Home Co.
Daily Needs
REIT

Managed by
HMC Funds Management Limited
(ACN 105 078 635; AFSL 237257)
as responsible entity of the
HomeCo Daily Needs REIT (ARSN 645 086 620)

ASX RELEASE

7 December 2021

NOTICE OF GENERAL MEETING

HMC Funds Management Limited as responsible entity of HomeCo Daily Needs REIT (ASX: HDN) advises that a General Meeting of its unitholders will be held at **11.00am (Sydney time) on Monday, 24 January 2022** (**Meeting**).

The Meeting is being held to consider, and if thought fit approve, resolutions relating to the proposed merger involving HDN, Home Consortium (ASX: HMC) and Aventus Group (ASX: AVN) pursuant to the Scheme Implementation Deed announced to the ASX on 18 October 2021 (**Merger**), and proposals in addition to the Merger.

A copy of the Notice of General Meeting and Explanatory Memorandum in relation to the business to be conducted at the Meeting is attached to this announcement.

Unitholders are encouraged to carefully review and consider the Notice of General Meeting and Explanatory Memorandum and are urged to attend the Meeting via the live webcast or vote by lodging the Proxy Form.

The Meeting will be held in virtual format only. Unitholders may be present virtually and vote through an online platform at https://meetings.linkgroup.com/HDN22.

The online platform will allow unitholders to participate in the Meeting and vote during the Meeting. Further details on how to participate online is set out in the Virtual Meeting Online Guide available at https://hdn.home-co.com.au/Investor-Centre/.

Even if unitholders intend to attend the Meeting online, HDN encourages unitholders to vote by completing and submitting a proxy form as early as possible. Unitholders may use the Proxy Form attached to the Notice of Meeting or online at https://linkmarketservices.com.au/. Please note that your Proxy Form needs to be received by **11.00am (Sydney time) on Saturday, 22 January 2022.**

In the event that it is necessary for any further updates, information will be available on HDN's website (https://hdn.home-co.com.au/Investor-Centre/) and lodged with ASX.

For queries in relation to the Notice of General Meeting, please contact the HDN Unitholder Information Line on 1300 554 474 (within Australia) and +61 1300 554 474 (outside Australia), between 9.00 am to 5.00 pm (Sydney time), Monday to Friday (excluding public holidays).

-ENDS-

For further information, please contact:

INVESTORS

Misha Mohl
Group Head of Strategy & IR
+61 422 371 575
misha.mohl@home-co.com.au

Will McMicking
Group Chief Financial Officer
+61 451 634 991
william.mcmicking@home-co.com.au

MEDIA

John Frey
Corporate Communications
+61 411 361 361
john@brightoncomms.com.au

Authorised for release by the Board of the Responsible Entity

About HomeCo Daily Needs REIT

HomeCo Daily Needs REIT is an Australian Real Estate Investment Trust listed on the ASX with a mandate to invest in convenience-based assets across the target sub-sectors of Neighbourhood Retail, Large Format Retail and Health & Services. HomeCo Daily Needs REIT aims to provide unitholders with consistent and growing distributions.

Home Co.

Daily Needs REIT

Notice of General Meeting

HMC Funds Management Limited (ACN 105 078 635; AFSL 237257)
as responsible entity of HomeCo Daily Needs REIT (ARSN 645 086 620)

Monday, 24 January 2022
at 11.00am (Sydney time)

This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If HDN Unitholders are in doubt as to how they should vote, they should seek advice from their licenced financial or other professional adviser prior to voting.

HDN Unitholders are urged to attend via the live webcast at https://meetings.linkgroup.com/HDN22 or vote by lodging a Proxy Form.

MACQUARIE Morgan Stanley

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Important Notices

General

This Notice of Meeting and the accompanying Explanatory Memorandum (**Notice**) is important. You should read this Notice in full before making any decision as to how to vote at the Meeting.

This Notice is not a Product Disclosure Statement required under the Corporations Act.

If you have sold all your HDN Units, please disregard this Notice.

Responsibility for information

HMC Funds Management Limited (**HMC Funds Management**) has prepared, and is responsible for, the HDN Information. No member of Aventus Group or their related bodies corporate (as that term is defined in the Corporations Act) or their respective directors, officers, employees and advisers have verified any HDN Information and none of them assumes any responsibility for the accuracy or completeness of any HDN Information.

Aventus Group has prepared, and is responsible for, the Aventus Information. None of HMC Funds Management or its related bodies corporate, or their respective directors, officers, employees and advisers have verified any of the Aventus Information, and none of them assumes any responsibility for the accuracy or completeness of any of the Aventus Information.

ASX

A copy of this Notice has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Notice.

Forward looking statements and intentions

Some of the statements appearing in this Notice may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Notice should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'forecast', 'believe', 'aim', 'expect', 'anticipate', 'intend', 'foresee', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of HDN or Aventus are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to HDN or Aventus and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of HMC Funds Management, Aventus, or their respective officers, directors, employees or advisers or any person named in this Notice or any person involved in the preparation of this Notice makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Notice reflect views held only at the date of this Notice. Subject to any continuing obligations under the Listing Rules or the Corporations Act, HMC Funds Management, Aventus and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Notice any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

Not investment advice

The information contained in this Notice does not contain or constitute financial product advice and does not take into account the investment objectives, financial situation, taxation position or particular needs of any individual HDN Unitholder or any other person. Before making any decision (including a decision in relation to the Resolutions), you should consider, with or without the assistance of a licenced financial or other professional adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

Foreign jurisdictions

The release, publication or distribution of this Notice in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Notice should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. HMC Funds Management disclaims all liabilities to such persons.

This Notice has been prepared in accordance with Australian law and the information contained in this Notice may not be the same as that which would have been disclosed if this Notice had been prepared in accordance with the laws and regulations of jurisdictions other than Australia.

External websites

Unless expressly stated otherwise, the content of HDN's website and Aventus' website do not form part of this Notice and HDN Unitholders should not rely on any such content.

Interpretation

Capitalised terms used in this Notice are defined in the Glossary in Section 7 of this Notice, or otherwise in the sections in which they are used. Section 7 of this Notice also sets out rules of interpretation which apply to this Notice.

Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Notice are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this document. All numbers are rounded, unless otherwise indicated.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Notice are subject to the effect of rounding. Accordingly, the actual calculation of 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 Notice. Any discrepancies between totals in tables or financial information, or in calculations, graphs or charts are due to rounding.

Financial amounts and exchange

The financial amounts in this Notice are expressed in Australian currency, unless otherwise stated.

Times and dates

All times referred to in this Notice are references to times in Sydney, Australia, unless otherwise stated.

HDN Unitholder information

HDN Unitholders can call the HDN Unitholder Information Line if they have any queries in relation to the contents of this Notice on 1300 554 474 (within Australia) and +61 1300 554 474 (outside Australia), between 9.00am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays).

All dates referred to in this Notice are indicative only and, among other things, are subject to the satisfaction or (if permitted) waiver of the Conditions Precedent to the Merger.

Date of this Notice

This Notice is dated 7 December 2021.

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Important Dates

Key dates

Date of this Notice	7 December 2021
Last time and date for return of Proxy Forms	11.00am, 22 January 2022
Voting Record Date	7.00pm, 22 January 2022
Meeting Date	11.00am, 24 January 2022

Additional key dates in relation to the Merger

First Court hearing	7 December 2021
Aventus Meetings	25 January 2022
If the Merger is approved by Aventus Securityholders and all other Conditions Precedent in connection with the Merger are satisfied or waived (if applicable), the following key dates apply	
Second Court Hearing	2 February 2022
Merger implementation date	14 February 2022

All future dates are indicative only and, among other things, are (in relation to the Merger) subject to all necessary approvals from the Court and any other conditions to the Merger having been satisfied or, if applicable, waived. HMC Funds Management reserves the right to vary the times and dates set out above. Any changes to the above timetable will be announced on ASX and notified on HDN's website at https://hdn.home-co.com.au/.

Letter from the Chair

Simon Shakesheff
Chair

7 December 2021

Dear HDN Unitholder,

On behalf of the HMC Funds Management directors, I am pleased to invite you to participate in the general meeting of unitholders of HDN, which will be held at 11.00am (Sydney time) on 24 January 2022 (the **Meeting**). A significant purpose of the Meeting is for HDN Unitholders to consider and vote on a resolution relating to the proposed merger of HDN with Aventus Retail Property Fund (**Aventus Trust**), as part of a merger with Aventus Group (**Aventus**) (the **Merger**).

In addition, HDN Unitholders are asked to vote on other resolutions, unrelated to approval of the Merger, to amend the Investment Management Agreement, to ratify the institutional placements undertaken in July and September 2021 and to approve the issue of HDN Units to HCL as underwriter of the HDN distribution reinvestment plan (**DRP**).

Background to the Merger

On 18 October 2021, Home Consortium (**HomeCo**) and HDN announced that they have entered into a binding Scheme Implementation Deed with Aventus to acquire all Aventus Securities comprising units in Aventus Trust and shares in Aventus Holdings Limited (**Aventus Company**), via schemes of arrangement and subject to certain conditions.

If approved by HDN Unitholders and Aventus Securityholders, and subject to the other conditions to the Merger being satisfied, HDN will acquire all of the units in Aventus Trust by issuing 2.20 HDN Units for every 1 Aventus Unit (**Trust Scheme Consideration**). As part of the transaction, HomeCo will also contribute consideration comprising cash or HomeCo Securities to acquire all of the shares in Aventus Company.

Subject to requisite approvals, the Merger is expected to be implemented in February 2022. In this Notice, HDN, after it has acquired Aventus Trust, is described as the Merged HDN Group.

Recommendation in relation to the Merger

The HMC Funds Management Independent Directors[1] unanimously recommend that you vote in favour of the resolution to approve the issue of Trust Scheme Consideration in connection with the Merger. All HMC Funds Management directors intend to vote their own holdings in favour of that resolution.

Recommendation in relation to other resolutions

The HMC Funds Management Independent Directors[2] unanimously recommend that you vote in favour of all the other resolutions to be considered at the Meeting. All HMC Funds Management directors intend to vote their own holdings in favour of those resolutions.

1. As HomeCo is a party to the Merger, the HMC Funds Management directors who are also directors of HomeCo, have abstained from making a recommendation in relation to the Merger.
2. As HomeCo is interested in the resolutions to approve the amendments to the Investment Management Agreement and the underwriting of the DRP, the HMC Funds Management directors who are also directors of HomeCo, have abstained from making a recommendation in relation to those resolutions. Those common directors have joined with the independent directors in making a recommendation in relation to ratification of the placements.

Letter from the Chair continued

Reasons for and against the Merger

The HMC Funds Management Independent Directors believe the Merger represents a compelling opportunity to create value from two highly complementary property portfolios, providing HDN Unitholders with an enhanced investment proposition relative to HDN on a standalone basis, including:

- creating a leading ASX-listed Daily Needs REIT with a combined portfolio size of approximately $4.1 billion;
- compelling financial metrics with FY22 FFO per HDN Unit accretion of 4.0%[3] to HDN's standalone FY22 FFO per HDN Unit;
- strategic value from future last mile logistics infrastructure including a 2.5 million square metre landbank located in Australia's leading metropolitan markets and growth corridors; and
- significant growth pipeline with the opportunity to accelerate development and leverage the Merged HDN Group's enhanced scale, tenant relationships and development capabilities.

Potential reasons that you may wish to vote against the Merger include:

- you may disagree with the HMC Funds Management Independent Directors' unanimous recommendation, and believe that the Merger is not in your best interests;
- the Merged HDN Group will incur transaction costs of approximately $47.5 million (excluding the HomeCo Acquisition Fee);[4]
- the implementation of the Merger is expected to result in NTA per HDN Unit reducing from $1.35 to $1.24; and
- you may not want to be exposed to risks associated with the Merger and the Merged HDN Group.

The benefits and disadvantages of the Merger are set out in more detail in Section 2.3 of the Explanatory Memorandum, and the risks associated with the Merger are set out in Section 2.4.

HDN Unitholder resolutions

The following resolutions are required to be voted on at the Meeting by HDN Unitholders.

In relation to the Merger:

- approve the issue of the Trust Scheme Consideration.

In relation to other matters:

- approve the amendments to the Investment Management Agreement to allow for the issue of HDN Units to HomeCo in lieu of cash as payment for fees;
- ratify the institutional placement of HDN Units announced on ASX on:
  - Monday, 5 July 2021, which raised approximately A$70 million (**the July Placement**); and
  - Monday, 13 September 2021, which raised approximately A$88.3 million (**the September Placement**); and
- approve the issue of HDN Units to HCL as underwriter of the DRP.

3. On a full year basis.
4. In addition, if approval of the issue of the Trust Scheme Consideration is not obtained by the required majority of HDN Unitholders, HMC Funds Management must also reimburse Aventus for all external costs and expenses actually incurred and payable in relation to the Merger up to a maximum of $5 million (unless a Reverse Reimbursement Fee is payable, in which event HMC Funds Management must pay Aventus Trust $20.15 million).

The Resolutions contained in this Notice of Meeting are independent of one another, meaning the Merger may be implemented even if the Resolutions pertaining to other matters are not approved. Further details in respect of the resolutions contained in this Notice of Meeting are set out in Sections 1 to 6.

With COVID-19 still an ongoing health concern, we will be holding a virtual Meeting. HDN Unitholders are able to attend and participate in the Meeting via the online platform at https://meetings.linkgroup.com/HDN22.

Information regarding this process is set out in this Notice of Meeting and the accompanying Explanatory Memorandum. Further information is in the Virtual Meeting Online Guide which is available at https://hdn.home-co.com.au/Investor-Centre/?page=asx-announcements.

Even if you are planning to attend the Meeting online, we encourage you to lodge a proxy ahead of the Meeting in case, for any reason, you cannot attend the Meeting on the day (for example, if there are any technical difficulties). Please complete and return your Proxy Form by no later than 11.00am (Sydney time) on 22 January 2022 in accordance with the instructions on the Proxy Form.

On behalf of the HMC Funds Management directors, thank you for your consideration of the resolutions.

Yours faithfully,

SA Shakeshaff

Simon Shakesheff
Chair

Notice of General Meeting

Notice is hereby given that the General Meeting of unitholders of HomeCo Daily Needs REIT (ARSN 645 086 620) (**HDN**) (the **Meeting**) will be held on Monday, 24 January 2022 at 11.00am (Sydney time).

The Meeting will be held in virtual format only. HDN Unitholders will be able to view the Meeting live, ask questions and cast their votes in real time during the Meeting through an online platform provided by the Registry, Link Market Services, at https://meetings.linkgroup.com/HDN22. Further information on how to do this is set out in this Notice and the Virtual Meeting Online Guide available on the HDN website, which has also been lodged with ASX.

The online platform is intended to provide a reasonable opportunity for HDN Unitholders to participate, and the Meeting will operate on the basis that such participation will constitute HDN Unitholders being present at the Meeting for all purposes.

Voting on the resolution will occur by way of poll, and the online platform will enable HDN Unitholders to lodge a vote in real time. On a poll, each HDN Unitholder has one vote for each dollar of the value of the total interests they have in HDN. In accordance with section 253F of the Corporations Act, the value of a HDN Unitholder's total interest in HDN will be calculated by reference to the last sale price of HDN Units on the ASX on Friday, 21 January 2022. The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form constitute part of this Notice.

The Directors have determined that the persons eligible to vote at the Meeting are those who are registered as HDN Unitholders on Saturday, 22 January 2022 at 7.00pm (Sydney time).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in the Glossary.

HDN Unitholders should monitor the HDN website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Meeting.

Business of the Meeting

1. Resolution 1 – Issue of Trust Scheme Consideration

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for HMC Funds Management to issue the Trust Scheme Consideration to holders of Aventus Units under the Trust Scheme, constituting a reverse takeover of HDN, on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

HMC Funds Management will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- Aventus Trust;
- HomeCo; and
- any other person who will obtain a material benefit as a result of the Trust Scheme or the issue of HDN Units pursuant to Resolution 1 (except a benefit solely by reason of being a holder of HDN Units),

or an associate of any of the above persons.

However, this does not apply to a vote cast in favour of the Resolution by:

a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

   i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

   ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 – Amendments to Investment Management Agreement to permit the issue of HDN Units to the Investment Manager in lieu of cash payments for Fees

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That approval is given for all purposes for the Investment Management Agreement to be amended to permit the Investment Manager to require HMC Funds Management to issue HDN Units in lieu of cash to the Investment Manager or its nominee to satisfy amounts owing in respect of fees as further described in the Explanatory Memorandum."*

Voting Exclusion

HMC Funds Management will disregard any votes cast in favour of this Resolution by or on behalf of the Investment Manager, HomeCo or any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

   i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

   ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

3. Resolution 3 – Ratification of prior issue of July Placement Units

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> *"That, the issue of 48,275,862 HDN Units announced to ASX on 5 July 2021 on the terms and conditions summarised in the Explanatory Memorandum is ratified under and for the purposes of Listing Rule 7.4 and for all other purposes."*

Voting Exclusion

HMC Funds Management will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the July Placement or any associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

   i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

   ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

4. Resolution 4 – Ratification of prior issue of September Placement Units

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That, the issue of 54,854,195 HDN Units announced to ASX on 13 September 2021 on the terms and conditions summarised in the Explanatory Memorandum is ratified under and for the purposes of Listing Rule 7.4 and for all other purposes."*

Voting Exclusion

HMC Funds Management will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the September Placement or any associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

   i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

   ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

5. Resolution 5 – Issue of HDN Units to a related party underwriter in connection with Distribution Reinvestment Plan

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That, any issue of HDN Units to Home Consortium Limited as underwriter of the Distribution Reinvestment Plan on the terms and conditions summarised in the Explanatory Memorandum is approved under and for the purposes of Listing Rule 10.11 and for all other purposes."*

Voting Exclusion

HMC Funds Management will disregard any votes cast in favour of this Resolution by or on behalf of HomeCo or any associate of HomeCo.

