section 8.5 of this Prospectus and Sections 8.12 and 8.14 of the Explanatory Memorandum); or
- received, or agreed to receive, any amount or benefit from any person for services provided to the Fund in connection with the Proposal, the promotion of the Proposal, or the offer of AHL Shares (other than remuneration for acting as a director of AHL or ACL, as set out in Section 8.5 of this Prospectus and Sections 8.12 and 8.14 of the Explanatory Memorandum).

8.5. REMUNERATION OF AHL NON-EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

See Sections 8.11 to 8.13 of the Explanatory Memorandum for details of the remuneration of AHL directors, and proposed AHL directors Brett Blundy and Darren Holland, and senior management.

8.6. DEEDS OF INDEMNITY, INSURANCE AND ACCESS

AHL will enter into a deed of indemnity, insurance and access with each AHL director which confirms the director's right of access to Board papers and requires AHL to indemnify the director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the director as an officer of AHL or of a Subsidiary.

Under the deeds of indemnity, insurance and access, AHL must maintain a directors' & officers' policy insuring a director (among others) against liability as a director and officer of AHL and its subsidiaries until 7 years after a director ceases to hold office as a director of AHL or a Subsidiary (or the date any relevant proceedings commenced during the 7 year period have been finally resolved).

9.0

ADDITIONAL INFORMATION

9. ADDITIONAL INFORMATION

9.1. ASIC RELIEF

ASIC is expected to grant the following modifications and exemptions in relation to the Corporations Act as it applies to ACL and AHL.

PROSPECTUS RELIEF

- Modification of sections 711(6) and 723(1) to facilitate the issue of the Prospectus without stating an expiry date, and without an application form accompanying it.

STAPLING RELIEF

- Modification of Part 5C.2 to allow ACL, as responsible entity of the Fund, and its directors and officers to act in the best interests of Stapled Securityholders, taking into account their common interests as holders of the Stapled Securities, rather than their separate interests as Unitholders and AHL shareholders;
- Modification of Part 5C.2 to allow ACL, as responsible entity of the Fund, and its directors, officers and employees to use information acquired in their respective roles for the benefit of Stapled Securityholders collectively, rather than their separate interests as Unitholders and AHL shareholders;
- Modification of Chapter 2E as notionally inserted by Part 5C.7 to allow benefits to be given between the Stapled Entities on non-arm's length terms, recognising the commonality of the Stapled Entities' securityholders; and
- Modification of sections 708D(13) and 1012(D) to allow the Stapled Entities to pool dividends (in respect of shares) and distributions (in respect of units) under a dividend and distribution re-investment plan without a prospectus or PDS.

CHAPTER 7 RELIEF

- Modification of section 1017E to permit a single bank account to be used for application moneys in respect of any future issues of Stapled Securities; and
- Exemption from Division 2 of Part 7.7 of the Act to confirm that the Stapled Entities do not have to provide a Financial Services Guide in relation to the Proposal.

9.2. ASX WAIVERS AND CONFIRMATIONS

ASX has provided an in-principle decision to grant waivers and confirmations of the following Listing Rules as they apply to AHL and the Fund.

WAIVERS

Waiver from:

- Condition 8 of Listing Rule 1.1 to the extent necessary, so that AHL need not comply with the stipulated value threshold, provided that the Stapled Entities together will satisfy this condition after the Proposal is implemented and that Aventus will satisfy Listing Rule 12.4 (requiring a sufficient spread of securities in each entity's main security class) at the time of AHL's admission to the official list of ASX;
- Condition 2 of Listing Rule 2.1 to the extent necessary, so that AHL need not comply with the stipulated issue price threshold, on the basis that AHL Shares will be stapled to Units;
- Condition 9 of Listing Rule 1.1 to the extent necessary, so that AHL need not satisfy the profit test (Listing Rule 1.2) or asset test (Listing Rule 1.3) to be admitted to the official ASX list, on the condition that AHL Shares will be stapled to Units, and Aventus will satisfy Listing Rules 12.1 and 12.2 (which require each entity's financial condition and level of operations to be sufficient to warrant its continued listing and the quotation of its securities) at the time of AHL's admission to the official list of ASX;
- Listing Rule 6.24 in respect of clause 1 of Appendix 6A to the extent necessary, so that the rate and amount of a distribution for the Fund and AHL need not be advised to the ASX when the distribution and record date is announced, on the condition that the actual rate is advised to ASX as soon as it becomes known;

- Listing Rule 8.10 to the extent necessary to permit the Fund and AHL to refuse to register a transfer document relating to quoted securities if it is not accompanied by a transfer of securities in the other Stapled Entity; and
- Listing Rule 10.1 to the extent necessary to permit the transfer of 'substantial assets' between the Fund and AHL (and their respective controlled entities) without the need for securityholder approval, on condition that AHL Shares will be stapled to Units and neither AHL nor the Fund will issue any other equity securities that are not stapled to corresponding securities of the other Stapled Entity.

CONFIRMATIONS

Confirmation that:

- the constitution of AHL complies with Condition 2 of Listing Rule 1.1;
- the terms of the Stapled Securities comply with Chapter 6, for the purposes of Condition 1 of Listing Rule 2.1;
- disclosure by one Stapled Entity on behalf of Aventus satisfies the obligations for each entity regarding a matter, for the purposes of Listing Rule 3.1;
- the terms applying to the Stapled Securities are appropriate and equitable, for the purposes of Listing Rule 6.1;
- Stapled Securities are 'equity securities' for the purpose of the definitions set out in Listing Rule 19.12; and
- ASX approves of the timetable for the Proposal, in accordance with the requirements of paragraph 8 of Appendix 7A.

Following lodgement of this Prospectus, application will be made to ASX for the admission of AHL to the official list of ASX dependent upon satisfaction of the Conditions and confirmations will be sought from ASX that:

- the structure and operations of AHL are appropriate for a listed entity, for the purposes of Condition 1 of Listing Rule 1.1;
- the Stapled Entities will not constitute an 'investment entity' for the purposes of the definitions set out in Listing Rule 19.12;
- in ASX's opinion, AHL satisfies the requirements of Appendix 1A to the Listing Rules, on submission of a final ASX Listing Application and Agreement; and
- the terms of the Stapling arrangements, including the Stapling provisions in the Stapled Entities' constitutions, are appropriate to ASX for the purposes of Guidance Note 2.

9.3. RELATED PARTY HOLDINGS/TRANSACTIONS

AHL will establish, maintain and comply with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage any conflicts of interest.

9.4. MAJOR INVESTOR

Brett Blundy and his associated companies hold 142,643,925 Existing Units. This equates to approximately 28.9% of the Existing Units.

9.5. CONSENTS

The persons listed in the following table have given and have not, before the lodgement of this Prospectus with ASIC, withdrawn their written consent to be named in the Prospectus in the form and context in which they are named.

Name of person	Named as
Greenwoods & Herbert Smith Freehills	Taxation advisor
Herbert Smith Freehills	Legal advisor
UBS AG, Australia Branch	Financial advisor
Macquarie Capital (Australia) Limited	Financial advisor
Deloitte Corporate Finance	Independent expert
Link Market Services Limited	Registry

The persons listed in the above table have not made any statement that is included in this Prospectus, or any statement on which a statement in this Prospectus is based. The persons listed in the above table expressly disclaim and take no responsibility for any statements in or omissions from this Prospectus. This applies to the maximum extent permitted by law and does not apply to any matter to the extent to which consent is given above.

9.6. INTERESTS OF EXPERTS AND ADVISERS

Other than as set out in this Prospectus, no promoter of the Fund or AFSL holder involved in the Proposal and Listing of AHL or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, has or has held, during the last two years prior to the date of the Proposal, an interest in:

- the promotion of the Proposal;
- the formation, promotion, or Listing of AHL;
- property acquired or proposed to be acquired by AHL; or
- the Proposal.