However, this does not apply to a vote cast in favour of the Resolution by:

a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

   i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

   ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

General Voting Exclusion Statement

In accordance with section 253E of the Corporations Act, HMC Funds Management and its associates are not entitled to vote on Resolutions 1 – 5 if they have an interest in the Resolutions other than as a HDN Unitholder, unless the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

Dated: 7 December 2021

By order of the Board

Yours faithfully,

Andrew Selim
Company Secretary

HMC Funds Management Limited
as responsible entity of HomeCo Daily Needs REIT

Section 1

Explanatory Memorandum

Introduction

1.1 Overview

This Explanatory Memorandum has been prepared for the information of HDN Unitholders in connection with the business to be conducted at the Meeting to be held on 24 January 2022 at 11.00am (Sydney time).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted. Terms and abbreviations used in this Explanatory Memorandum are defined in the Glossary.

Business of the Meeting

Section 2	Resolution 1 – Issue of the Trust Scheme Consideration
Section 3	Resolution 2 – Approval of amendments to the Investment Management Agreement
Section 4	Resolution 3 – Ratification of prior issue of July Placement Units
Section 5	Resolution 4 – Ratification of prior issue of September Placement Units
Section 6	Resolution 5 – Issue of HDN Units to a related party underwriter in connection with Distribution Reinvestment Plan
Section 7	Glossary

Appendices

Appendix 1	Further information concerning the Merger, Aventus and the Merged HDN Group
Appendix 2	Summary of Investment Management Agreement
Appendix 3	Summary of Distribution Reinvestment Plan Underwriting Agreement

1.2 Chair

HMC Funds Management has appointed Simon Shakesheff, its Chair, as the Chair of the Meeting.

1.3 Eligibility to vote

Your vote is important. You are encouraged to attend and vote at the Meeting. If you cannot attend the Meeting, you should complete the Proxy Form. Please read the instructions on the Proxy Form carefully.

HDN Unitholders will be eligible to vote at the Meeting if they are registered holders of HDN Units on 22 January 2022 at 7.00pm (Sydney time). If you are in any doubt as to whether you are entitled to vote, please notify us immediately.

1.4 Voting methods

How to vote prior to the Meeting — HDN Unitholders may appoint a proxy online at www.linkmarketservices.com.au or by submitting a voting form to the Registry. Please note that your votes need to be received by no later than 11.00am (Sydney time) on 22 January 2022. To log in, you will need your holder identifier (SRN, HIN or employee identification) and postcode.

How to be present virtually and vote at the Meeting — The Meeting will be held in virtual format only. HDN Unitholders will have the opportunity to be present virtually via a live webcast and will be able to vote electronically via an online platform (including lodging a vote in real time and asking questions). You can access the platform at https://meetings.linkgroup.com/HDN22. To log in, you will need your holder identifier (SRN, HIN or employee identification) and postcode.

Voting will be available between the commencement of the Meeting (11.00am (Sydney time) on 24 January 2022) and the closure of voting as announced by the Chair during the meeting.

More information regarding online participation at the Meeting including how to vote and ask questions is available in the Virtual Meeting Online Guide. The Guide is available on the HDN website and has been lodged with the ASX.

1.5 Voting

Attorneys

A HDN Unitholder may appoint an attorney to vote on his or her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by HMC Funds Management at its registered office or by the Registry by no later than 11.00am (Sydney time) on 22 January 2022.

Corporate representatives

A body corporate which is a HDN Unitholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting in accordance with section 253B of the Corporations Act.

If you wish to appoint a body corporate as your proxy, you must specify on the Proxy Form:

- the full name of the body corporate appointed as proxy; and
- the full name or title of the individual representative of the body corporate who will be present virtually at the Meeting.

Representatives should provide satisfactory evidence of their appointment including any authority under which that appointment is signed prior to the Meeting (unless previously given to HMC Funds Management).

1.6 Voting by proxy

A HDN Unitholder entitled to be present virtually and vote at the Meeting is entitled to appoint a proxy. A proxy need not be a HDN Unitholder.

The appointment of one or more proxies will not preclude a HDN Unitholder from being present virtually and voting.

A HDN Unitholder entitled to cast more than one vote on a Resolution may appoint two proxies, in which case the HDN Unitholder should specify the proportion or number of votes that each proxy is appointed to exercise. If no proportions or numbers are specified, each proxy may exercise half of the HDN Unitholder's votes.

HDN Unitholders are encouraged to direct their proxies how to vote on the resolution by selecting the 'for', 'against' or 'abstain' box on the Proxy Form. If a proxy chooses to vote, then he/she must vote in accordance with the directions set out in the proxy appointment form.

If the Chair of the Meeting is appointed, or taken to be appointed, as a proxy but the appointment does not direct the proxy how to vote on the resolution, then the Chair intends to exercise the relevant HDN Unitholder's votes in favour of the Resolution (subject to the other provisions of these notes, including any voting exclusions set out in the Notice).

In order for the proxy appointment to be valid, completed Proxy Forms (together with any authority under which the proxy was signed or a certified copy of the authority) must be returned before 11.00am (Sydney time) on 22 January 2022 in one of the following four ways:

- **by mail**: Locked Bag A14, SYDNEY SOUTH, NSW 1235
- **online at**: www.linkmarketservices.com.au
- **by facsimile**: (+61) 2 9287 0309
- **by hand (within business hours)**: Level 12, 680 George Street, SYDNEY, NSW 2000.

Proxy Forms received later than this time will be invalid.

1.7 Asking questions at the Meeting

Questions from HDN Unitholders through the online platform are welcome at the Meeting.

HDN Unitholders can submit questions before the meeting online at www.linkmarketservices.com.au by logging into your holding, selecting voting and then “ask a question”. To submit a question during the Meeting, go to https://meetings.linkgroup.com/HDN22 and click on “Ask a Question”.

Questions submitted before the Meeting should be received by no later than 5.00pm (Sydney time) on 20 January 2022.

The Chair will seek to address as many of the more frequently raised topics as possible. Please note that individual responses will not be sent.

1.8 Technical difficulties

Technical difficulties may arise during the Meeting. The Chair has discretion as to whether and how the Meeting should proceed if a technical difficulty arises. In exercising his discretion, the Chair will have regard to the number of HDN Unitholders impacted and the extent to which participation in the business of the Meeting is affected.

Where he considers it appropriate, the Chair may continue to hold the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, if HDN Unitholders have already decided how they will cast their vote, they are encouraged to lodge a proxy by 11.00am (Sydney time) on 22 January 2022 even if they plan to attend online.

Section 2

Resolution 1 – Issue of the Trust Scheme Consideration

2.1 Summary of the Merger

a) Overview of Aventus Trust

Aventus is Australia's leading Large Format Retail owner, manager and developer. Aventus owns and manages 19[1] Large Format Retail properties valued at approximately $2.3 billion[2] with a large land bank of 1.2 million square metres and a low site coverage ratio of 44%. Aventus' portfolio has an east coast metropolitan focus with a large exposure to metropolitan Sydney.

Aventus is an internally managed REIT and is structured as a stapled entity, with each stapled security in Aventus comprising one unit in Aventus Trust and one share in Aventus Company.

Aventus employs approximately 75 people across the group's internal asset management, leasing, development teams and corporate function, which includes finance, treasury, funds management and investor relations.

Since listing in 2015, Aventus has recorded over $500 million in valuation gains driven by income growth and capitalisation rate compression, and delivered over $125 million of development projects with an average cash yield of over 9% per annum[3].

b) Background to and overview of the Merger

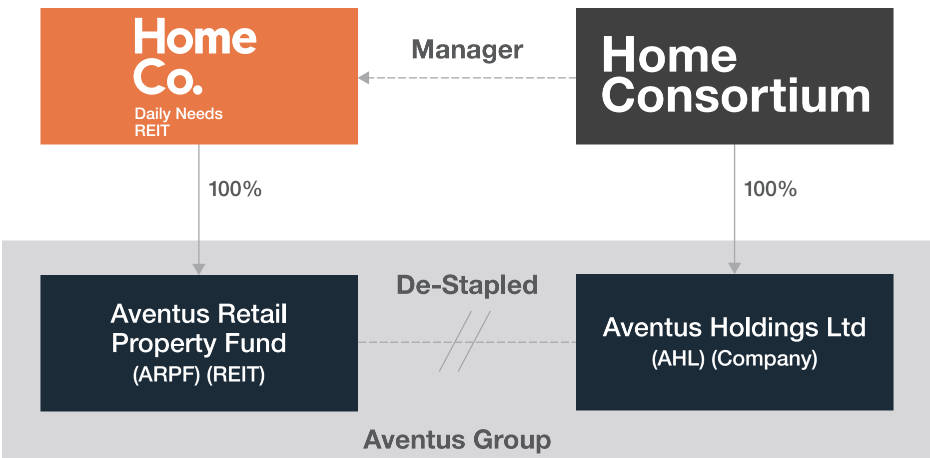
On 18 October 2021, HomeCo and HDN announced that they entered into a binding Scheme Implementation Deed with Aventus to acquire all Aventus Securities via schemes of arrangement and subject to certain conditions.

If approved by HDN Unitholders and Aventus Securityholders, and subject to the other conditions to the Merger being satisfied, HDN will acquire all of the units in Aventus Trust by issuing 2.20 HDN Units for every 1 Aventus Unit. As part of the transaction, HomeCo will contribute consideration comprising of $0.285 cash or 0.038 HomeCo Securities per Aventus Share to acquire all of the shares in Aventus Company.

The Merger will be effected by the unstapling of Aventus Units from Aventus Shares followed by the acquisition of Aventus Trust by HMC Funds Management and the acquisition of Aventus Company by HomeCo by way of an interdependent Trust Scheme and Members' Scheme. In this Explanatory Memorandum, the merged HDN and Aventus Trust is referred to as the Merged HDN Group.

If the Merger is implemented, the structure of the Merged HDN Group will be as follows:

Post-Merger simplified ownership structure



1. Adjusted to reflect post balance sheet date disposal of MacGregor.
2. As at 30 June 2021.
3. Refers to historical return on invested capital on income producing development spend.

Resolution 1 – Issue of the Trust Scheme Consideration continued

c) Conditions of the Merger (including overview of approval requirements from holders of Aventus Securities)

The implementation of the Merger is subject to a number of Conditions Precedent, including:

- BBRC (the largest securityholder in Aventus) obtaining approval from the Foreign Investment Review Board;
- necessary ASIC and ASX approvals and exemptions being obtained;
- Aventus Securityholders approving all the resolutions to be considered at the Aventus Meetings by the required majorities and HDN Unitholders approving this Resolution to approve the issue of the Trust Scheme Consideration by the required majority;
- the Independent Expert appointed by Aventus concluding (and not changing its conclusion) that the Merger is in the best interests of Aventus Securityholders (other than Excluded Securityholders);
- the Court approving the Members' Scheme and providing the Second Judicial Advice;
- no court or Government Agency imposing restraints that prevent implementation of the Merger;
- no Aventus Prescribed Occurrences or HDN Prescribed Occurrences;
- no Aventus Material Adverse Change or HDN Material Adverse Change;
- the HDN Units and HomeCo Securities to be issued pursuant to the Trust Scheme and the Members' Scheme (respectively) being approved for official quotation by ASX; and
- receipt of an ATO ruling in respect of rollover relief in relation to Aventus Units.

The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed. In addition to the Conditions Precedent, the parties to the Scheme Implementation Deed have agreed to engage with the ACCC in relation to the Merger.

The Merger will not proceed unless all the Conditions Precedent are satisfied (or waived, if applicable) before 15 May 2022 (or such later date as Aventus, HMC Funds Management and HomeCo may agree) in accordance with the Scheme Implementation Deed.

d) Participation by HomeCo in the Merger

HomeCo has joined with HDN in proposing the Merger. In that regard HMC Funds Management and HomeCo have entered into a Co-operation Agreement that regulates the relationship between HDN and HomeCo in implementing the Merger.

As part of the transaction, HomeCo will acquire all of the shares in Aventus Company in exchange for consideration comprising of $0.285 cash or 0.038 HomeCo Securities per Aventus Share. The effect of that acquisition is that HomeCo will acquire the management rights to Aventus and HMC Funds Management will continue in its role as responsible entity and trustee of the Merged HDN Group.

e) Need for HDN Unitholder approval under Listing Rule 7.1 and overview of operation of Listing Rule 7.1

Listing Rule 7.1 limits the number of equity securities that a listed entity may issue without the approval of its securityholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period (subject to certain adjustments and permitted exceptions).

Issues of securities under, or to fund, a takeover bid or merger by scheme of arrangement are excluded from the restrictions in Listing Rule 7.1 where the terms of the issue are disclosed in the takeover or scheme documents. However, a "reverse takeover" is not covered by this exception. The Listing Rules defines a "reverse takeover" as being where the number of equity securities to be issued by the entity (the acquirer) to target securityholders is equal to or greater than the number of fully paid ordinary securities on issue in the entity at the date of announcement of the takeover or scheme.

In the case of the Merger, there were 790,663,774 HDN Units on issue on 18 October 2021, being the date the Merger was announced.[4] Under the Scheme Implementation Deed, if the Merger is implemented, HDN will issue 2.20 HDN Units for each Aventus Unit acquired under the Trust Scheme resulting in the issue of 1,257,007,138 HDN Units. Accordingly, the Trust Scheme constitutes a "reverse takeover" under Listing Rules and the issue of the Trust Scheme Consideration does not fall within any of the exceptions to Listing Rule 7.1 in Listing Rule 7.2. As the Trust Scheme Consideration exceeds the 15% limit in ASX Listing Rule 7.1, it therefore requires the approval of HDN Unitholders under Listing Rule 7.1.

f) Summary of the implications if the issue of the Trust Scheme Consideration is not approved

If this Resolution to approve the issue of the Trust Scheme Consideration is not approved by the required majority:

- the Merger will not proceed and HDN will not acquire Aventus' portfolio of properties;
- the number of HDN Units on issue will not be expanded by the issue of the Trust Scheme Consideration;
- HMC Funds Management must reimburse Aventus for all external costs and expenses actually incurred and payable in relation to the Merger up to a maximum of $5 million (unless the Reverse Reimbursement Fee is payable);
- if a HDN Competing Proposal has been announced[5] HMC Funds Management will be required to pay a Trustee Reverse Reimbursement Fee to Aventus Trustee of $20.15 million;[6]
- HMC Funds Management will continue with the implementation of its business strategy;
- the Investment Manager will not receive the HomeCo Acquisition Fee; and
- HMC Funds Management will incur transaction costs of approximately $2.1 million from pursuing the Merger.

g) Specific information required by Listing Rule 7.3

Listing Rule 7.3 requires that the following information be provided to HDN Unitholders in relation to Resolution 1:

- Resolution 1 involves the issue of HDN Units which constitutes a reverse takeover as detailed in Section 2 and Appendix 1 to this Explanatory Memorandum;
- 1,257,007,138 HDN Units will be issued to Scheme Securityholders (or, in the case of Ineligible Foreign Securityholders, the Sale Agent)[7];
- Resolution 1 is subject to the voting exclusion statement in Section 1 of the Notice of Meeting;
- HMC Funds Management will issue 2.20 HDN Units for each Aventus Unit acquired;
- the Trust Scheme Consideration:
  - will be issued on or by the Implementation Date;
  - is being issued pursuant to the Scheme Implementation Deed summarised in Section 5.1 of Appendix 1; and
  - is being issued to fund the acquisition of Aventus Trust.

2.2 Further information concerning the Merger, Aventus and the Merged HDN Group

Appendix 1 to this Explanatory Memorandum contains further information concerning the Merger and the assets and liabilities, financial performance, financial position and prospects of Aventus and the Merged HDN Group.

4. Excludes 3,927,429 HDN Units issued after 18 October 2021 pursuant to the September 2021 DRP.
5. A HDN Competing Proposal is, in summary, a proposal or transaction that would require or cause HMC Funds Management to abandon or otherwise not proceed with the Merger. See also the definition of HDN Competing Proposal in Section 7 of this Explanatory Memorandum.
6. HomeCo would also be required to pay a Company Reverse Reimbursement Fee of $1.63 million to Aventus.
7. The HDN Units that would have been issued to Ineligible Foreign Securityholders will instead be issued to the Sale Agent, who will be required to sell the HDN Units as soon as reasonably practicable on ASX in accordance with the terms of the Sale Facility.

2.3 Board recommendation, benefits and disadvantages of the Merger

a) Recommendation of the HMC Funds Management Independent Directors

The Merger presents a number of benefits, as well as potential disadvantages and risks. On balance, the HMC Funds Management Independent Directors believe that the advantages of the Merger outweigh the disadvantages and risks associated with the Merger.

The HMC Funds Management Independent Directors unanimously recommend that you vote in favour of the resolution to approve the issue of the Trust Scheme Consideration in connection with the Merger. As HomeCo is a party to the Merger, the HMC Funds Management directors who are also directors of HomeCo, have abstained from making a recommendation in relation to the Merger.

The potential benefits of the Merger are set out below and are considered by the HMC Funds Management Independent Directors as reasons why they recommend that HDN Unitholders should vote in favour of the Merger.