Herbert Smith Freehills is entitled to be paid approximately \$1,050,000 (plus GST and disbursements) in fees and charges for legal services provided to AHL and the Fund up to the date of this Prospectus, in connection with the preparation of this Prospectus, the formation of AHL, the Proposal and Listing.

Greenwoods & Herbert Smith Freehills is entitled to be paid approximately \$220,000 (plus GST and disbursements) in fees and charges for tax advice provided to AHL up to the date of this Prospectus, in connection with the preparation of this Prospectus, the Proposal and Listing.

UBS AG, Australia Branch is entitled to be paid approximately \$1,250,000 (plus GST and disbursements) in fees and charges for financial advice provided to AHL up to the date of this Prospectus, in connection with the preparation of this Prospectus, the Proposal and Listing.

Macquarie Capital (Australia) Limited is entitled to be paid approximately \$1,250,000 (plus GST and disbursements) in fees and charges for financial advice provided to AHL up to the date of this Prospectus, in connection with the preparation of this Prospectus, the Proposal and Listing.

Link Market Services Ltd is entitled to be paid approximately \$60,000 (plus GST and disbursements) in fees and charges for providing services in connection with the distribution of this Prospectus.

The experts and advisors listed above may perform other work in relation to this Prospectus and the Proposal in the future, for which they may be paid further amounts in accordance with each of their time-based charges.

9.7. DISTRIBUTION RE-INVESTMENT PLAN

A distribution re-investment plan (**DRP**) will be adopted by AHL. Investors who elect to participate will be able to reinvest in Stapled Securities the distributions they are entitled to receive in respect of some or all of their Stapled Securities, rather than receiving those distributions in cash.

Before the **DRP** can relate to AHL Shares, the terms of the **DRP** will need to be amended in accordance with its terms to allow for the issue of Stapled Securities. The amendment of the **DRP** will be communicated separately to Investors who elect to participate.

AHL will separately communicate with Investors who elect to participate in the **DRP** in relation to any further administrative steps required to be completed in order to facilitate the issue of Stapled Securities under the **DRP**.

9.8. CORPORATE GOVERNANCE

The AHL Board is responsible for the overall corporate governance of AHL, including implementing appropriate policies and procedures in order for AHL and its subsidiaries to fulfil their functions effectively and responsibly. These policies and procedures will be consistent with those already established by the ACL board, recognising that Aventus already operates as a listed entity. The AHL Board recognises the role and importance of good corporate governance. AHL's corporate governance

framework is supported by the high quality and experienced AHL Board. The AHL Board is integral to the determination of appropriate corporate governance arrangements for AHL and to the continual monitoring of those arrangements.

The corporate governance framework to be implemented by AHL is underpinned by the ASX Guidelines. ASX Listing Rules require listed entities to disclose the extent of their compliance with the ASX Guidelines and to explain why they have not adopted a particular ASX Guideline if they consider it is inappropriate to do so in their particular circumstances. Accordingly, AHL will be required to report its compliance against the ASX Guidelines in its application for Listing and on an ongoing basis in its annual report.

AHL will have policies in place to ensure that it will meet all applicable disclosure standards in accordance with the ASX Listing Rules.

CONTINUOUS DISCLOSURE POLICY

AHL is committed to communicating relevant material information about Aventus to Investors and must comply with continuous disclosure obligations to the market pursuant to the ASX Listing Rules and the Corporations Act.

The AHL Board will:

- consider information that potentially requires disclosure;
- determine what information needs to be disclosed;
- co-ordinate the actual form of disclosure with the relevant members of management where necessary; and
- liaise with the appropriate staff to distribute continuous disclosure notices to ASX, publish notices on Aventus' website and, where appropriate, disseminate notices directly to Stapled Securityholders.

The current ACL continuous disclosure policy is available on the AHL website at <http://aventusproperty.com.au>. AHL will adopt a substantially identical policy if the Proposal is approved and implemented.

BOARD COMMITTEES

The AHL Board may establish formally constituted committees and may delegate any of its powers to a committee or committees.

Audit Committee

The AHL Board will establish an Audit Committee to assist the Directors in overseeing the integrity of AHL's financial reporting, internal financial controls, financial procedures and policies and the independence of external auditors. The Audit Committee will report to the Board on all matters relevant to the Audit Committee's role and responsibilities and ensure the Board is aware of matters which may significantly impact the financial condition or affairs of AHL.

The key roles and responsibilities of the Audit Committee will include reviewing:

- the financial reporting processes;
- the system of internal financial controls; and
- the audit process.

All members of the Audit Committee must be non-executive directors, with a majority being Independent Directors. The chairperson will be an independent director but will not be the Chairman of either the AHL board or the ACL board. Kieran Pryke will be chairperson of the Committee. The Audit Committee will meet with external auditors where appropriate from time to time to review the existing external audit arrangements and the scope of the audit.

A copy of the Committee's Charter will be available on the Aventus website at <http://aventusproperty.com.au>.

Remuneration and Nomination Committee

The AHL Board will establish a Remuneration and Nomination Committee to review and make recommendations in relation to succession planning, recruitment, selection and induction processes, continuing development of Board members, Board performance evaluation, the appointment and re-election of directors and succession planning for senior executive positions, including the Managing Director.

The Remuneration and Nomination Committee will also review and make recommendations to the AHL Board in relation to Aventus' remuneration framework for directors and senior executives, remuneration packages for senior executives,

equity-based remuneration plans, superannuation arrangements and remuneration trends including Aventus' competitors, remuneration by gender and changes to employee benefit structures.

The Remuneration and Nomination Committee will be comprised of Robyn Stubbs, Brett Blundy and Darren Holland. Robyn Stubbs will be chairperson of the Committee. A copy of the Committee's Charter will be available on the Aventus website at <http://aventusproperty.com.au>.

CODE OF CONDUCT

The AHL Board will establish a code of conduct which applies to all employees, temporary employees and contractors. It will set out how AHL expects those staff to conduct themselves. The code will be underpinned by the following principles:

- actions must be governed by the highest standards of integrity and fairness;
- decisions must be made in accordance with the spirit and letter of applicable law; and
- AHL's business must be conducted honestly and ethically, seeking to apply the best skills and judgment, and for the benefit of Investors and employees.

RISK MANAGEMENT

AHL will adopt a risk management policy and framework which will assist AHL to achieve Aventus' objectives by thorough and competent strategic decision-making.

Through the risk management policy and framework, AHL's risk management internal control system will incorporate the guidelines described in the Australian/New Zealand Standard on Risk Management (AS/NZS ISO 31000:2009).

The AHL Board will have ultimate responsibility for overseeing the risk management framework for AHL and its subsidiaries, and for approving and monitoring compliance with the framework. The AHL Board will receive a quarterly risk report on all risks assessed as either critical or high and the Managing Director, supported by management, will have overall day-to-day responsibility for the risks facing Aventus.

9.9. REPORTING

Aventus will operate on a 30 June financial year end basis for accounting and financial reporting purposes.

Formal financial reporting will be provided to Stapled Securityholders at 31 December (interim) and 30 June (full-year) each year commencing with 31 December 2018 in accordance with the Corporations Act. It is anticipated that relief will be sought from the ASIC requirement for financial reporting six months from incorporation. The financial reports will detail (among other things) the following:

- an income statement, balance sheet and statement of cash flows for the relevant period;
- the amount of distributions declared and paid for the relevant period;
- significant activities undertaken over the relevant period; and
- combined portfolio updates (including valuations of those Properties which have been re-valued).

9.10. CONTINUOUS DISCLOSURE

INFORMATION AVAILABLE FROM ASX AND ASIC

AHL will be a "disclosing entity" under the Corporations Act and subject to regular reporting and disclosure obligations under the Corporations Act and additional obligations under the Listing Rules.