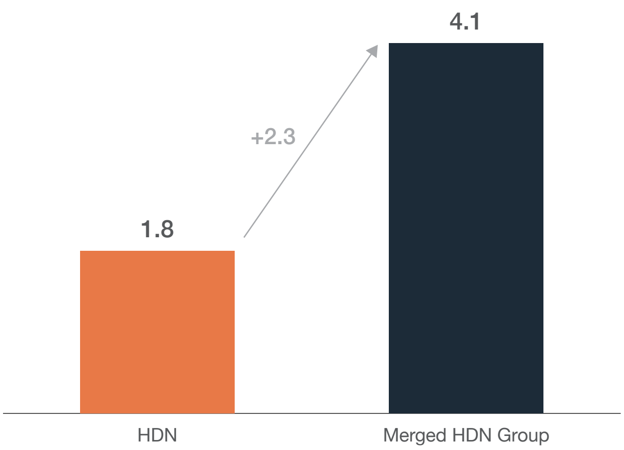
b) Benefits of the Merger

Creates Australia's leading Daily Needs REIT

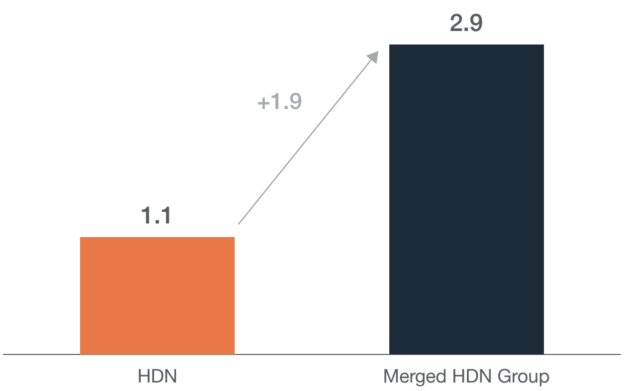
The Merged HDN Group's portfolio will consist of 51 properties valued at approximately $4.1 billion. The increased scale, tenant relationships and management capabilities of the Merged HDN Group are expected to create additional value that would not have been accessible to HDN on a standalone basis. The combined portfolio will benefit from a high quality, diversified income profile across more than 1,200 tenants, supporting HDN's objective of delivering stable and growing distributions.

In addition, the significant increase in market capitalisation of HDN is expected to result in the Merged HDN Group being eligible for inclusion in the S&P/ASX 200 index, as well as greater liquidity and relevance for equity investors.

Portfolio value ($bn)



Market capitalisation ($bn)[8]

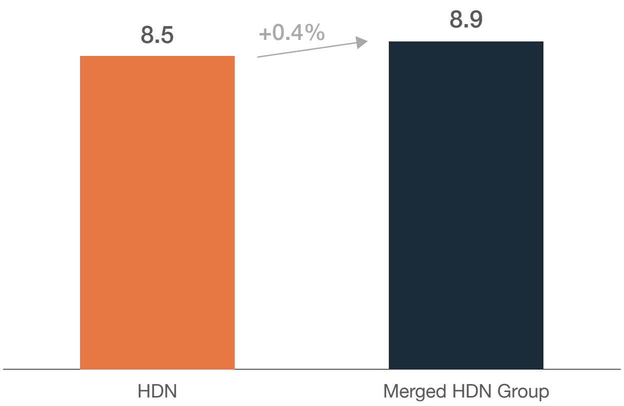


Compelling financial metrics

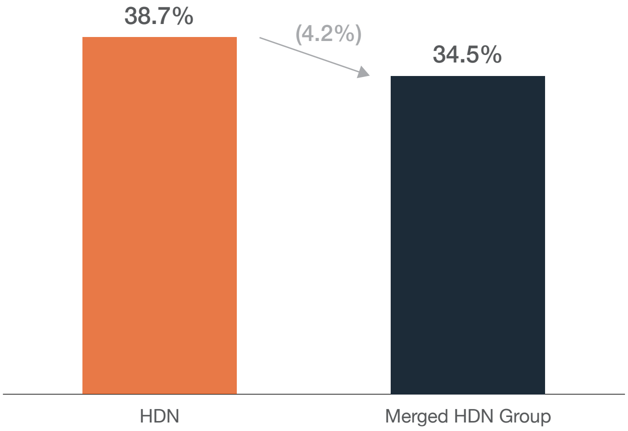
The Merger is expected to deliver significant increased FY22 FFO accretion of approximately 4.0%[9]. The Merged HDN Group is expected to have pro forma Gearing of approximately 34.5%, within the target Gearing band of 30% to 40%. The Merged HDN Group's balance sheet is expected to accelerate investment opportunities consistent with the Model Portfolio.

8. As at the Last Practicable Date.
9. On a full year basis.

FY22 FFO (cpu) accretion[10]



Pro forma balance sheet Gearing[11]

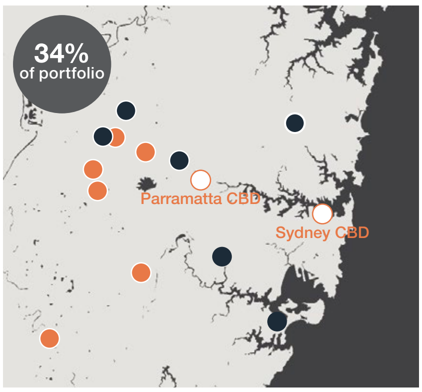


Strategic value from future last mile logistics infrastructure

The Merged HDN Group's portfolio comprises a strategic last mile infrastructure network, spanning 2.5 million square metres in Australia's leading markets and growth corridors.

National last mile logistics network

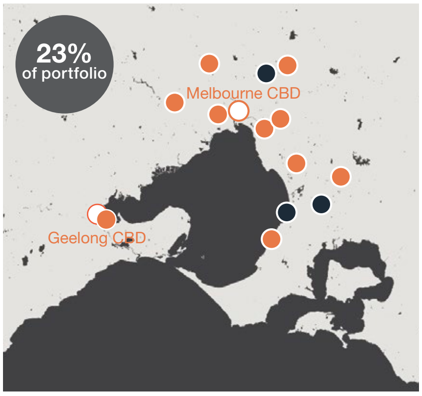
Greater Sydney



Population growth of 1.9%

4m people (68% of population) living within 10km of a Merged HDN Group property

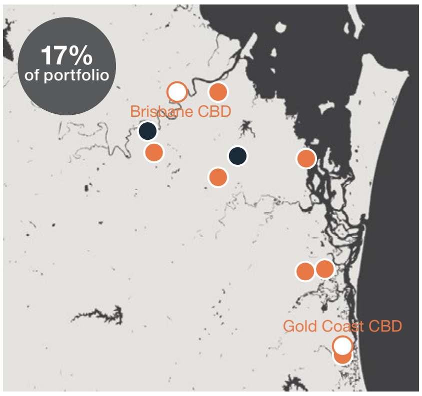
Greater Melbourne



Population growth of 2.0%

4m people (72% of population) living within 10km of a Merged HDN Group property

Greater Brisbane



Population growth of 1.6%

2m people (57% of population) living within 10km of a Merged HDN Group property

● HDN ● AVN

10. HDN FY22 pre-Merger FFO/unit based on guidance given to market in September 2021 and Merged HDN Group FY22 pro forma FFO/unit assumes the Merger was implemented on 1 July 2022 (i.e. full year impact).
11. HDN pre-Merger Gearing assumes pro forma adjustments outlined in Appendix 1.

Resolution 1 – Issue of the Trust Scheme Consideration continued

The Merged HDN Group's portfolio is well positioned to capitalise on last mile logistics demand with attributes including:

- across all assets in New South Wales, Victoria, Queensland, South Australia and Western Australia, more than 12 million people live within a 10 kilometre radius of a Merged HDN Group property;
- 80% of properties are located in metro areas;[12]
- 92% of properties are located on Australia's eastern seaboard;[13] and
- 70% of tenants have click and collect.[14]

Significant growth pipeline and investment opportunity

The Merged HDN Group will have a landbank in excess of 2.5 million square metres with flexible zoning and low site coverage ratio of 38%, providing significant development potential. The Merged HDN Group intends to target more than $60 million[15] of annual development capital expenditure from FY23 onwards with a target return on invested capital (**ROIC**) in excess of 7%.[16]

Approximately $150 million of brownfield development opportunities are expected to be pursued in the first 24 months following the Merger. Over the longer term, it is estimated that more than $300 million of major development opportunities may be available across the combined portfolio.

Merged HDN Group development opportunities

Property	Opportunities	Approximate size (sqm)
Near term brownfield opportunities		
HDN properties	Childcare, health and services, centre expansion, F&B precinct, LFR expansion	20,000
Aventus properties	Medical, childcare, centre expansion, expansion on potential excess land	20,000
Merged HDN Group portfolio		**40,000**
Longer term major development opportunities		
HDN properties	Town centre redevelopment, supermarket, childcare, LFR expansion	>23,500
Aventus properties	Town centre redevelopment	>60,000
Merged HDN Group portfolio		**>83,500**
Merged HDN Group portfolio		**>123,500**

12. By property fair value as at 30 June 2021.
13. By property fair value as at 30 June 2021. Portfolio summary and geographic mix charts shown in section 3.2 of Appendix 1 may not add to 92% due to rounding.
14. As at 30 June 2021. Average of HDN and Aventus. Excludes fuel and services tenants for HDN.
15. Estimate only and subject to investment committee and other approvals.
16. Target cash yield on development cost.

c) Disadvantages of the Merger

There are potential reasons why you may consider voting against the Merger, as outlined below.

You may disagree with the HMC Funds Management Independent Directors' unanimous recommendation, and believe that the Merger is not in your best interests

Notwithstanding the unanimous recommendation of the HMC Funds Management Independent Directors, you may believe that the Merger is not in your best interests. You may prefer to keep your HDN Units to maintain your investment in a property portfolio with HDN's specific characteristics, including but not limited to risk, return and liquidity characteristics.

Merged HDN Group will incur transaction costs of approximately $47.5 million (excluding HomeCo Acquisition Fee)

The Merged HDN Group will incur transaction costs (expected to comprise stamp duty, advisory and other ancillary costs) of approximately $47.5 million (excluding the HomeCo Acquisition Fee) in connection with the Merger if implemented and approximately $2.1 million (inclusive of GST) of transaction costs if the Merger does not proceed.[17]

The implementation of the Merger is expected to result in HDN's NTA per HDN Unit reducing from $1.35 to $1.24

The implementation of the Merger is expected to result in HDN's NTA per HDN Unit reducing from $1.35 to $1.24. This dilution is partly due to the transaction costs detailed above. Further detail regarding the financial impact of the Merger is outlined in Section 4 of Appendix 1 to this Explanatory Memorandum.

You may not want to be exposed to risks associated with the Merger and the Merged HDN Group

There are potential risks associated with the Merger as well as risks associated with the Merged HDN Group including exposure to Aventus' portfolio and business going forward. These are outlined in greater detail in Section 2.4.

2.4 Risk factors

a) Introduction

This section sets out risk factors associated with the Merger, including specific risks relating to the Merged HDN Group and general investment risks associated with all REITs including HDN.

There are a number of risk factors that could adversely affect HDN's financial performance, financial position and cash flows including:

- risks specific to the Merger;
- specific risks relating to the Merged HDN Group; and
- general risks relating to the Merged HDN Group.

The risks summarised below and the information set out in this section should be considered in conjunction with other information contained in this Explanatory Memorandum and are:

- not, and should not be relied on as, or considered to be, an exhaustive list of the risks that HDN Unitholders may face or be exposed to if the Merger is implemented; and
- considered general and have been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any HDN Unitholder or any other person. Each HDN Unitholder should consult an independent and appropriately licensed and authorised professional adviser before making any investment decision and any decision as to whether or not to vote in favour of the Merger as relevant to you.

17. In addition, if approval for the issue of the Trust Scheme Consideration is not obtained by the required majority of HDN Unitholders, HMC Funds Management must also reimburse Aventus for all external costs and expenses actually incurred and payable in relation to the Merger up to a maximum of $5 million (unless a Reverse Reimbursement Fee is payable, in which event HMC Funds Management must pay Aventus Trustee $20.15 million).

Resolution 1 – Issue of the Trust Scheme Consideration continued

Additional risks and uncertainties that Aventus or HMC Funds Management are currently unaware of, or that may currently be considered immaterial, may also become important factors that can adversely affect the Merged HDN Group's operating and financial performance.

b) General investment risks

HDN Units may trade on ASX at, above or below the issue price or NTA per HDN Unit. The price at which HDN Units trade on ASX may be affected by a range of factors including:

- movements and volatility in international and local share markets;
- general economic conditions in Australia and offshore including inflation, interest rates and exchange rates;
- recommendations by brokers and analysts;
- changes in government, fiscal, monetary and regulatory policies;
- changes to laws (particularly taxation laws);
- inclusion or removal from market indices;
- taxation; and
- changes in the supply and demand of listed property securities.

These fluctuations could have materially adverse effects on the trading performance of the HDN Units. No assurances can be made that the performance of the HDN Units will not be adversely affected by such market fluctuations.

c) Risks specific to the Merger

Merger may not proceed or may be delayed

The obligations of HDN to implement the Merger are conditional on the satisfaction or waiver of Conditions Precedent including the granting of the Second Judicial Advice and Court approval of the Members' Scheme, regulatory approvals (including FIRB approval) and Aventus Securityholder approval.

In addition to the Conditions Precedent, the parties to the Scheme Implementation Deed have agreed to engage with the ACCC in relation to the Merger and HMC Funds Management must consider in good faith any requests or requirements of the ACCC. On 17 November 2021, the parties requested that the ACCC grant informal clearance for the Merger.

There is a risk that these Court, regulatory, and Aventus Securityholder approvals may not be obtained. This may result in the implementation of the Merger being delayed or not proceeding.

Change in risk and investment profile

Currently, HDN consists of a portfolio of convenience-based retail assets. The Merged HDN Group will have significant exposure to the Large Format Retail sector in Australia. There will be material differences between the asset portfolio, capital structure, tenants and the size of the Merged HDN Group and HDN currently.

The Merged HDN Group's portfolio will temporarily diverge from the Model Portfolio and will have a shorter WALE in comparison to HDN currently. The Merged HDN Group will seek to mitigate these risks by rebalancing the combined portfolio through tenant remixing, developments and acquisitions. HMC Funds Management has undertaken preliminary analysis which has identified a substantial number of complementary Daily Needs and Health & Services remixing opportunities which are permissible under the planning framework. There is a risk that the execution of this strategy may be negatively impacted due to prevailing market conditions at the time.

Integration risks

The long-term success of the Merged HDN Group will depend, amongst other things, on the success of management in integrating the respective businesses.

There is a risk that implementation of the Merger may not result in the full realisation of expected benefits due to various factors including:

- the integration of information systems and transition of data, technical, financial and legal information and resources may not proceed smoothly and may divert management's attention from managing the Merged HDN Group's business;
- asset-specific knowledge may not be transitioned efficiently and effectively, resulting in disruption to the business of the Merged HDN Group;
- key management personnel who are involved in the HDN business may depart from the Investment Manager or HomeCo, resulting in loss of management expertise; and
- tenants in the Aventus portfolio with upcoming lease expiries may have preferred to continue to be managed over the long term by Aventus and therefore seek to occupy alternative premises. HMC Funds Management is an experienced owner and manager of Large Format Retail properties and will seek to engage with tenants post implementation of the Merger to reassure them of HMC Funds Management's capabilities as the manager of properties in the Merged HDN Group portfolio.

As a result, revenue streams or operations could be disrupted, anticipated synergies, efficiencies and benefits may only be achieved in part or not at all or after a delay, and costs associated with the transition may be greater than expected, which could adversely affect the Merged HDN Group's financial position and performance and the future prospects of the Merged HDN Group.

Integration risks are mitigated through the experienced and high credentialed HMC Funds Management Board, the Investment Manager and the HomeCo management team. HMC Funds Management and the Investment Manager has demonstrated experience in asset and funds management and property investment and management.

Due diligence

HMC Funds Management and HomeCo have conducted due diligence investigations of Aventus in connection with the Merger. There is a risk, however, that HMC Funds Management may not have conducted due diligence on all material information and that any assumptions made during the due diligence period may prove to be false or incorrect.

Further, if any of the data or information provided to or relied upon by HMC Funds Management in its due diligence investigations for the Merger and/or the preparation of this Notice proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of the Merged HDN Group may be materially different to the financial position and performance expected by HMC Funds Management and reflected in this Notice.

Value of HDN Units is not certain

After the Merger is implemented, the price of HDN Units will rise or fall depending on market conditions and the Merged HDN Group's financial and operating performance.

In addition, the Sale Agent will be issued HDN Units attributable to Ineligible Foreign Securityholders and will aim to sell them on-market as soon as reasonably practicable after the Implementation Date. It is possible that such sales may exert downward pressure on the Merged HDN Group's unit price during the applicable period. In any event, there is no guarantee regarding the prices that will be realised by the Sale Agent or the future market price of the HDN Units. Future market prices are uncertain – they may be either above or below current or historical market prices.

Resolution 1 – Issue of the Trust Scheme Consideration continued

Refinancing risk

There is a risk that Aventus' current lenders require their existing facilities to be repaid. The Merged HDN Group's ability to refinance existing Aventus debt will be impacted by market conditions, the financial status of the Merged HDN Group, the value of the Merged HDN Group properties and prevailing economic conditions, including interest rates, at the time of refinancing. To mitigate this risk, a relationship bank of HMC Funds Management and Aventus (**Underwriter**) has committed to provide a Backstop Facility to replace any departing lender's existing debt facility. The Backstop Facility is summarised in Section 3.4(b) of Appendix 1.

Obligation to pay Reverse Reimbursement Fee

As the number of HDN Units that will be issued as Merger consideration will exceed HDN's 15% placement capacity under Listing Rule 7.1 (and the exception for issues of securities as consideration under a scheme is not available, as the number of HDN Units that will be issued will exceed 100% of the HDN Units currently on issue), HDN Unitholder approval is required before the HDN Units can be issued as Merger consideration to Aventus Securityholders. HDN Unitholders passing the Reverse Takeover Resolution by the requisite majority is a Condition Precedent to the Merger. The Reverse Takeover Resolution must be passed by more than 50% of the total number of votes cast by HDN Unitholders.

HMC Funds Management and HomeCo will be required to pay a Reverse Reimbursement Fee of $20.15 million and $1.63 million to the Aventus Trustee and Aventus Company respectively, if a HDN Competing Proposal has been announced[18] and the Reverse Takeover Resolution is not passed at the Meeting.