These obligations will require AHL to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, AHL will have an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Aventus securities. Copies of documents lodged with ASX are available at www.asx.com.au. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

INFORMATION AVAILABLE FROM AHL

The following documents will be made available for inspection at AHL's registered office at Governor Macquarie Tower, Level 33, 1 Farrer Place, Sydney, NSW, 2000 between 8:30am and 5:00pm AEST on Business Days; at <http://aventusproperty.com.au>; and for free by contacting the Registry on 1300 139 440 between 8:30am and 5:00pm AEST on Business Days:

- the Annual Report of the Fund most recently lodged with ASIC; any continuous disclosure notices given by the Fund between the lodgment of the relevant Annual Report and the date of this Prospectus; and
- each document incorporated by reference in this Prospectus.

Information relating to the Proposal and the Stapled Securities that is not materially adverse or required to be included in a supplementary disclosure document may be updated and made available to you on the website at <http://aventusproperty.com.au>. You may also contact AHL on the number set out in the corporate directory of this Prospectus to obtain a paper copy of the information free of charge.

9.11. INDEPENDENT DIRECTORS' CONSENT TO ISSUE

Each Independent Director of AHL as at the date of this Prospectus has consented to the lodgment of this Prospectus with ASIC, as the issuer of AHL Shares.

Each Independent Director of ACL (in its capacity as responsible entity of the Fund) also consents to the lodgment of this Prospectus with ASIC.

9.12. NOTICE TO FOREIGN INVESTORS

This Prospectus does not constitute an offer of, or an invitation to buy, securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the securities, or to otherwise permit a public offering of the securities, in any jurisdiction outside Australia or New Zealand. The distribution of this Prospectus outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia or New Zealand should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

AHL Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

Investors should note that the Proposal is made in connection with the securities of Australian entities in accordance with the laws of Australia. The Proposal is subject to disclosure requirements of Australia that are different from those of the United States and other jurisdictions.

Any financial statements included in this Prospectus have been prepared in accordance with Australian Accounting Standards and may not be comparable to the financial statements of US companies. Australian corporations must comply with Australian Accounting Standards, which contain Australian equivalents to International Financial Reporting Standards.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws, since AHL is located in Australia and most of its officers and directors are residents of Australia. You may not be able to sue AHL or its officers or directors in Australia for violations of US securities laws. It may be difficult to compel AHL and its affiliates to subject themselves to a US court's judgment.

This Prospectus has not been filed with or reviewed by the US Securities and Exchange Commission or any securities authority of any state or other jurisdiction of the United States and none of them has passed upon or endorsed the merits of the Proposal or the accuracy, adequacy or completeness of this Prospectus. Any representation to the contrary is a criminal offence.

Investors who are subject to taxation outside Australia should consult their tax adviser as to the applicable tax consequences of holding Stapled Securities and the transactions described in this Prospectus.

9.13. PRIVACY

If the Proposal is approved and implemented, AHL and ACL as the responsible entity of the Fund (and the Registry on their behalf) will collect, hold and use your personal information to service your needs as an investor, provide facilities and services that you request, and administer Aventus. The Corporations Act requires certain particulars of securityholders to be collected and maintained in a public register.

Access to information may also be provided to AHL's and ACL's agents and service providers on the basis that they deal with such information as required by law.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by (or on behalf of) AHL and ACL. You can request access to your personal information by telephoning or writing to AHL and ACL.

9.14. COOLING OFF PERIOD

Cooling off rights do not apply to the distribution of AHL Shares or the issue of Stapled Securities under the terms of the Proposal.

9.15. REGISTRY SERVICES

The shareholder register of AHL will be maintained by the Registry. The Registry can be contacted by:

- **Post:**
Aventus Retail Property Fund
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
- **Telephone:**
+61 1300 554 474
- **Facsimile:**
+61 2 9287 0303

9.16. CHESS

ASX has an automated transfer and settlement system for transactions in securities quoted on ASX called the Clearing House Electronic Sub-register System (**CHESS**).