If HDN Unitholders fail to approve the Reverse Takeover Resolution by the required majority or the Condition Precedent of the Scheme Implementation Deed requiring HDN Unitholder approval has not been satisfied by 15 May 2022 (or such later date agreed by the parties), HMC Funds Management must reimburse Aventus for all external costs and expenses actually incurred and payable in relation to the Merger up to a maximum of $5 million (unless a Reverse Reimbursement Fee is payable, in which event HMC Funds Management must pay Aventus Trustee $20.15 million).

Accounting risks

The Merger is likely to result in the integration of Aventus' and HMC Funds Management's accounting functions. This integration may lead to revisions of each of their stand-alone accounting policies, which consequently, may adversely impact on the Merged HDN Group's reported results of operational and financial performance.

AMIT status of HDN

As at the date of this Notice, for Australian income tax purposes, HDN is an attribution managed investment trust (**AMIT**) and Aventus Trust is not an AMIT. Due to the profile of unitholders in HDN following the Merger, unless circumstances change, HDN will not qualify as an AMIT or a Managed Investment Trust (**MIT**) for the income year commencing 1 July 2022 and future income years. If HDN is not an AMIT or a MIT in an income year, the key income tax implications for HDN Unitholders are:

- distributions of taxable income (i.e. consisting of rental income or future capital gains) to non-resident unitholders for that income year will be subject to a non-final withholding tax, the rate of which will depend on the profile of the unitholder but is broadly 30% for companies or 45% for other types of unitholders. Such unitholders will be required to lodge an Australian income tax return and subject to tax on assessment at their applicable tax rate, with a credit for the amount of tax withheld from the distribution. Under the AMIT regime, the rate of withholding on distributions of taxable rental income or future capital gains to non-resident unitholders who are tax residents in Exchange of Information (**EOI**) countries for MIT purposes is a final tax and the rate is 15% or 30% for non-resident unitholders from non-EOI countries;
- HDN's taxable income will need to be fully distributed to unitholders each income year to avoid HMC Funds Management being subject to tax at the highest marginal tax rate (i.e. currently 47%) on any undistributed income. Under the AMIT rules, HDN's income is taxed in the hands of unitholders via the AMIT attribution mechanism which permits income to be retained by HDN, if HMC Funds Management so chooses;

18. A Competing Proposal is, in summary, a proposal or transaction that would require or cause HMC Funds Management to abandon or otherwise not proceed with the Merger. See also the definition of HDN Competing Proposal in Section 7 of this Explanatory Memorandum.

- if HDN's taxable income as advised to unitholders in the relevant income year is subsequently found to be understated or overstated, HMC Funds Management may need to issue new distribution statements to investors which may require investors to amend their individual tax returns. Under the AMIT regime, there is a legislated "under and over" provision which allows certain prior year variances to be reflected in later income years when they are discovered; and
- if HDN makes a cash distribution that is less than its taxable income, unitholders are taxed on the taxable income amount and there is no increase in the CGT cost base of HDN's Units in the hands of unitholders. Accordingly, any shortfall between the cash distribution and the taxable income may potentially be subject to double taxation. Under the AMIT regime, in this situation the CGT cost base of the relevant units is increased by the amount of the shortfall.

Stamp Duty

If the value of the Aventus portfolio increases in the period to implementation of the Merger, this may result in higher stamp duty incurred by the Merged HDN Group and higher transaction costs.

Compliance

As a responsible entity, HMC Funds Management is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy. If it breaches the Corporations Act or the terms of its Australian Financial Services Licence, ASIC may take action to suspend or revoke the licence, which in turn would adversely impact the ability of HMC Funds Management to operate the Merged HDN Group.

Contractual Risk

There are a number of risks associated with the existing material contracts of the Aventus Group including the risk that the Merger may enliven a third party right to terminate a contract or for a contract's terms to be varied so as to be less favourable to the Aventus Group. There is the risk that some of Aventus Group's existing material contracts may be unilaterally terminated for convenience or suspended by counterparties, which are generally subject to prior written notice.

In addition, if the Merger is implemented some material contracts may not be renewed or may be renewed on less favourable terms, which may have a materially adverse effect on the Merged HDN Group's business, operating and financial performance.

Retention of Employees

The success of the Merger following implementation will depend in part upon the ability for the Merged HDN Group to retain people who are identified as key employees.

There is a risk that key management staff of Aventus, including Darren Holland and Lawrence Wong, do not take up positions within HomeCo and do not become responsible for the management of the Merged HDN Group. HomeCo personnel or new hires will not have the same familiarity with Aventus and its assets, although HomeCo has stated that it believes that its current staff with limited new hires will have the ability to manage integration and the Aventus assets effectively.

If there is a departure of key employees during the pendency of the Merger or as a result of the Merger, the business of the Merged HDN Group could be adversely affected.

Furthermore, the Merged HDN Group may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent to the business and ability to realise the anticipated benefits of the Merger may be adversely affected.

Implementation of the Merger could result in the termination of management positions or reemployment contracts of certain executives or employees, resulting in significant redundancy payments.

Pro forma financial information

The pro forma financial information in this Notice is for illustrative purposes only and may not be an indication of the Merged HDN Group's financial performance or position following the Merger. The pro forma forecast FFO per unit of the Merged HDN Group was prepared on the assumption that the Merger was implemented on 1 July 2021. Although the pro forma financial information was prepared in accordance with Australian Accounting Standards with appropriate adjustments and assumptions being made, there is no guarantee that the adjustments and assumptions remain accurate due to unforeseen circumstances, and the actual results may differ significantly from the forecasts. The financial information utilises a value of consideration of 2.20 HDN Units and 0.038 HomeCo Securities paid for each Aventus Security, representing an implied value of $3.82 based on the closing prices of HDN and HomeCo on 15 October 2021. The actual purchase consideration paid to Aventus Securityholders will be measured on the value of HDN Units and HomeCo Securities at the close of trading on the date that control passes, which may be materially different from the value used in the pro forma financial information. The adjustments and assumptions used in preparing the pro forma financial information may not be accurate, and the financial situation and performance of the Merged HDN Group may differ from the pro forma financial information.

Transaction costs

The HDN Group and Aventus have incurred significant costs in respect of the Merger, including costs relating to negotiations, retaining legal and financial advisers, engaging an Independent Expert, court and regulator fees, and preparing the Scheme Booklet and this Notice. Implementation of the Merger will result in a one-off transaction fee of approximately $47.5 million (excluding HomeCo Acquisition Fee)[19] being incurred by the Merged HDN Group, and HMC Funds Management is expected to pay $2.1 million regardless of whether the Scheme is implemented. The Merged HDN Group is also likely to face integration costs which are difficult to predict until the integration process commences.

d) Specific risks relating to the Merged HDN Group

The following risk factors will be relevant to the Merged HDN Group after the implementation of the Merger. HDN Unitholders are already exposed to several of these risks to the extent they are relevant to HDN as a stand-alone entity.

Development risks

There are typically higher risks associated with development activities than holding developed assets. There is a risk that contractors engaged in these development projects may fail to complete the work in a timely and cost-effective manner due to adverse weather conditions, changes to COVID-19 restrictions, industrial disputes delays in authority inspections or regulatory approvals or a builder/consultant experiencing financial difficulties, shortages or delay in availability of labour and/or supplies and materials. Delays or stoppages of these development works could result in a loss of rental income and reduced profitability for the Merged HDN Group. Furthermore, once these development works are completed, there is a possibility that there may be residual construction defects, which could result in claims being made against the Merged HDN Group. Even where a development is under a fixed price contract, there is a risk of potential contractor default where actual development costs are materially greater than expected. In those circumstances, the actual development costs may not be able to be funded by the contractor and the development may not complete unless the Merged HDN Group agrees to bear the excess costs or is able to replace the contractor. In addition, the Merged HDN Group may suffer loss of rent in respect of a delay in completion.

Although a portion of these risks will have been mitigated through the inclusion of contractual provisions (e.g. warranties and third party obligations to rectify defects, backed by bank guarantees), not every defect will be covered by these measures. If a claim is made against the Merged HDN Group, it will have an adverse effect on its financial performance and reputation.

In addition, there is a risk that identified development pipeline and expansion opportunities may not be realised due to factors such as changes in economic conditions, the timing and extent of anticipated planning, zoning, regulatory approvals and tenant pre-leasing not aligning with initial estimates.

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19. Excludes HomeCo Acquisition Fee which is expected to be paid in HDN Units, subject to HDN Unitholders approving the amendments to the Investment Management Agreement to allow any acquisition fee to be paid to the Investment Manager or its nominee in HDN Units, cash or both (at the Investment Manager's election).

The Merged HDN Group's dependence on corporate services from HomeCo

HDN receives corporate services in some areas from HomeCo. The Merged HDN Group will be reliant on HomeCo for the provision of those corporate services and will be reliant on HomeCo for the standard of services it receives. As a result, it will have limited control over the standard of those services. If there is any disruption to the provision of these services, there may be a negative impact on the ability of the Merged HDN Group to advance its business plans.

Relationship with HomeCo

Although HMC Funds Management believes that its close association with HomeCo will bring many benefits, there are also certain risks that are inherent in the relationship.

HomeCo is expected to retain a substantial interest in the Merged HDN Group. While this will help to align the interests of HomeCo with investors in the Merged HDN Group, there is no obligation on HomeCo to act solely in the interests of the Merged HDN Group. In addition, with its substantial holding, HomeCo and its associates are likely to have significant influence over any resolution put to HDN Unitholders, including a resolution to remove HMC Funds Management.

In performing its roles of responsible entity of the Merged HDN Group, co-owner of certain of the properties, manager of the Merged HDN Group and the properties, property developer, and provider of corporate and other services, the interests of HomeCo and the Merged HDN Group may not be aligned. Although many aspects of the relationship will be governed by the detailed agreements summarised in this Notice, these agreements were negotiated between affiliated entities.

After implementation of the Merger, to the extent not constrained by those agreements, it should be assumed that HomeCo will pursue its own interests. Because of its dependence on HomeCo and the limited termination rights in the agreements between the Merged HDN Group and HomeCo, it may be difficult for the Merged HDN Group to negotiate amendments to those agreements, and it would be difficult for the Merged HDN Group to remove HomeCo from any of the roles it will perform with respect to the properties and the operation of the Merged HDN Group.

In addition, HomeCo has the power to appoint and remove directors to the HMC Funds Management Board, and HDN Unitholders will not have such power. The only way for HDN Unitholders to change the HMC Funds Management Board and management of the Merged HDN Group would be to vote to remove HMC Funds Management (noting that HomeCo will retain a substantial interest in the Merged HDN Group and could vote on such a resolution). Such an action would have the consequences under the agreements between the Merged HDN Group and HomeCo below.

Finally, HomeCo conducts a business that is complementary to that of the Merged HDN Group. While HomeCo initially pursued an asset-based investment strategy, it now adopts a funds management investment strategy. HomeCo does still hold some retail property assets: HomeCo has previously sold property assets to HDN, and it may look to sell some of its current assets to the Merged HDN Group. Under the governance arrangements between HomeCo and Merged HDN Group, any such sales will need to be on arm's length terms, and any sales of substantial assets will require HDN Unitholder approval (noting that HomeCo cannot vote).

Even where the sales do not involve substantial assets and therefore HDN Unitholder approval is not required, the terms and conditions of the sales are rigorously reviewed by the HMC Funds Management Board (particularly by the independent non-executive directors) to ensure that the terms and conditions are appropriate, commercial and on arm's length terms.

Certain related parties are also major tenants of HDN on arm's length basis

In addition to their HDN Unitholdings, the Spotlight Retail Group (through the Spotlight and Anaconda brands), the Chemist Warehouse Group and Aurrum Childcare will be significant tenants of the Merged HDN Group and are considered related parties as they are controlled by persons who are also on the HMC Funds Management Board and/or HomeCo board.

Leases entered into with the Spotlight Retail Group (through the Spotlight and Anaconda brands), the Chemist Warehouse Group and Aurrum Childcare are entered into on arm's length terms and the Merged HDN Group will have in place related party protocols in order to address related party issues connected with future leases. Pursuant to waivers granted by ASX, no HDN Unitholder approval will be required in relation to the entry or extension of a lease with one or more of these related parties, provided certain conditions are satisfied.

Resolution 1 – Issue of the Trust Scheme Consideration continued

Rental income

The Merged HDN Group's financial performance will be largely dependent on its ability to generate rental income from its property portfolio. The amount of rental income generated may be impacted by a range of factors including but not limited to: overall economic conditions, the financial condition of tenants (including tenant arrears or default), ability to extend leases or replace outgoing tenants with new tenants, increase in rental arrears (and associated costs to recover arrears) or defaults and vacancy periods, incentive levels, reliance on a tenant which leases a material portion of the portfolio, competition from other landlords, changes in demand for retail space in areas where the Merged HDN Group has sites, an increase in unrecoverable outgoings, and supply and demand in relevant market(s) for retail space. There is a risk that rental income may be materially different to that expected. Rental income may decline for a number of reasons, including as a result of failure of existing tenants to perform existing leases in accordance with their terms, failure on the part of the Merged HDN Group to enforce contracted rent increases or agree market rental reviews or termination of a lease by a tenant due to convenience or failure on the part of the Merged HDN Group to meet lease terms. This has the potential to decrease the value of the Merged HDN Group and would also have an adverse impact on the Merged HDN Group's financial performance.

Non-renewals and vacancy

Leases of the Merged HDN Group's properties will come up for renewal on a periodic basis and there is a risk that the Merged HDN Group may be unable to negotiate suitable lease renewals with existing tenants, to maintain existing lease terms or replace outgoing tenants with new ones. The ability to secure lease renewals or to obtain replacement tenants may be influenced by any leasing incentives granted to prospective tenants and the supply of new Large Format Retail, Neighbourhood and Health & Services properties in the market, which, in turn, may increase the time required to let vacant space. Should the Merged HDN Group be unable to find a replacement tenant for a vacant property for a period of time, this will result in a reduction of rental income. If this continues for an extensive period of time and more properties become vacant during this time, the Merged HDN Group will experience a significant reduction in rental income, which could materially adversely affect the Merged HDN Group's financial performance and distributions.

Acquisition risks

There is a risk that the Merged HDN Group may not be able to identify future properties that meet its investment objectives or, if such properties are identified, may not be able to acquire these on favourable terms. Changes to zoning laws or alternate uses for land may affect the availability of appropriate sites. Any failure to identify appropriate properties or successfully acquire such properties could materially adversely affect the growth prospects and the financial performance of the Merged HDN Group and distributions.

The Merged HDN Group will endeavour to conduct all reasonable and appropriate due diligence on potential acquisition properties. There is a risk that warranties or indemnities cannot be obtained or that the properties being acquired do not perform as expected due a variety of factors including but not limited to tenants vacating the properties or tenant default. The Merged HDN Group will seek to obtain customary warranties and indemnities from vendors of the properties being acquired (and will seek customary warranty and indemnity insurance in relation to those warranties and indemnities), however there is a risk that potential issues are uncovered subsequent to due diligence and that these risks cannot be fully mitigated by the warranties and indemnities in the sale and purchase agreements for those acquisitions or the warranty and indemnity insurance obtained in respect of those acquisitions. If an unforeseen liability arises in respect of which the Merged HDN Group is not able to be indemnified (either from the vendors or the provider of the warranty and indemnity insurance), this may materially adversely affect the financial performance of the Merged HDN Group and distributions. There can be no assurance that any future acquisitions will enhance the investment returns of unitholders.

Sector concentration

The Merged HDN Group's financial performance will be dependent upon the performance of a more diverse portfolio of retail properties and the decisions of the Merged HDN Group's top tenants.

The performance of the Large Format Retail sector is correlated with the performance of the Australian residential property market, in particular through demand for household goods as a result of the construction of new housing and sales of existing dwellings, as well as demand for household goods as a result of the level of home renovation activity.

Any contraction in the residential housing market or the level of renovation activity, could affect developers', contractors' and consumers' purchasing decisions in relation to household goods, including reducing the dollar value spent or delaying timing of expenditure, which could materially adversely affect the performance of the portfolio's key tenants and the Large Format Retail sector generally.

In relation to both Neighbourhood and Large Format Retail tenants, retail sales are affected by consumer sentiment. A decline in consumer sentiment could impact the demand for product offering of the portfolio's key tenants and have an adverse effect on sales revenue, which could impact the Merged HDN Group's financial performance.

The Merged HDN Group's performance will also depend, in part, on the performance of the Australian retail property sector. In addition, if any of the sub-sectors in New South Wales, Queensland, Victoria, Western Australia or South Australia experience a downturn in activity, the Merged HDN Group's financial performance and distributions may be adversely impacted.

In relation to the Merged HDN Group's Health & Services tenants, a number of factors including, but not limited to, a worsening economic climate, changes in economic incentives, annual increases to private health insurance premiums and other factors may cause the number of members in private health insurance funds to fall or result in members choosing to decrease the level of their private health insurance coverage. This could reduce demand for certain services provided by the Merged HDN Group's Health & Services tenants which could adversely affect the Merged HDN Group's financial performance.

Tenant concentration

Approximately 25.2% of the Merged HDN Group's gross income will be generated from the top 10 tenants[20]. If one or more tenants were to terminate their leases and the Merged HDN Group is unable to find replacement tenants who would agree to lease terms as favourable as the current terms, it may experience a significant reduction in rental income.

Illiquid properties

Property assets are inherently illiquid assets. This illiquidity limits the ability for the Merged HDN Group to vary its property portfolios promptly to adapt to changing market conditions. As a result, the Merged HDN Group may not be able to sell any of the properties within its portfolios within a short period of time or it may not be able to sell a property for the amount at which it has valued it. This could result in an adverse impact on the Merged HDN Group's financial performance.

Property market valuations

The ongoing value of the properties that will form part of the Merged HDN Group may fluctuate due to a number of factors including rental, occupancy levels and capitalisation rates all of which may change for a variety of reasons including general and specific risks outlined in this Notice. Valuations represent only the analysis and opinion of qualified experts at a certain point in time. There is no guarantee that a property will achieve a capital gain on its sale or that the value of the property will not fall as a result of the assumptions on which the relevant valuations are based proving to be incorrect.