Under CHESS, transfers are effected in a paperless form and certificates or transfer forms are not issued or required.

In accordance with the Listing Rules and the ASTC Settlement Rules, Aventus will maintain:

- an electronic CHESS sub-register (for Investors who are participants in CHESS or are sponsored by such a participant); and
- an electronic issuer sponsored sub register (for all other Investors).

Investors can choose to have their holdings registered in one of these two sub-registers, which together make up ACL's and AHL's register of Stapled Securityholders.

At least one trading day prior to the commencement of normal trading of the Stapled Securities on ASX, all Investors will be sent an issuer sponsored statement that sets out the number of Stapled Securities that are registered in their name.

This holding statement will also provide details of the Investor's Holder Identification Number (**HIN**).

A Stapled Securityholder who wishes to have Stapled Securities sponsored by a CHESS participant should forward their issuer sponsored statement and HIN (upon receipt) to their broker who will transfer their holding onto the CHESS sub-register.

10.0

GLOSSARY

10. GLOSSARY

Term	Definition
AAS	Australian Accounting Standards.
ABN	Australian Business Number.
ACL	Aventus Capital Limited (ACN 606 555 480).
ACN	Australian Company Number.
Admission Date	The date of admission of AHL to the ASX, expected to be 27 September 2018.
AEST	Australian Eastern Standard Time.
AFSL	Australian Financial Services Licence.
AHL	Aventus Holdings Limited (ACN 627 640 180) (and if the context requires, includes AHL's subsidiaries).
AHL Board	The board of directors of AHL.
AHL Constitution	The constitution of AHL adopted by resolution of AHL and approved by the AHL Board, to come into effect on the Implementation Date.
AHL Share	A fully paid ordinary AHL share to be distributed under this Prospectus.
APG	Aventus Property Group Pty Limited (ACN 606 747 620).
ARSN	Australian Registered Scheme Number.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691), the Australian Securities Exchange, or the market operated by it, as the context requires.
ASX Guidelines	ASX Corporate Governance Principles and Recommendations (as amended from time to time).
Audit Committee	The committee established by AHL to oversee the integrity of Aventus' financial reporting, internal financial controls, financial procedures and policies and the independence of external auditors, as described in Section 9.8.
Aventus	The group formed as a result of the stapling of Units to AHL Shares as described in the Explanatory Memorandum.
AVN Adverse Event	An event, change or condition which will have, or could reasonably be expected to have, either individually or in aggregate with other events, changes and conditions, an adverse financial impact of 10% or more on the projected gross property income of the Fund for the financial year ending 30 June 2019 (as projected in the forecasts for that year set out in the Explanatory Memorandum).
BBRC	BBRC International Pte Ltd, a company registered in Singapore with registered company number 201305666E, as trustee for the BB Family International Trust (or, where the reference is to the issue of Consideration Securities, BB Retail Capital Pty Ltd (ACN 006 175 033) as trustee for The Blundy Family Trust).
Business	The business carried out by the Group Companies of providing management services to the Fund.
Business Day	Has the meaning given in the listing rules published by the ASX.
CEO Employment Agreement	The employment agreement entered into by Darren Holland and Aventus Services Pty Ltd, to take effect if the Proposal is implemented.
Competing Proposal	Any proposal, offer or expression of interest that would if completed substantially in accordance with its terms, result in any person or persons other than AHL or the Fund acquiring, by any means, ownership of, or significant control over, any Group Company, the Business, or the Units.
Conditions	The conditions of the Proposal set out in the Implementation Deed and detailed in in Section 4.12 of the Explanatory Memorandum.