Independent valuations are or will be carried out for each individual property held by the Merged HDN Group on a periodic basis to determine their fair market value. Due to the unknown external impacts to the property industry as a result of COVID-19, some of the independent property valuations obtained by HDN currently include significant valuation uncertainty clauses.

Changes in the fair market value of any of the Merged HDN Group's properties determined by independent valuations may have an adverse effect on the relevant Merged HDN Group's financial results in the Financial Year where there is a significant decrease in the valuation of their properties. Furthermore, property valuations may be affected by input assumptions in the valuation methodology including tenant information, property age, the location, expected future rental profiles, prevailing market conditions, capitalisation rates and discount rates.

Further, anticipated embedded valuation upside (for example, where recent on-market transactions highlight potential for further capitalisation rate tightening) may not result in an increase in independent valuations of properties in the Merged HDN Group's portfolio in the near term.

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20. By gross income for signed leases for Merged HDN Group and signed memoranda of understanding for HDN.

Resolution 1 – Issue of the Trust Scheme Consideration continued

Retail tenancies legislation

Retail tenancies legislation in force in each Australian State and Territory regulates the terms on which leases and licences are granted to tenants of retail premises. For example, in certain of those jurisdictions, retail tenancies legislation prohibits a landlord from recovering land tax in respect of any site from which a retail business is conducted. As a retail business will be carried on at the properties of the Merged HDN Group, there is a risk that retail tenancies legislation in any Australian State or Territory may be amended in a manner unfavourable to the Merged HDN Group or that the Merged HDN Group does not comply with applicable retail tenancies legislation. In that event, the Merged HDN Group may be adversely impacted as a result.

E-commerce trends could materially reduce trading activity at the Merged HDN Group's properties

There has been an observed trend towards consumers using e-commerce sales channels when purchasing goods and services. This trend has resulted in significant disruption to the operations of traditional retailers, some of which are tenants within the portfolio properties.

There is a risk that consumer preferences for online shopping may, over time, reduce the level of trading seen at properties in the portfolio. Moreover, the overall disruption to retailing in Australia associated with e-commerce may ultimately impact upon the rents that can be charged by retail focused landlords, such as the Merged HDN Group.

While the Merged HDN Group can take steps to mitigate its exposure to these trends, a fundamental shift away from in-store shopping across all retail categories would likely have a negative impact on the Merged HDN Group's financial performance, financial position and distributions.

Failure of risk management and internal control strategies

HMC Funds Management will implement risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate the risks to which it is subject, including risks related to liquidity, interest rates, counterparties, compliance, market conduct, bribery and corruption, anti-money laundering and counter terrorism funding compliance, insurance and operational, all of which are important to the Merged HDN Group's reputation and business operations.

However, there are inherent limitations with any risk management and internal control framework as there may exist, or emerge in the future, risks that have not been adequately anticipated or identified for the Merged HDN Group. If any of the Merged HDN Group's risk management and internal control processes and procedures prove ineffective or inadequate, or are otherwise not appropriately implemented, the financial performance of the Merged HDN Group and distributions and could be adversely impacted.

Technology and cybersecurity risks

The Merged HDN Group will collect, process and store, through the ordinary course of its operations, a wide range of data, including confidential data relating to its tenants. Measures that the Merged HDN Group employs to secure and protect technology systems and data may not be sufficient to prevent system failures or data breaches arising from factors beyond its control and/or to detect or prevent unauthorised access to, or disclosure of, confidential information and data. There is a risk the Merged HDN Group's systems, or those of its third-party service providers, fail, or are subject to disruption as a result of external threats or system errors.

Cyber-attacks, data theft, data loss, human error or malfeasance may also result in data breaches resulting from unauthorised access to, or disclosure of information, including sensitive and/or confidential information, whether malicious or inadvertent. Despite seeking to maximise the protection of data, there is a risk that the Merged HDN Group is exposed to a security breach or successful cyberattack.

Any systemic failure and/or data security breaches could result in significant disruption to the Merged HDN Group's services, loss of system integrity, breaches of the Merged HDN Group's obligations under applicable data protection laws or contractual agreements, an obligation under privacy laws to notify individuals and the Australian Information Commissioner of the breach, could reduce its ability to retain existing tenants and generate new tenants, each of which could have a material adverse effect on the Merged HDN Group's financial performance and reputation.

The Merged HDN Group's operations depend on the reliability and availability of its IT infrastructure networks. The Merged HDN Group's IT systems may be vulnerable to a variety of interruptions due to events that may be beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunication failures, computer viruses, phishing attacks, hackers and other security issues.

Any disruptions in an IT network which the Merged HDN Group's use or unexpected system or computer network interruptions could disrupt the Merged HDN Group's operations and consequently its overall profitability.

Furthermore, there is a risk that the Merged HDN Group may be unable to provide critical business processes due to a potential distributed denial-of-service attack, resulting in disruption of services, loss of customers and financial and reputational damage.

COVID-19

The COVID-19 pandemic has had a significant impact on the global and Australian economy and the ability of businesses, individuals and governments to operate. Emergency powers and restrictions have been enacted on an international, Federal and State level in Australia which, amongst other things, have restricted travel and the ability of individuals to leave their homes and travel to places of work and have disrupted the ordinary patterns of consumption of goods and services.

Some tenants at properties within the Merged HDN Group's portfolio have experienced an adverse impact on sales and supply chains, borne out of ongoing international and domestic travel restrictions, government lockdown measures, and broader global uncertainty around a recovery of business activity. Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on the Merged HDN Group. Whilst the Merged HDN Group has performed well during the pandemic, and no material rental abatements are currently in place in relation to COVID-19, there is a prospect that store closures on a significant scale may once again occur if the COVID-19 outbreak cannot be adequately contained, which could limit all or a material amount of trading at properties within the portfolio. Further, a number of aspects of the Merged HDN Group's tenants may be directly or indirectly affected by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions associated with COVID-19, including disruption to supply chain and workforce, particularly the availability of products and logistics (including shipping of products) and government-imposed shut downs of manufacturing and distribution centres affecting the supply of products to customers. There is a risk that if the duration of events surrounding COVID-19 are protracted or the situation worsens from that currently existing, the Merged HDN Group may need to take additional measures in order to respond appropriately. In particular, the Merged HDN Group own convenience retail properties in New South Wales, Victoria, Queensland, South Australia and Western Australia, all of which have been subject to lock-down restrictions imposed by their respective governments. Some tenants' operations may have been impacted by these lock-down restrictions, resulting in a deterioration of financial performance which may, in the future, impact upon the ability of the Merged HDN Group to collect rent in the ordinary course. No guarantee can be provided in relation to the length of any future lock-downs or when operating conditions will return to normal after lock-downs are lifted. As such, the ongoing performance of tenants within those properties remains uncertain.

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of the Merged HDN Group and may be exacerbated in an economic recession or downturn. These include but are not limited to:

- market volatility including in the price of securities trading on ASX;
- changes in inflation, interest rates and foreign currency exchange rates;
- changes in employment levels and labour costs;
- changes in aggregate investment and economic output;
- changes in investor confidence; and
- other changes in economic conditions which may affect the income and expenses of the Merged HDN Group.

Resolution 1 – Issue of the Trust Scheme Consideration continued

Litigation risks

The Merged HDN Group will be subject to the risk that litigation, claims and disputes may arise from time to time in the ordinary course of its business activities. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, may materially adversely affect the financial performance of the Merged HDN Group and distributions.

Insurance risks

A property in the Merged HDN Group may be damaged or destroyed by flood, fire, earthquake or other disaster. The Merged HDN Group will seek to ensure that insurance coverage is maintained in respect of each property in the portfolio (including insurance for destruction or damage to the centre and public risk liability) where that coverage is available on commercial terms. Insurance coverage will include differing levels of cover for material loss or damage items such as accidental damage, flood and demolition and removal of debris. Some risks are not able to be insured at acceptable premiums. Examples of losses that are generally not insured against include war or acts of terrorism, bushfires and natural phenomena such as earthquakes or hurricanes. Some liabilities could exceed policy limits and HMC Funds Management may also decide not to insure against certain risks having regard to the likelihood of the risk eventuating and the cost of the insurance.

Any losses incurred due to uninsured risks, or loss in excess of the insured amounts, may materially adversely affect the performance of the Merged HDN Group and distributions as the affected owner could lose some or all of its invested capital in, and anticipated profits from, the affected property. Additionally, claims under insurance policies may lead to increases in insurance premiums or the ability to source insurance, which could materially adversely affect the performance of the Merged HDN Group.

Financing risks

The Merged HDN Group will be subjected to debt covenants under HDN's existing debt facilities. If the Merged HDN Group's financial performance deteriorates due to factors such as a decline in rental income or the value of the property portfolios, it may breach its covenants under these debt facilities. Consequently, the Merged HDN Group would need to seek amendments or waivers of covenant compliance. However, there is no guarantee that lenders would consent to these amendments or waivers, and there is also a possibility that lenders could exercise their enforcement rights to require the immediate repayment of the debt facilities.

If the Merged HDN Group is ultimately unable to repay the debt facilities upon maturity or has breached a debt covenant, HMC Funds Management may seek to raise additional equity or enter alternative borrowing arrangements on less favourable terms. If the Merged HDN Group proceeds with raising additional equity, Scheme Securityholders' interests may be diluted and they may experience a loss in the value of their equity. Alternatively, if HMC Funds Management decides to seek alternative debt facilities, this could significantly impede its ability to operate and grow its property portfolios, which would have a negative impact on the Merged HDN Group's overall financial performance and reputation.

In addition to its existing debt facilities, HMC Funds Management may also wish to obtain additional funding to expand HDN's property portfolios. There is, however, a risk that the Merged HDN Group may not be able to obtain debt or equity funding from the capital markets on favourable terms, or at all, especially if changes to general economic conditions increase the cost of funding or limit the availability of funding.

Interest rates

Interest payable on the debt facilities will reflect a base interest rate plus interest rate margin and commitment fee. To seek to mitigate the potential impact of interest rate movements, the Merged HDN Group may use derivative instruments to hedge the Merged HDN Group's exposure to interest rates. The mark-to-market valuation of derivative instruments could change quickly and significantly. Such movements could materially adversely affect the financial performance of the Merged HDN Group and distributions.

Capital expenditure

There is a risk that the required capital expenditure in maintaining the portfolio exceeds at any time the Merged HDN Group's current best estimate of those costs, which could lead to increased funding costs. Some examples of these circumstances could include changes to laws or council requirements such as environmental, building or safety regulations, centre defects or environmental issues which become apparent in the future or damage not covered by insurance. Any requirement for unforeseen material capital expenditure on the properties could materially adversely affect the financial performance of the Merged HDN Group and distributions.

Law, regulatory and policy changes

Changes in laws, regulations and government policies in which the Merged HDN Group operates, such as:

- changes in planning and zoning regulations which result in increased competition for tenants from other landlords;
- changes in retail tenancy laws that limit the Merged HDN Group's recovery of certain property operating expenses; or
- increases in real estate taxes which cannot be recovered from the Merged HDN Group's tenants may adversely affect the value of the Merged HDN Group's property portfolios and its overall financial performance.

The impact of future regulatory, legislative and policy changes upon the business of the Merged HDN Group cannot be predicted. If the amount and complexity of these changes increases, the cost of compliance and the risk of non-compliance will also increase.

Work, health and safety

There is a risk that liability arising from work, health and safety matters at any of the properties in the Merged HDN Group's portfolios may be attributable to the Merged HDN Group as landlord instead of, or as well as, the tenant. Such liability may include fines and penalties imposed by regulatory authorities as well as claims for compensation from injured parties, which may not be fully covered by insurance policies. Any such liabilities incurred by the Merged HDN Group (which are not covered by insurance policies) could adversely affect the financial performance and reputation of the Merged HDN Group.

Environmental risks

The value of the Merged HDN Group's property portfolios may be affected by unforeseen environmental issues. The Merged HDN Group may be liable to monitor or remedy sites affected by environmental issues even in circumstances where the Merged HDN Group is not responsible for causing the environmental liability. There is a risk that one or more properties in the portfolios could become contaminated sites, and environmental authorities would subsequently require the Merged HDN Group to remediate the contamination at its own cost (even in circumstances where it is not responsible for causing the environmental liability). Remediation costs can be substantial and if the Merged HDN Group is unable to remediate the sites properly, this would affect its ability to sell the properties or use them as collateral for future borrowings. Furthermore, environmental laws pose significant penalties for environmental damage and contamination of sites. Ultimately, if these risks were to arise, the value of the Merged HDN Group's property portfolios and securities, as well as its profitability, would be negatively impacted.

In addition, properties within the Merged HDN Group portfolio may also be situated on land which is prone to flooding or bushfires.

Climate change

Climate change presents a potentially material risk to the Merged HDN Group. The increasing severity of acute weather events (such as heatwaves, cyclones and storms) and chronic climate impacts may affect one or more of the properties in the portfolio of the Merged HDN Group (and associated communities) through physical damage, operating costs, ability to trade, consumer visitation and retail sales.

These acute weather events may be sudden and acute or more gradual in nature. For example, a property may be damaged by storms or flooding which requires extensive repairs and may impact sales at that property. Alternatively, tenants may be impacted by disruptions to sales or their supply chains. HMC Funds Management has conducted both high-level and asset-level assessments of physical risks in order to identify and mitigate those risks.

Resolution 1 – Issue of the Trust Scheme Consideration continued

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change. These may require the Merged HDN Group to incur costs or change the manner in which it operates to address these changes. For example, the Merged HDN Group could face increased costs associated with energy and water efficiency and other costs associated with upgrading existing buildings to comply with new building codes or contractual obligations or litigation (if reporting requirements are not met). The Merged HDN Group and HomeCo would also be adversely impacted by a loss of market share if building designs do not address investor or community expectations or match competitor products on sustainability issues. The transition to a low carbon economy may enable the Merged HDN Group to realise opportunities such as reducing its reliance on the electricity grid by generating onsite renewable energy which also protects its business from future energy market and policy uncertainty.

Counterparty risks

The Merged HDN Group will be exposed to the risk that third parties (e.g. tenants, developers, service providers and financial counterparties to debt facilities, independent contractors) may not be willing or able to perform their contractual obligations, which could have an adverse effect on its financial position and performance.

Inflation

Higher than expected inflation rates generally or specific to the property sector could increase the operating and development costs of the property sector, thus affecting the Merged HDN Group's income, management fees and overhead expenses.

Reputation risk

Reputation is a key asset of the Merged HDN Group. Successful maintenance of the reputation and value associated with the Merged HDN Group will be critical to its business and strategy.

Loss of or failure to attract key personnel

The Merged HDN Group's success in the implementation of its strategies and management of its day-to-day requirements and operations is dependent upon the key HomeCo personnel and executives responsible for management of the Merged HDN Group. The loss of one or more key personnel or the delay in finding replacements may adversely impact the Merged HDN Group and its financial performance.

The ability to effectively manage the enlarged portfolio of the Merged HDN Group will depend on the combined efforts of these key personnel which will initially comprise of executives from HomeCo and Aventus. There is a risk that key management staff of Aventus, including Darren Holland and Lawrence Wong, do not take up positions within HomeCo and do not become responsible for the management of the Merged HDN Group. HomeCo personnel or new hires will not have the same familiarity with Aventus and its assets, although HomeCo has stated that it believes that its current staff with limited new hires will have the ability to manage integration and the Aventus assets effectively.

Further, management of the Merged HDN Group requires experienced and skilled personnel who may be sought after by competitors, and there is no guarantee that HomeCo will be able to retain key personnel or attract new personnel. HomeCo intends to implement appropriate recruitment and retention incentives to mitigate this risk.

Taxation

The taxation treatment for the Merged HDN Group's unitholders is dependent upon the tax law as currently enacted in Australia. Changes in tax or stamp duty law or changes in the way tax or stamp duty law is expected to be interpreted in Australia may adversely impact the Merged HDN Group's returns or the distributions paid to HDN Unitholders.

An investment in HDN Units involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in the Merged HDN Group.

Treatment of the Merged HDN Group as a "flow-through" entity

HDN is currently treated as a "flow-through" entity for Australian income tax purposes. However, the Merged HDN Group would lose this "flow-through" status if:

- there was a legislative change which removed the "flow-through" status of property trusts; or
- the Merged HDN Group engaged in non-passive activities which lead to it being taxed on its net income at the corporate tax rate (of 30%) for Australian income tax purposes.

Depending on the HDN Unitholder's individual circumstances, a loss of the "flow-through" treatment of the Merged HDN Group may adversely affect the after-tax investment returns. HMC Funds Management intends to manage the activities of the Merged HDN Group so that it maintains its flow-through status.

Unrealised capital gains

As Aventus is already established, there is a risk that unrealised capital gains exist within the Aventus property portfolio. As such, the disposal of an existing Aventus property may crystallise a capital gain that will be distributed to HDN investors and will need to be included in the calculation of the investor's taxable income. The impact of this will depend on a number of factors including the price and timing of the sale and the profile of the investor.

Section 3

Resolution 2 – Approval of amendments to Investment Management Agreement

3.1 General

The Investment Management Agreement delegates to the Investment Manager day-to-day control of the management of HDN and its portfolio assets, subject to the supervision of HMC Funds Management and the terms of the Investment Management Agreement. The agreement commenced on 26 November 2020 for an initial 10 year term.

A summary of the Investment Management Agreement is set out in HDN's Product Disclosure Statement released to the ASX on 23 November 2020 and in Appendix 2 to this Explanatory Memorandum.

Under the Investment Management Agreement, the Investment Manager is entitled to the following fees:

- Management fee: 0.65% per annum of GAV on GAV up to and including $1.50 billion, and 0.55% per annum of GAV on GAV in excess of $1.50 billion. The management fee is payable monthly in arrears;
- Acquisition fee: 1.00% of the purchase price of any assets directly or indirectly acquired by HDN in proportion to the HDN's economic interest in the asset; and
- Disposal fee: 0.50% of the sale price of any assets directly or indirectly disposed of by HDN in proportion to HDN's economic interest in the asset.