Term	Definition
Corporations Act	<i>Corporations Act 2001</i> (Cth) and all regulations made pursuant to that Act.
Consideration Securities	The Stapled Securities to be issued to the Sellers on completion of the sale of APG in accordance with the Share Sale Agreement.
Deloitte Corporate Finance	Deloitte Corporate Finance, a division of Deloitte Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215; AFSL 246901).
Directors	The directors of AHL.
Existing Unit	The Units on Issue at the Stapling Record Date.
Explanatory Memorandum	The notice of meeting and explanatory memorandum relating to the Meeting of Investors to consider and, if thought fit, approve the Resolutions, dated on or about the date of this Prospectus.
Financial Information	The financial information described in Section 7.
Fund	Aventus Retail Property Fund (ARSN 608 000 764).
Fund Constitution	The trust deed of the Fund dated 28 July 2015, as amended from time to time.
Group Company	APG and each Subsidiary of APG.
GST	Goods and Services Tax.
HMH	Holland Management Holdings Pty Ltd (ACN 157 735 629) as trustee for the Holland Management Holdings Trust (or, where the reference is to the issue of, or restriction on dealing with, Consideration Securities, Hightide Group Pty Ltd (ACN 124 203 416) as trustee for the Holland Family Trust).
Implementation Deed	The deed between ACL, AHL, APG, BBRC and HMH which sets out the steps necessary to implement the Proposal.
Implementation Date	The date the Proposal is implemented, expected to be 1 October 2018.
Independent Directors	An independent director of ACL, namely: Bruce Carter, Kieran Pryke and Robyn Stubbs.
Independent Expert	Deloitte Corporate Finance.
Investor	A holder of an Existing Unit or a Stapled Security as the context requires.
Kotara	The large format retail asset known as Kotara North located along Kullaiba Road, Kotara, NSW, 2289.
Listing	The listing of AHL on ASX.
Listing Rules	The official listing rules of ASX from time to time as modified by any express written confirmation, waiver, or exemption given by ASX.
Meeting	The meeting of Investors to consider the Proposal to be held at 11:00am AEST on 25 September 2018 at Herbert Smith Freehills, Level 34, ANZ Tower, 161 Castlereagh Street, Sydney NSW 2000, and any adjournment of that meeting.
Meeting Date	Expected to be 25 September 2018.
Mutual Recognition Regime	The mutual recognition regime set out in subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 (New Zealand) and Part 9 of the Financial Markets Conduct Regulations 2014 (New Zealand).
NTA	Net tangible asset value.
Notice of Meeting	The notice of meeting set out in Section 9 of the Explanatory Memorandum to be sent to Unitholders by ACL.
Proposal	A proposal to internalise the management functions of the Fund, as described in the Explanatory Memorandum.
Prospectus	This prospectus dated 10 August 2018.
Purchase Price	The consideration payable to the Sellers for the purchase of the APG shares under the Share Sale Agreement.
Registry	Link Market Services Ltd (ACN 54 083 214 537).

Term	Definition
Resolutions	Resolutions 1, 2 and 3 set out in the Notice of Meeting that are required to be approved by Investors at the Meeting in order to implement the Proposal.
Share Sale Agreement or SSA	The agreement of that name between AHL and the Sellers for the acquisition of the shares in APG, dated on or about the Announcement Date.
Sellers	HMH and BBRC (or, where the reference is to the issue of, or restriction on dealing with, Consideration Securities, in the case of BBRC, BB Retail Capital Pty Ltd (ACN 006 175 033) as trustee for The Blundy Family Trust, and in the case of HMH, Hightide Group Pty Ltd (ACN 124 203 416) as trustee for the Holland Family Trust).
Stapled Entities	Following implementation of the Proposal, AHL and ACL as responsible entity for the Fund.
Stapling Record Date	The date allocated by the Fund to determine which Unitholders are eligible to receive the distribution of the AHL Shares for each Existing Unit they hold in the Fund, expected to be 28 September 2018.
Stapled Security	A stapled security comprising one Unit and one AHL Share, stapled together as a result of the implementation of the Proposal, so that one may not be transferred or otherwise dealt with without the others and, while the issuers of those securities are admitted to the Official List of ASX, so that the securities are quoted on ASX together as a "stapled security" or such other term as the ASX determines from time to time.
Stapled Securityholder	A holder of a Stapled Security.
Subsidiary	Has the meaning given in the Corporations Act.
Superior Proposal	<p>A bona fide Competing Proposal received by a Stapled Entity that the Independent Directors' determine, acting in good faith and in order to satisfy what the Independent Directors consider to be their fiduciary or statutory duties:</p> <ol style="list-style-type: none"> 1. is, in the Independent Directors' view (acting reasonably), reasonably likely to be completed in accordance with its terms, taking into account all aspects of the Competing Proposal, including financial, regulatory, conditionality and the ability of the proposing party to consummate the transactions contemplated by the Competing Proposal; and 2. would, if completed substantially in accordance with its terms, be more favourable to Unitholders than the Proposal.
Unit	An ordinary unit in the Fund.
Unitholder	A person registered as the holder of a Unit.

CORPORATE DIRECTORY

Aventus Holdings Limited
Level 33, Governor Macquarie Tower, 1 Farrer Place
Sydney, NSW, 2000

Financial Advisers

Macquarie Capital (Australia) Limited
50 Martin Place
Sydney NSW 2000

UBS AG, Australia Branch
Level 16, Chifley Tower
Sydney NSW 2000

Legal Adviser

Herbert Smith Freehills
Level 34, ANZ Tower, 161 Castlereagh Street
Sydney NSW 2000

Taxation Adviser

Greenwoods & Herbert Smith Freehills
ANZ Tower, 161 Castlereagh Street
Sydney NSW 2000

Registry

Link Market Services Ltd
Level 12, 680 George Street
Sydney NSW 2000

LODGE YOUR PROXY



ONLINE

www.linkmarketservices.com.au



BY MAIL

Aventus Retail Property Fund
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Aventus Retail Property Fund (**Fund**) and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐

the Chairman of the
Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting
as your proxy, please write the name of the person or
body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Unitholder Meeting of the Fund to be held at **11:00am on Tuesday, 25 September 2018 at Herbert Smith Freehills, Level 34, 161 Castlereagh St, Sydney, NSW** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Direction to Chairman of the Meeting: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default) in relation to Resolutions 1, 2 or 3 but I/we have not marked the box(es) opposite the relevant resolution(s) in Step 2 below, I/we hereby direct the Chairman of the Meeting to vote my/our proxy in favour of the relevant resolution(s), even though the Chairman of the Meeting may have an interest in the resolution(s) other than as a unitholder.

VOTING DIRECTIONS

Proxies will only be valid and accepted if they are signed and received no later than 48 hours before the Meeting. (ie. 11:00am on Sunday, 23 September 2018)

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

1 General approval of the Proposal

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Approval of the acquisition of APG
by AHL

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Approval of the issue of Stapled
Securities

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF UNITHOLDERS – THIS MUST BE COMPLETED

Unitholder 1 (Individual)

Joint Unitholder 2 (Individual)

Joint Unitholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the unitholder. If a joint holding, either unitholder may sign. If signed by the unitholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS UNITHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Fund's unit register. If this information is incorrect, please make the correction on the form. Unitholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your units using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a unitholder of the Fund. If you leave this section blank, or your named proxy does not attend the Meeting or does not vote on a poll in accordance with your instructions, the Chairman of the Meeting will be your proxy.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed.

PROXY VOTING BY CHAIRMAN OF THE MEETING

If you appoint the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default) and you do not mark a box next to one or more of Resolutions 1, 2 or 3 in Step 2 of this form, you are directing the Chairman of the Meeting to vote your proxy in favour of the relevant resolution(s).

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Fund's unit registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of units applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the unitholder must sign.

Joint Holding: where the holding is in more than one name, either unitholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Fund's unit registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Sunday, 23 September 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your proxy. To use the online lodgement facility, unitholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your unitholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Aventus Retail Property Fund
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE UNITHOLDER MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**