The Investment Management Agreement currently provides that the Investment Manager may elect to receive the payment of some or all of its management fee in HDN Units issued to the Investment Manager or its nominee. This entitlement does not currently extend to the acquisition fee or the disposal fee.

3.2 Reason for seeking Resolution 2

The Investment Manager and the HMC Funds Management Independent Directors have agreed, subject to obtaining the approval sought under this Resolution 2, to amend the Investment Management Agreement to permit the payment of some or all of any acquisition fees or disposal fees to be made by way of issues of HDN Units to the Investment Manager or its nominee where requested by the Investment Manager. The amendments would allow any acquisition or disposal fees to be paid to the Investment Manager (or its nominee) in HDN Units or cash or a combination of both (at the Investment Manager's election).

HMC Funds Management considers that the ability to pay acquisition and disposal fees in HDN Units, similar to the current regime under which management fees can be paid in HDN Units upon the election of the Investment Manager, will bring about a number of advantages to HDN, including providing:

- another option (at the Investment Manager's election) for HMC Funds Management to meet its payment obligations to the Investment Manager without putting additional financial pressure on HDN; and
- a payment option that will further align the interests of the Investment Manager with those of HDN Unitholders, for the benefit of HDN Unitholders.

Under the terms of an undertaking provided by HMC Funds Management to ASX on 23 November 2020, HMC Funds Management is required to seek the approval of HDN Unitholders for any material changes to the Investment Management Agreement.

3.3 Payment of HomeCo Acquisition Fee

Resolutions 1 and 2 are not conditional. However, Resolution 2 impacts the form of payment HMC Funds Management can provide to satisfy the acquisition fee that will arise as a result of the Merger, which will comprise a one-off payment of $22.3 million to be paid by the Merged HDN Group to the Investment Manager (**HomeCo Acquisition Fee**).

If Resolution 2 is passed, the Investment Manager will be permitted to request HMC Funds Management to satisfy the HomeCo Acquisition Fee in cash or HDN Units or a combination of both (at the Investment Manager's election). If Resolution 2 is passed, the Investment Manager intends to elect for Home Consortium Limited (**HCL**) to receive the HomeCo Acquisition Fee in HDN Units. The total number of HDN Units issued to satisfy the HomeCo Acquisition Fee will depend on HDN's volume weighted average price (**VWAP**) in the five days leading up to the Implementation Date.

The HomeCo Acquisition Fee will need to be paid in cash if Resolution 2 is not passed, or if the Investment Manager does not elect to receive the HomeCo Acquisition Fee by way of HDN Units.

3.4 Summary of proposed changes to the Investment Management Agreement

It is proposed that the Investment Management Agreement be amended to insert new provisions (**New Provisions**) giving effect to the following:

- the Investment Manager may request HMC Funds Management to pay some or all of any acquisition fees or disposal fees (plus any GST payable in respect of such fees) by issuing HDN Units to the Investment Manager in lieu of cash payment;
- if the Investment Manager makes such a request:
  - the Investment Manager may elect a nominee to receive the HDN Units to be issued by HMC Funds Management for this purpose; and
  - the number of HDN Units to be issued to the Investment Manager (or its nominee) will be calculated by reference to the VWAP of the HDN Units during the period of five trading days up to the date on which the relevant asset was acquired (where the calculation relates to the acquisition fee) or disposed (where the calculation relates to the disposal fee).[1]

3.5 ASX waivers and conditions

ASX has granted in-principle waivers from Listing Rules 7.1 and 10.11 to permit HMC Funds Management to issue HDN Units to the Investment Manager or its nominee under the New Provisions, without seeking HDN Unitholder approval.

In granting the waivers, ASX has imposed the following conditions:

- HDN Unitholders approve the proposed amendments to the Investment Management Agreement;
- HMC Funds Management makes full disclosure to any person who may subscribe for HDN Units under an offer document or product disclosure statement of the New Provisions;
- a completed Appendix 2A/3B must be lodged for release to the market for each issue of HDN Units pursuant to the New Provisions;
- the HDN Units are issued in accordance with the New Provisions;
- details of the HDN Units issued in lieu of fees (and any GST payable in respect of such fees) are disclosed in HDN's annual report each year in which HDN Units are issued; and
- Unitholder approval is sought every third year for the issue of HDN Units in lieu of any management, acquisition or disposal fees (and any GST payable in respect of such fees) payable to the Investment Manager or its nominee under the Investment Management Agreement.

3.6 Directors' recommendation

The HMC Funds Management Independent Directors recommend that HDN Unitholders vote in favour of Resolution 2.

As the Investment Manager and HomeCo have an interest in this resolution, the HMC Funds Management directors who are also directors of HomeCo, have abstained from making a recommendation in relation to this Resolution.

Each HMC Funds Management Director intends to vote any HDN Units he or she owns or controls in favour of Resolution 2.

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1. Calculation of the number of HDN Units to be issued in lieu of cash for the satisfaction of management fees will not change and will continue to be calculated with reference to the VWAP of HDN Units during the period of five trading days up to the end of the relevant month to which the management fee relates.

Section 4

Resolution 3 – Ratification of prior issue of July Placement Units

4.1 General

On 5 July 2021, HMC Funds Management announced an issue of 48,275,862 HDN Units (**July Placement Units**) each at an issue price of $1.45 pursuant to a fully underwritten placement to professional, sophisticated and institutional investors (being the **July Placement**). Completion of the placement was announced on 6 July 2021 and the July Placement Units were issued on 9 July 2021 (**July Issue Date**). None of the subscribers under the July Placement were related parties or associates of related parties of HDN.

4.2 Overview of legal requirements in relation to Resolution 3

Listing Rule 7.1 provides that, subject to certain exceptions, an entity must not issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period (**15% Placement Capacity**).

Listing Rule 7.4 provides that if the entity in a general meeting ratifies the previous issue of equity securities made pursuant to Listing Rule 7.1 (and provided the previous issue did not breach Listing Rule 7.1), those equity securities will be deemed to have been made with unitholder approval for the purposes of Listing Rule 7.1.

4.3 Reason for seeking approval under Resolution 3

HMC Funds Management wishes to retain flexibility to issue additional equity securities in the future without having to obtain specific HDN Unitholder approval for such issues under Listing Rule 7.1. To this end, Resolution 3 seeks HDN Unitholder approval to ratify the issue of the July Placement Units under and for the purposes of Listing Rule 7.4 and for all other purposes.

The effect of passing Resolution 3 will be to allow HMC Funds Management to exclude the issue of the July Placement Units in calculating HDN's 15% Placement Capacity, effectively "refreshing" the number of HDN Units it can issue or agree to issue without HDN Unitholder approval over the 12 months following the July Issue Date.

As announced on 13 September 2021, HMC Funds Management announced an issue of 54,854,195 HDN Units which used all of HDN's remaining 15% Placement Capacity meaning that HDN's current 15% Placement Capacity is nil. Ratification of the 13 September 2021 issue of HDN Units is the subject of Resolution 4 below.

If Resolution 3 is not passed but Resolution 4 is passed, the July Placement Units will be included in calculating HDN's 15% Placement Capacity. This would effectively limit the number of equity securities HMC Funds Management can issue or agree to issue to approximately 54.8 million HDN Units without HDN Unitholder approval over the 12 months following the July Issue Date, unless an exception applies.

If both Resolutions 3 and 4 are not passed, the July Placement Units and September Placement Units will be included in calculating HDN's 15% Placement Capacity, effectively using all of HDN's 15% Placement Capacity and limiting the number of equity securities HMC Funds Management can issue or agree to issue to nil without HDN Unitholder approval over the 12 months following the July Issue Date (and 54.8 million HDN Units following the September Issue Date), unless an exception applies.

Resolution 3 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 3.

4.4 Specific information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to HDN Unitholders in relation to the ratification the subject of Resolution 3:

- 48,275,862 HDN Units were issued on 9 July 2021 to professional, sophisticated and institutional investors in Australia, New Zealand, Hong Kong and Singapore identified by the lead manager, Macquarie Capital (Australia) Limited, who is not a related party or associate of a related party of HDN;
- the July Placement Units were issued as fully paid ordinary units and ranked, from the July Issue Date, equally in all respects with HDN's existing units on issue;
- the issue price of the July Placement Units was $1.45 per HDN Unit;
- the funds raised from the issue of the July Placement Units were used to partially fund the acquisition and associated transaction costs of a 100% interest in Town Centre Victoria Point (QLD). Further details of the use of the July Placement proceeds are set out in the ASX announcement and investor presentation lodged by HDN on 5 July 2021; and
- a voting exclusion statement is included in the Notice of Meeting.

4.5 Directors' recommendation

The HMC Funds Management Directors unanimously recommend that HDN Unitholders vote in favour of Resolution 3.

Each HMC Funds Management Director intends to vote any HDN Units he or she owns or controls in favour of Resolution 3.

Resolution 4 – Ratification of prior issue of September Placement Units

5.1 General

On 13 September 2021, HMC Funds Management announced an issue of 54,854,195 HDN Units (**September Placement Units**) each at an issue price of $1.61 pursuant to a fully underwritten placement to professional, sophisticated and institutional investors (being the **September Placement**). Completion of the placement was announced on 14 September 2021 and the September Placement Units were issued on 17 September 2021 (**September Issue Date**). None of the subscribers under the September Placement were related parties or associates of related parties of HDN.

5.2 Overview of legal requirements in relation to Resolution 4

The relevant legal requirements applicable to Resolution 4 are the same as Resolution 3 (see Section 4.2 above).

Listing Rule 7.1 provides that, subject to certain exceptions, an entity must not issue or agree to issue more equity securities during any 12-month period than that amount which represents the 15% Placement Capacity.

Listing Rule 7.4 provides that if the entity in a general meeting ratifies the previous issue of equity securities made pursuant to Listing Rule 7.1 (and provided the previous issue did not breach Listing Rule 7.1), those equity securities will be deemed to have been made with unitholder approval for the purposes of Listing Rule 7.1.

5.3 Reason for seeking Resolution 4

HMC Funds Management wishes to retain flexibility to issue additional equity securities in the future without having to obtain specific HDN Unitholder approval for such issues under Listing Rule 7.1. To this end, Resolution 4 seeks HDN Unitholder approval to ratify the issue of the September Placement Units under and for the purposes of Listing Rule 7.4 and for all other purposes.

The effect of passing Resolution 4 will be to allow HMC Funds Management to exclude the issue of the September Placement Units in calculating HDN's 15% Placement Capacity, effectively "refreshing" the number of HDN Units it can issue or agree to issue without HDN Unitholder approval over the 12 months following the September Issue Date.

Following the issue of the September Placement Units, HDN's current Placement Capacity is nil.

If Resolution 4 is not passed but Resolution 3 is passed, the September Placement Units will be included in calculating HDN's 15% Placement Capacity, effectively limiting the number of equity securities HMC Funds Management can issue or agree to issue to approximately 48.2 million HDN Units without HDN Unitholder approval over the 12 months following the September Issue Date, unless an exception applies.

If both Resolutions 3 and 4 are not passed, the July Placement Units and September Placement Units will be included in calculating HDN's 15% Placement Capacity, effectively limiting the number of equity securities HMC Funds Management can issue or agree to issue to nil without HDN Unitholder approval over the 12 months following the July Issue Date (and 54.8 million Units following the September Issue Date), unless an exception applies.

Resolution 4 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 4.

5.4 Specific information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to HDN Unitholders in relation to the ratification the subject of Resolution 4:

- 54,854,195 HDN Units were issued on 17 September 2021 to professional, sophisticated and institutional investors in Australia, New Zealand, Hong Kong and Singapore identified by the joint lead managers, Goldman Sachs Australia Pty Limited and Jeffries (Australia) Pty Ltd, none of whom is a related party or associate of a related party of HDN;
- the September Placement Units were issued as fully paid ordinary units and ranked, from the September Issue Date, equally in all respects with HDN's existing units on issue;
- the issue price of the September Placement Units was $1.61 per HDN Unit;
- the funds raised from the issue of the September Placement Units were used to partially fund the acquisition and associated transaction costs of a 100% interest in a portfolio of six assets. Further details of the use of the September Placement proceeds are set out in the ASX announcement and investor presentation lodged by HDN on 13 September 2021; and
- a voting exclusion statement is included in the Notice of Meeting.

5.5 Directors' recommendation

The HMC Funds Management Directors unanimously recommend that HDN Unitholders vote in favour of Resolution 4.

Each HMC Funds Management Director intends to vote any HDN Units he or she owns or controls in favour of Resolution 4.

Resolution 5 – Issue of HDN Units to a related party underwriter in connection with Distribution Reinvestment Plan

6.1 General

HMC Funds Management has entered into an underwriting agreement with HCL for HCL to underwrite offers of fully paid ordinary units under the DRP in relation to the December 2021, March 2022 and June 2022 distributions, subject to HDN Unitholder approval (**DRP Underwriting Agreement**). As part of the arrangements under the Scheme Implementation Deed with Aventus, HMC Funds Management has agreed not to operate the DRP for HDN's December 2021 distribution.

Under the DRP Underwriting Agreement, HCL agrees to subscribe for HDN Units for which there is no valid election and to reinvest the distribution on those units under the terms of the DRP for that distribution. The subscription price is the same price as will be paid by a HDN Unitholder participating in the DRP in respect of a distribution (**DRP Underwritten Price**). A summary of the DRP Underwriting Agreement is included in Appendix 3.

The DRP Underwriting Agreement provides HMC Funds Management with the certainty of maintaining sufficient levels of capital to pursue HMC Funds Management's investment strategy as it relates to HDN whilst providing HDN Unitholders the opportunity to benefit from a distribution.

It is currently intended that funds raised by the DRP, including underwriting of the DRP by HCL (if approved), will be used to support HMC Funds Management's investment strategy as it relates to HDN.

6.2 Overview of legal requirements in relation to, and reasons for seeking, Resolution 5

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed entity must not issue or agree to issue equity securities to any of the following persons without the approval of its securityholders:

- a related party (Listing Rule 10.11.1);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the entity (Listing Rule 10.11.2);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the entity and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- a person whose relation with the entity or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its securityholders (Listing Rule 10.11.5).

HMC Funds Management is a wholly owned subsidiary of Home Consortium Developments Limited (**HCDL**), which is part of the HomeCo stapled group and an Associate of HCL. As none of the exceptions set out in Listing Rule 10.12 apply in the current circumstances, HDN Unitholder approval pursuant to Listing Rule 10.11 is required.

If Resolution 5 is approved, a separate approval pursuant to Listing Rule 7.1 will not be required as approval obtained under Listing Rule 10.11 provides an exemption to Listing Rule 7.1. Accordingly, if Resolution 5 is approved, the issue of HDN Units to HCL as underwriter of the DRP will not be included in HDN's 15% annual placement capacity pursuant to Listing Rule 7.1.

The effect of Resolution 5 will be to allow HMC Funds Management to issue HDN Units to HCL as underwriter of the DRP. If Resolution 5 is not passed, HMC Funds Management will not be able to proceed with the issue of HDN Units under the DRP Underwriting Agreement and accordingly, HCL will not be able to underwrite the DRP.

HCL cannot and pursuant to the DRP Underwriting Agreement will not be required to underwrite a distribution if to do so would cause HCL to breach section 606 of the Corporations Act (which restricts the ability of a person to acquire additional HDN Units if to do so would cause the person's or someone else's voting power in HDN to increase from 20% or below to more than 20% or from a starting point above 20% and below 90%).

6.3 Number of HDN Units to be issued under DRP Underwriting Agreement

The number of HDN Units that may be issued to HCL under the DRP Underwriting Agreement is as yet unknown as this will depend upon:

- the amount of the relevant HDN distribution;
- the prevailing HDN Unit price at the time of the distribution (which will be used to determine the DRP Underwritten Price); and
- the extent of the shortfall which is subject to the DRP Underwriting Agreement.

To provide HDN Unitholders with an indication of the potential dilution they may experience as a result of the DRP Underwriting Agreement, HMC Funds Management has provided the worked example shown below. The worked example:

- shows the HDN Unitholding of HomeCo and other HDN Unitholders post-Merger;
- is based on a dividend of 2 cents per HDN Unit;
- considers the HDN Unitholder (excluding HomeCo) take up of the DRP of 25%, 50%, 75% and 100%; and
- assumes that HomeCo takes up its full 14.1% DRP entitlement based on its unitholding post-Merger.

Unitholding post-Merger

HomeCo	290,415,079	14.1%
Other HDN Unitholders	1,775,049,929	85.9%
Total HDN Units	**2,065,465,008**	**100%**

Illustrative DRP assumptions

Dividend (cpu)	2.00
Dividend ($)	41,309,300
DRP issue price	1.4171
DRP units issued	29,150,589

DRP worked example

	Other unitholder take-up (assumes HomeCo takes up 100%)			
Unitholding	25.00%	50.00%	75.00%	100.00%
HomeCo	313,302,702	307,039,736	300,776,769	294,513,803
Other HDN Unitholders	1,781,312,895	1,787,575,861	1,793,838,828	1,800,101,794
Total HDN Units	**2,094,615,597**	**2,094,615,597**	**2,094,615,597**	**2,094,615,597**

Ownership interest post illustrative DRP

HomeCo	15.0%	14.7%	14.4%	14.1%
Other HDN Unitholders	85.0%	85.3%	85.6%	85.9%

The distribution amount, HomeCo's ownership interest and potential dilution experienced by HDN Unitholders (excluding HomeCo) shown above are indicative only.

Resolution 5 – Issue of HDN Units to a related party underwriter in connection with Distribution Reinvestment Plan continued

6.4 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that the following information be provided to HDN Unitholders in relation to the approval of Resolution 5:

- the maximum number of HDN Units that could be issued to HCL under the DRP Underwriting Agreement will equal 100% of each of the March 2022 and June 2022 distributions divided by the DRP Underwritten Price;
- the HDN Units proposed to be issued under the DRP Underwriting Agreement (**DRP Underwriting Units**) will be ordinary fully-paid HDN Units;
- the DRP Underwriting Units are proposed to be issued at the same time that the HDN Units are issued to other HDN Unitholders that participate in the DRP. For the distributions payable to unitholders for the quarter ended 31 March 2022 this is estimated to be on or around May 2022 and for the quarter ended 30 June 2022 this is estimated to be on or around August 2022;
- a summary of the DRP Underwriting Agreement is included in Appendix 3; and
- a voting exclusion statement is included in the Notice of Meeting.

6.5 ASX waiver and conditions

ASX has granted HMC Funds Management an in-principle waiver in respect of Listing Rule 10.13.5, so that subject to the issue of HDN Units to HCL under the DRP Underwriting Agreement being approved, HMC Funds Management is able to issue HDN Units to HCL under the DRP Underwriting Agreement outside of the 1 month time limit specified in Listing Rule 10.13.5.

In granting the waiver, ASX has imposed the following conditions:

- the HDN Units to be issued under the DRP Underwriting Agreement are issued no later than 31 August 2022;
- the material terms of the DRP Underwriting Agreement are set out in this Notice;
- this Notice contains a worked example showing four different levels of take-up of the DRP and the dilution impact on HDN Unitholders as a result of the DRP Underwriting Agreement;
- HDN's FY 2022 annual report discloses details of the number of HDN Units issued under the DRP Underwriting Agreement, including the percentage of HDN's issued capital represented by those HDN Units, the number of HDN Units that remain to be issued, and the basis on which the HDN Units will be issued; and
- the terms of the waiver are disclosed in this Notice.

6.6 Directors' recommendation

The HMC Funds Management Independent Directors unanimously recommend that HDN Unitholders vote in favour of Resolution 5.

As HCL (which is part of the HomeCo stapled group) has an interest in this resolution, the HMC Funds Management directors who are also directors of HomeCo, have abstained from making a recommendation in relation to this Resolution.

Each HMC Funds Management Director intends to vote any HDN Units he or she owns or controls in favour of Resolution 5.

Section 7

Glossary

Defined term	Meaning
AMIT	attribution managed investment trust.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to this Notice and HDN was the designated body.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	Australian Taxation Office.
AUM	assets under management.
Aventus	the stapled entity comprising Aventus Trustee and Aventus Company.
Aventus Boards	the boards of directors of Aventus Trustee and Aventus Company.
Aventus Company	Aventus Holdings Limited (ACN 627 640 180).
Aventus Company Constitution	the constitution of Aventus Company from time to time.
Aventus Director	a director appointed to either (or both) of the Aventus Boards.
Aventus Disclosure Letter	a letter identified as such provided by Aventus Trustee and Aventus Company to HMC Funds Management and HomeCo and countersigned by HMC Funds Management and HomeCo before entry into the Scheme Implementation Deed.
Aventus Disclosure Materials	1. the documents and information contained in the data room made available by Aventus Trustee and Aventus Company to HMC Funds Management and HomeCo and their respective Related Persons, the index of which has been initialled by, or on behalf of, the parties for identification; 2. written responses from Aventus Trustee and Aventus Company and their respective Related Persons to requests for further information made by HMC Funds Management and HomeCo and their respective Related Persons; and 3. the Aventus Disclosure Letter.
Aventus Executive Incentive Scheme	the Aventus Group Equity Incentive Plan dated 24 September 2018.
Aventus Group	Aventus Trustee, Aventus Company and each of their respective Related Entities, and a reference to an Aventus Group Member is to a member of the Aventus Group.
Aventus Incentives	an Aventus Security (held subject to disposal restrictions before vesting), granted under the Aventus Executive Incentive Scheme.
Aventus Information	all information contained in Section 2.1(a) and Section 2 of Appendix 1 to this Explanatory Memorandum.

Glossary continued

Defined term	Meaning
Aventus Material Adverse Change	an event, change, condition, matter, circumstance or thing occurring before, on or after the date of the Scheme Implementation Deed (each a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things of a like kind and/or other Specified Events that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have: 1. the effect of a diminution in the value of the consolidated net assets of the Aventus Group, taken as a whole, by at least $252 million against what it would reasonably have been expected to have been but for such Specified Event; or 2. the effect of a diminution in the FFO of the Aventus Group taken as a whole (calculated on a basis consistent with calculation of FFO for FY21), by at least $17.6 million in the 12 month period starting on the date of the Specified Event against what they would reasonably have been expected to have been for such period but for such Specified Event, other than (in each case) any events, changes, conditions, matters, circumstances or things to the extent: 1. demonstrably arising out of the announcement or pendency of the Merger or the Schemes or Unstapling (including any loss of or adverse change in the relationship of Aventus Trustee, Aventus Company or the Aventus Group with their respective employees, customers, partners (including joint venture partners), creditors or suppliers as at the date of the Scheme Implementation Deed, including the loss of any contract); 2. required or permitted by the Scheme Implementation Deed, the Schemes, the Unstapling or the transactions contemplated by any of them; 3. that are Fairly Disclosed in the Aventus Disclosure Materials; 4. that an insurer has agreed to cover the liability arising from the Specified Event under an insurance policy maintained by a member of the Aventus Group; 5. that were actually known to HMC Funds Management or HomeCo before the date of the Scheme Implementation Deed (which does not include knowledge of the generic risk of the relevant event, change, condition, matter, circumstance or thing occurring, but does include knowledge of a specific risk of the relevant event, change, condition, matter, circumstance or thing occurring); 6. agreed to in writing by HMC Funds Management or HomeCo; 7. arising as a result of any generally applicable change in law (including subordinate legislation), regulation, directions, orders, accounting standards or principles or governmental policy, or the interpretation of any of them; 8. arising from changes in economic or business conditions that impact on Australian business generally (including interest rates, general economic, political or business conditions, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets); 9. constituted by or arising from any determinations, announcements or rulings by the ATO;

Defined term	Meaning
Aventus Material Adverse Change ***continued***	10. arising from any act of terrorism, outbreak or escalation of war (whether or not declared), major hostilities, civil unrest or outbreak or escalation of any disease epidemic or pandemic (including the outbreak, escalation or any impact of, government response to, or recovery from, the COVID-19 pandemic); 11. arising from any act of God, natural disaster, lightning, storm flood, bushfire, earthquake, explosion, cyclone, tidal wave, landslide or adverse weather conditions on or after the date of the Scheme Implementation Deed; 12. constituting fees payable to external advisers of Aventus Trustee or Aventus Company for advising on the Merger, to the extent such amounts are Fairly Disclosed in the Aventus Disclosure Materials; or 13. Fairly Disclosed in an announcement made by Aventus Trustee or Aventus Company to ASX, or a publicly available document lodged by any Aventus Group Member with ASIC, before the date of the Scheme Implementation Deed or which would be disclosed in a search of ASIC records or ASX announcements in relation to any Aventus Group Member before the date of the Scheme Implementation Deed.
Aventus Meetings	the Trust Scheme Meeting, Members' Scheme Meeting and the Aventus Shareholders' Meeting.
Aventus Prescribed Occurrence	other than as: 1. regulated or permitted by the Scheme Implementation Deed, the Schemes, the Unstapling or the transactions contemplated by any of them; or 2. Agreed to in writing by HMC Funds Management or HomeCo, the occurrence of any of the following: 3. Aventus Trustee and Aventus Company agree to pay, declare, pay or make, or incur a liability to pay or make, a distribution of income, profits (including a dividend), assets or capital to any person, other than: • the quarterly interim distribution announced on 24 September 2021; and • quarterly interim distributions for the quarters ending 31 December 2021 and March 2022 (provided that the Implementation Date has not taken place before 31 March 2022 in the case of the March 2022 distribution) in an amount not exceeding: — $0.05 per Aventus Security for the December quarterly distribution; and — the lower of $0.05 per Aventus Security and (in aggregate for the distribution) 90% of the FFO for the March 2022 quarter of the Aventus Group taken as a whole (calculated on a basis consistent with the calculation of FFO for the period ended 30 June 2021) for the March 2022 quarterly distribution, provided that the record date for each quarterly distribution is not more than five Business Days before the end of the relevant quarter and the distribution reinvestment plan does not apply to such distributions; 4. Aventus Trustee reclassifying, combining, splitting or redeeming, repurchasing or buying back any of the Aventus Trust's units; 5. Aventus Company reclassifying, combining, splitting or redeeming, repurchasing or buying back any of its shares; 6. Aventus Trustee making any change to the Aventus Trust Constitution; 7. Aventus Company making any change to the Aventus Company Constitution;

Glossary continued

Defined term	Meaning
Aventus Prescribed Occurrence ***continued***	8. a member of the Aventus Group issuing units or securities, or granting an option over its units or securities, or agreeing to make such an issue or grant such an option other than: • the issue of up to 131,134 Aventus Incentives under the Aventus Executive Incentive Scheme; or • the issue of Aventus Securities pursuant to its distribution reinvestment plan in respect of the distribution announced on the ASX on 24 September 2021 on the condition that the distribution reinvestment plan is not underwritten; 9. a member of the Aventus Group issuing or agreeing to issue securities convertible into shares or units (as applicable); 10. a member of the Aventus Group disposing, or agreeing to dispose, of the whole, or a substantial part, of the Aventus Group's business or property; 11. a member of the Aventus Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of the Aventus Group's business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due or in the normal course in relation to the Aventus Group's banking facilities; 12. a member of the Aventus Group amalgamating, merging or consolidating with any other entity or agreeing to do any of the foregoing; 13. Aventus Securities to be quoted by ASX or being suspended from trading by ASX for a consecutive period of more than 10 Business Days; or 14. an Insolvency Event occurring in relation to a material member of the Aventus Group.
Aventus Property Management Agreement	the property management services (and no other services) provided by the Aventus Property Manager to the Aventus Trust properties under the property management and development agreement entered into on 9 September 2015 (as amended on 25 March 2021) by Aventus Property Manager, Aventus Trustee and the relevant trustees holding the Aventus Trust properties.
Aventus Property Manager	Aventus Property Management Pty limited (ACN 606 747 666).
Aventus Regulated Event	other than as: 1. required or permitted by the Scheme Implementation Deed, the Schemes, the Unstapling or the transactions contemplated by any of them; 2. Fairly Disclosed in the Aventus Disclosure Letter; 3. in relation to Regulated Event items 5 and 9 below, Fairly Disclosed in the Aventus Disclosure Materials; 4. agreed to in writing by HMC Funds Management or HomeCo; or 5. in relation to Regulated Event item 5 below, Fairly Disclosed in an announcement made by Aventus Trustee or Aventus Company to ASX, or a publicly available document lodged by any Aventus Group Member with ASIC, before the date of the Scheme Implementation Deed or which would be disclosed in a search of ASIC records or ASX announcements in relation to any Aventus Group Member before the date of the Scheme Implementation Deed,

Defined term	Meaning
Aventus Regulated Event *continued*	the occurrence of any of the following: 1. a member the Aventus Group: • acquiring; or • agreeing, offering or proposing to acquire, one or more retail properties, businesses, entities or other undertakings. HMC Funds Management must not unreasonably withhold, condition or delay its agreement in relation to any such acquisition (or agreement, offer or proposal), and any debt or equity funding proposed by Aventus Company or Aventus Trustee to fund such acquisition. HMC Funds Management is taken to have provided agreement to such acquisition (or agreement, offer or proposal) of a particular retail property, business, entity or undertaking if a HDN Group Member is seeking to, or is likely to seek to, acquire (or agree, offer or propose to acquire) that property, business, entity or undertaking as advised by HMC Funds Management to Aventus Company and Aventus Trustee in response to a request for consent from Aventus Company and Aventus Trustee; 2. a member of the Aventus Group leasing or agreeing, offering or proposing to lease (including any variation, modification or extension to a lease) one or more retail properties, businesses or other undertakings if any of the following apply: • the lease (or in the case of a variation, modification or extension, the variation, modification or extension) involves an incentive which exceeds $2 million in aggregate; or • the lease (or in the case of a variation, modification or extension, the variation, modification or extension) involves payment which represents an incentive of 20% or more of the income generated under the lease; or • the lease term is longer than 10 years (or in the case of a variation, modification or extension, the effect of the variation, modification or extension is that the remaining term of the lease is longer than 10 years); 3. a member of the Aventus Group disposing of or agreeing, offering or proposing to dispose of one or more retail properties, businesses, entities or other undertakings (and for the purposes of this item establishing or implementing a syndicate to hold retail properties, businesses, entities or other undertakings is deemed to be a disposal); 4. a member of the Aventus Group entering into a contract or commitment restraining a member of the Aventus Group from competing with any person or conducting activities in any material market; 5. a member of the Aventus Group: • entering into any contract or commitment (other than with another member of the Aventus Group or in respect of (a) capital expenditure, (b) Financial Indebtedness and hedging or (c) the provision of financial accommodation) requiring payments by the Aventus Group over the term of the contract or commitment in excess of the amounts set out in the Aventus Disclosure Letter, other than any payment required by law; • entering into any contract or commitment (other than with another member of the Aventus Group) that generates, or is expected to generate, annual revenue to a member of the Aventus Group in excess of $2 million;

Glossary continued

Defined term	Meaning
Aventus Regulated Event *continued*	• entering into a contract or commitment (other than in respect of (a) capital expenditure or (b) Financial Indebtedness and hedging) that is not in the ordinary course of business; • Incurring capital expenditure other than within the caps for each category of capital expenditure set out in the Aventus Disclosure Letter; • incurring any Financial Indebtedness such that immediately after the incurrence of the Financial Indebtedness the Aventus Group's Gearing will exceed 35%; • waiving any material third party default where the financial impact on the Aventus Group either individually or in aggregate will be in excess of $2 million (except in response to the impact of the Coronavirus or COVID-19 pandemic and related government responses); or • accepting as a compromise of a matter less than the full compensation due to a member of the Aventus Group where the adverse financial impact of the compromise on the Aventus Group either individually or in aggregate is more than $1 million; 6. a member of the Aventus Group providing financial accommodation other than to members of the Aventus Group (irrespective of what form of Financial Indebtedness that accommodation takes) other than rent deferral in the ordinary course; 7. a member of the Aventus Group entering into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments other than in accordance with the Aventus Group's hedging policy as disclosed in the Aventus Disclosure Materials; 8. a member of the Aventus Group entering into, or resolving to enter into, a transaction with any related party of the Aventus Trust or Aventus Company (other than a related party which is a member of the Aventus Group), as defined in section 228 of the Corporations Act (where applicable, as that section is modified by section 601LA of the Corporations Act), or with BBRC or its controlled entities or related bodies corporate (as that term is defined in the Corporations Act); 9. a member of the Aventus Group altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors or senior executives, or accelerating or otherwise increasing compensation or benefits for any of the above, in each case other than pursuant to contractual arrangements in effect on the date of the Scheme Implementation Deed and which are Fairly Disclosed in the Aventus Disclosure Materials, or where the role of the relevant officer, director or senior executive expands as a result of the departure of an employee; 10. a member of the Aventus Group employing any person, other than to replace an employee who has provided notice of resignation or who has been given notice of termination and in either case provided that any such replacement does not have a total fixed remuneration of more than $250,000;

Defined term	Meaning
Aventus Regulated Event *continued*	11. any of the following occurs: • Aventus Trustee ceases to be the responsible entity of the Aventus Trust; • Aventus Securityholders resolve to remove or replace Aventus Trustee as responsible entity of the Aventus Trust; • a meeting being convened to consider a resolution for the removal, retirement or replacement of Aventus Trustee as responsible entity of the Aventus Trust; • an order is made by any court, or any application being made in any court, for the appointment of a temporary responsible entity of the Aventus Trust in accordance with the Corporations Act; • Aventus Trustee effects or facilitates a termination of the Aventus Trust; or • Aventus Trustee effects or facilitates the resettlement of any of the Aventus Trust's trust property; 12. a member of the Aventus Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in law or accounting standards; or 13. a member of the Aventus Group making any material tax elections, settling or compromising any material liability relating to tax or changing any material tax methodologies applied by them in the 12 months prior to the date of the Scheme Implementation Deed, other than any change in methodology required by a change in law.
Aventus Security	a stapled security comprising one Aventus Unit stapled to one Aventus Share.
Aventus Security Register	the register of stapled securityholders of Aventus Trust and Aventus Company maintained in accordance with the Corporations Act (and after Unstapling, the register of unitholders of Aventus Trust and shareholders of Aventus Company).
Aventus Securityholder	each person who is registered as the holder of an Aventus Security in the Aventus Security Register.
Aventus Share	a fully paid ordinary share in Aventus Company.
Aventus Shareholder	each person who is the registered holder of an Aventus Share or Aventus Shares.
Aventus Shareholders' Meeting	the meeting, to be held concurrently with the Trust Scheme Meeting and Members' Scheme Meeting, of the Aventus Securityholders, as holders of Aventus Shares, convened by Aventus Company to consider and vote on the Unstapling Resolution for the purpose of clause 16.5 of the Aventus Company Constitution, and includes any meetings convened following any adjournment or postponement of that meeting.
Aventus Trust	Aventus Retail Property Fund (ARSN 608 000 764).
Aventus Trust Constitution	the constitution establishing the Aventus Trust as amended from time to time.
Aventus Trust Supplemental Deed	a deed poll under which Aventus Trustee will amend the Aventus Trust Constitution to effect the Trust Scheme.
Aventus Trustee	Aventus Capital Limited (ACN 606 555 480) as responsible entity of the Aventus Trust.
Aventus Unit	a fully paid unit in the Aventus Trust.
Aventus Unitholder	each person who is the registered holder of an Aventus Unit or Aventus Units.

Glossary continued

Defined term	Meaning
Backstop Facility	in relation to the Merged HDN Group's financing arrangements, the debt facilities provided by the Underwriter to fund the balance of the existing debt commitments of lenders to HDN and Aventus where any existing lenders do not consent to rolling their commitment into the new facility by financial close and where new demand has not been obtained.
BBRC	1. BB Retail Capital Pty Ltd as trustee for the Blundy Family Trust; and 2. BBFIT Investments Pte Limited.
BBRC Option	the call option or the put option granted pursuant to the BBRC Option Agreement.
BBRC Option Agreement	has the meaning given in Section 5.2 of Appendix 1.
Business Day	a business day as defined in the Listing Rules and which is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, Australia.
Cash Consideration	for each Scheme Security held by a Scheme Securityholder as at the Scheme Record Date, $0.285.
CEO	chief executive officer.
CFO	chief financial officer.
CGT	capital gains tax.
Company Reimbursement Fee	$1.63 million.
Company Reverse Reimbursement Fee	$1.63 million.
Competing Proposal	any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a Third Party (either alone or together with any Associate) would: 1. directly or indirectly acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Aventus Securities; 2. acquire Control of Aventus Trust or Aventus Company; 3. directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or substantially all of Aventus Group's business or assets or the business or assets of the Aventus Group; or 4. otherwise directly or indirectly acquire or merge, or be involved in an amalgamation or reconstruction (as those terms are used in s413(1) of the Corporations Act), with Aventus Trust or Aventus Company, whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement. For the avoidance of doubt, each successive material change to the value of consideration offered for Aventus Securities under, or the conditions to implementation of, a Competing Proposal will constitute a new Competing Proposal.

Defined term	Meaning
Conditions Precedent	each of the conditions set out in clause 3.1 of the Scheme Implementation Deed.
Control	has the meaning given in section 50AA of the Corporations Act. Also, for these purposes: 1. a trust will Control another entity if its trustee Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as trustee of the trust; 2. a partnership will Control another entity if a partner (including a general partner) Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as partner; and 3. a fund or investment vehicle will Control another entity if the responsible entity or manager of the fund or investment vehicle Controls the entity (disregarding for these purposes the operation of section 50AA(4) of the Corporations Act) in its capacity as responsible entity or manager of the fund or investment vehicle.
Corporations Act	the *Corporations Act 2001* (Cth), as modified or varied by ASIC.
Corporations Regulations	the *Corporations Regulations 2001* (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by the parties.
Custodian	in relation to HDN, Equity Trustees Limited (ACN 004 031 298).
DRP	the distribution reinvestment plan.
DRP Underwriting Agreement	the DRP underwriting agreement summarised in Appendix 3.
Effective	when used in relation to the Schemes, both of the following events having taken place: 1. the Aventus Trust Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act; and 2. the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Members' Scheme.
Effective Date	the date on which the Schemes become Effective.
Election	a valid election that a Scheme Securityholder who is not an Ineligible Foreign Securityholder makes in accordance with the Members' Scheme to receive the HomeCo Scrip Consideration.
End Date	15 May 2022, or such other later date as agreed in writing by the parties.
Excluded Securityholder	any Aventus Securityholder who is a member of the HDN Group or HomeCo Group or any Aventus Securityholder who holds any Aventus Securities on behalf of, or for the benefit of, any member of the HDN Group or HomeCo Group and does not hold Aventus Securities on behalf of, or for the benefit of, any other person.

Glossary continued

Defined term	Meaning
Exclusivity Period	the period from and including the date of the Scheme Implementation Deed to the earlier of: 1. the date on which Aventus Trustee or Aventus Company gives notice to HMC Funds Management and HomeCo that it has determined that a Competing Proposal is a Superior Proposal having complied with clause 11.5 of the Scheme Implementation Deed; 2. the date of termination of the Scheme Implementation Deed; 3. the End Date; and 4. the Effective Date.
Fairly Disclosed	1. in relation to disclosures to HMC Funds Management or HomeCo, disclosed to HMC Funds Management or HomeCo or any of their respective Related Persons, to a sufficient extent, and in sufficient detail, so as to enable a reasonable bidder (or one of its Related Persons) experienced in transactions similar to the Merger and experienced in a business similar to any business conducted by the Aventus Group, to identify the nature and scope of the relevant matter, event or circumstance (including, in each case, that the potential financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed); and 2. in relation to disclosures to Aventus Trustee or Aventus Company, disclosed to Aventus Trustee or Aventus Company or any of their respective Related Persons, to a sufficient extent, and in sufficient detail, so as to enable a reasonable investor (or one of its Related Persons) experienced in transactions similar to the Merger and experienced in a business similar to any business conducted by the HDN Group or HomeCo Group (as applicable), to identify the nature and scope of the relevant matter, event or circumstance (including, in each case, that the potential financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).
FFO	funds from operations.
Financial Adviser	any financial adviser retained by a party in relation to the Merger from time to time.
Financial Indebtedness	any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any: 1. bill, bond, debenture, note or similar instrument; 2. acceptance, endorsement or discounting arrangement; 3. guarantee; 4. finance or capital lease; 5. agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or 6. obligation to deliver goods or provide services paid for in advance by any financier.
Financial Year	the 12 month period ending on 30 June.
FIRB	Foreign Investment Review Board.

Defined term	Meaning
First Judicial Advice	confirmation from the Court under section 63 of the Trustee Act 1925 (NSW) that: 1. Aventus Trustee would be justified in convening the Trust Scheme Meeting for the purposes of considering the Trust Scheme Resolutions; and 2. subject to the Aventus Securityholders (as holders of Aventus Shares) passing the Trust Scheme Resolutions, Aventus Trustee would be justified in proceeding on the basis that amending the Aventus Trust Constitution as set out in the Aventus Trust Supplemental Deed would be within the powers of alteration conferred by the Aventus Trust Constitution and section 601GC of the Corporations Act.
FY21	the Financial Year ending on 30 June 2021.
FY22	the Financial Year ending on 30 June 2022.
GAV	the consolidated gross asset value of the HDN Group calculated in accordance with the HDN constitution, and with the effects of all transactions between the HDN Group Members being eliminated in full.
Gearing	for Aventus, HDN or the Merged HDN Group as applicable, gearing is calculated as borrowings (excluding unamortised debt establishment costs) less cash and cash equivalents divided by total assets less lease liabilities, cash and cash equivalents and investments in associates.
GLA	gross lettable area.
Government Agency	any foreign or Australian government or governmental, semigovernmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
HCDL	Home Consortium Developments Limited ACN (635 859 700).
HCL	Home Consortium Limited (ACN 138 990 593).
HCL Debt Facilities	HomeCo's financing arrangements as outlined in Section 4.4 of Appendix 1.
HDN	HomeCo Daily Needs REIT ARSN 645 086 620.
HDN Competing Proposal	any proposal, agreement, arrangement or transaction, which, if entered into or completed, would require or cause HMC Funds Management to abandon or otherwise not proceed with the Merger, including a proposal, agreement, arrangement or transaction that is subject to a condition or obligation that: 1. HMC Funds Management terminates the Scheme Implementation Deed; 2. any one or more HMC Funds Management Directors adversely change, withdraw, adversely modify or adversely qualify its or their recommendation to vote in favour of Resolution 1; 3. HMC Funds Management not convene or not proceed with the HDN Meeting; or 4. HDN Unitholders not vote in favour of Resolution 1.
HDN Debt Facilities	HDN's financing arrangements as outlined in Section 3.4 of Appendix 1.
HDN Group	HMC Funds Management, HDN and each of HMC Funds Management's Related Entities, and a reference to a HDN Group Member is to a member of the HDN Group. To avoid doubt, a HomeCo Group Member is not a HDN Group Member.
HDN Information	all information contained in this Notice other than the Aventus Information.

Glossary continued

Defined term	Meaning
HDN Material Adverse Change	an event, change, condition, matter, circumstance or thing occurring before, on or after the date of the Scheme Implementation Deed (each a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things of a like kind and/or other Specified Events that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have: 1. the effect of a diminution in the value of the consolidated net assets of the HDN Group, taken as a whole, by at least $161 million against what it would reasonably have been expected to have been but for such Specified Event; or 2. the effect of a diminution in the FFO of the HDN Group taken as a whole (calculated on a basis consistent with calculation of FFO for FY21), by at least $10.1 million in the 12 month period starting on the date of the Specified Event against what they would reasonably have been expected to have been for such period but for such Specified Event, or other than (in each case) any events, changes, conditions, matters, circumstances or things: 1. demonstrably arising out of the announcement or pendency of the Merger or the Schemes or Unstapling (including any loss of or adverse change in the relationship of HMC Funds Management or the HDN Group with their respective employees, customers, partners (including joint venture partners), creditors or suppliers as at the date of the Scheme Implementation Deed, including the loss of any contract); 2. required or permitted by the Scheme Implementation Deed, the Schemes, the Unstapling or the transactions contemplated by any of them; 3. that are Fairly Disclosed in the HomeCo Disclosure Materials; 4. that an insurer has agreed to cover the liability arising from the Specified Event under an insurance policy maintained by a member of the HDN Group or HomeCo Group; 5. that were actually known to Aventus Trustee or Aventus Company before the date of the Scheme Implementation Deed (which does not include knowledge of the generic risk of the relevant event, change, condition, matter, circumstance or thing occurring, but does include knowledge of a specific risk of the relevant event, change, condition, matter, circumstance or thing occurring); 6. agreed to in writing by Aventus Trustee or Aventus Company; 7. arising as a result of any generally applicable change in law (including subordinate legislation), regulation, directions, orders, accounting standards or principles or governmental policy, or the interpretation of any of them; 8. arising from changes in economic or business conditions that impact on Australian business generally (including interest rates, general economic, political or business conditions, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets); 9. constituted by or arising from any determinations, announcements or rulings by the ATO; 10. arising from any act of terrorism, outbreak or escalation of war (whether or not declared), major hostilities, civil unrest or outbreak or escalation of any disease epidemic or pandemic (including the outbreak, escalation or any impact of, government response to, or recovery from, the COVID-19 pandemic); 11. arising from any act of terrorism, outbreak or escalation of war (whether or not declared), major hostilities, civil unrest or outbreak or escalation of any disease epidemic or pandemic (including the outbreak, escalation or any impact of, government response to, or recovery from, the COVID-19 pandemic);

Defined term	Meaning
HDN Material Adverse Change ***continued***	12. constituting fees payable to external advisers of HMC Funds Management for advising on the Merger, to the extent such amounts are Fairly Disclosed in the HomeCo Disclosure Materials; or 13. Fairly Disclosed in an announcement made by HMC Funds Management to ASX, or a publicly available document lodged by any HDN Group Member with ASIC, before the date of the Scheme Implementation Deed or which would be disclosed in a search of ASIC records or ASX announcements in relation to any HDN Group Member before the date of the Scheme Implementation Deed.
HDN Meeting	the meeting of HDN Unitholders convened by HMC Funds Management to consider and vote on the Reverse Takeover Resolution, and includes any meeting convened following any adjournment or postponement of that meeting.
HDN Prescribed Occurrence	other than as: 1. required or permitted by the Scheme Implementation Deed, the Schemes, the Unstapling or the transactions contemplated by any of them; 2. Fairly Disclosed in the HomeCo Disclosure Letter; or 3. agreed to in writing by Aventus Trustee or Aventus Company, the occurrence of any of the following: 1. HMC Funds Management agrees to pay, declare, pay or make, or incurs a liability to pay or make, a distribution of HDN's income, profits, assets or capital to any person, other than: • the quarterly interim distribution announced on 24 September 2021 of $0.02 per HDN Unit; and • quarterly interim distributions for the quarters ending 31 December 2021 and March 2022 (provided that the Implementation Date has not taken place before 31 March 2022 in the case of the March 2022 distribution) in an amount not exceeding the lower of $0.0208 per HDN Unit and (in aggregate for the distribution) FFO for the relevant quarter of the HDN Group taken as a whole adjusted for maintenance capital expenditure and leasing incentives (calculated on a basis consistent with the calculation of adjusted FFO for the period ended 30 June 2021) for each quarter, provided the record date for the relevant quarterly distribution is not more than five Business Days before the end of the relevant quarter and the distribution reinvestment plan does not apply to such distributions; 2. HMC Funds Management reclassifying, combining, splitting or redeeming, repurchasing or buying back any of the HDN Units; 3. HMC Funds Management making any change to HDN's constitution; 4. a member of the HDN Group issuing units or securities, or granting an option over its units or securities, or agreeing to make such an issue or grant such an option; 5. a member of the HDN Group issuing or agreeing to issue securities convertible into units; 6. a member of the HDN Group disposing, or agreeing to dispose, of the whole, or a substantial part, of (as applicable) the HDN Group's business or property; 7. a member of the HDN Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of (as applicable) the HDN Group's business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due or in the normal course in relation to the HDN Group's banking facilities;

Glossary continued

Defined term	Meaning
HDN Prescribed Occurrence *continued*	8. a member of the HDN Group amalgamating, merging or consolidating with any other entity or agreeing to do any of the foregoing; 9. HDN Units ceasing to be quoted by ASX or being suspended from trading by ASX for a consecutive period or more than 10 Business Days; or 10. an Insolvency Event occurring in relation to a material member of the HDN Group.
HDN Regulated Event	other than as: 1. required or permitted by the Scheme Implementation Deed, the Schemes, the Unstapling or the transactions contemplated by any of them; 2. Fairly Disclosed in the HomeCo Disclosure Letter; 3. in relation to HDN Regulated Event item 5 below, Fairly Disclosed in the HomeCo Disclosure Materials; 4. agreed to in writing by Aventus Trustee or Aventus Company; or 5. in relation to HDN Regulated Event item 5 below, Fairly Disclosed in an announcement made by HMC Funds Management to ASX, or a publicly available document lodged by any HDN Group Member with ASIC, before the date of the Scheme Implementation Deed or which would be disclosed in a search of ASIC records or ASX announcements in relation to any HDN Group Member before the date of the Scheme Implementation Deed, the occurrence of any of the following: 1. a member of the HDN Group: • acquiring; or • agreeing, offering or proposing to acquire, one or more retail properties, businesses, entities or other undertakings, other than where no units or securities are issued (or agreed to be issued) to fund the acquisition, and no new Financial Indebtedness is incurred or agreed to be incurred (other than drawings under facilities, and subject to the drawing limits, in place as at the date of the Scheme Implementation Deed) and provided that the relevant member of the HDN Group first consults with Aventus Trustee and Aventus Company. Aventus Trustee must not unreasonably withhold, condition or delay its agreement in relation to any such acquisition (or agreement, offer, proposal, announcement, bid or tender), and any debt or equity funding proposed by HMC Funds Management to fund such acquisition. Aventus Trustee is taken to have provided agreement to such acquisition (or agreement, offer or proposal) of a particular retail property, business, entity or undertaking if an Aventus Group Member is seeking to, or is likely to seek to, acquire (or agree, offer or propose to acquire) that property, business, entity or undertaking as advised by Aventus Trustee to HMC Funds Management in response to a request for consent from HMC Funds Management;

Defined term	Meaning
HDN Regulated Event ***continued***	2. a member of the HDN Group leasing or agreeing, offering or proposing to lease (including any variation, modification or extension to a lease) one or more retail properties, businesses or other undertakings if any of the following apply: • the lease (or in the case of a variation, modification or extension, the variation, modification or extension) involves an incentive which exceeds $2 million in aggregate; or • the lease (or in the case of a variation, modification or extension, the variation, modification or extension) involves payment which represents an incentive of 20% or more of the income generated under the lease; or • the lease term is longer than 10 years (or in the case of a variation, modification or extension, the effect of the variation, modification or extension is that the remaining term of the lease is longer than 10 years); 3. a member of the HDN Group disposing of or agreeing, offering or proposing to dispose of one or more retail properties, businesses, entities or other undertakings (and for the purposes of this item establishing or implementing a syndicate to hold retail properties, businesses, entities or other undertakings is deemed to be a disposal); 4. a member of the HDN Group entering into a contract or commitment restraining (as applicable) a member of the HDN Group from competing with any person or conducting activities in any material market; 5. a member of the HDN Group: • entering into any contract or commitment (other than with another member of the HDN Group or in respect of (a) capital expenditure or (b) Financial Indebtedness and hedging or (c) the provision of financial accommodation) requiring payments by the HDN Group over the term of the contract or commitment in excess of the amounts set out in the HomeCo Disclosure Letter, other than any payment required by law; • entering into any contract or commitment (other than with another member of the HDN Group) that generates, or is expected to generate, annual revenue to a member of the HDN Group in excess of $2 million; • entering into a contract or commitment (other than in respect of (a) capital expenditure or (b) Financial Indebtedness and hedging) that is not in the ordinary course of business; • incurring capital expenditure other than within the caps for each category of capital expenditure set out in the HomeCo Disclosure Letter; • incurring any Financial Indebtedness such that immediately after the incurrence of the Financial Indebtedness the HDN Group's Gearing will exceed 40%; • waiving any material third party default where the financial impact on the HDN Group either individually or in aggregate will be in excess of $2 million (except in response to the impact of the COVID-19 pandemic and related government responses); or • accepting as a compromise of a matter less than the full compensation due to a member of the HDN Group where the adverse financial impact of the compromise on the HDN Group either individually or in aggregate is more than $1 million; 6. a member of the HDN Group providing financial accommodation other than to members of the HDN Group (irrespective of what form of Financial Indebtedness that accommodation takes) other than rent deferral in the ordinary course;

Glossary continued

Defined term	Meaning
HDN Regulated Event *continued*	7. a member of the HDN Group entering into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments other than in accordance with the HDN Group's treasury policy as disclosed in the HomeCo Disclosure Materials; 8. a member of the HDN Group entering into, or resolving to enter into, a transaction with any related party of the HDN (other than a related party which is a member of the HDN Group), as defined in section 228 of the Corporations Act (as that section is modified by section 601LA of the Corporations Act); 9. a member of the HDN Group materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors or senior executives, or accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to contractual arrangements in effect on the date of the Scheme Implementation Deed and which are contained in the HomeCo Disclosure Materials; 10. a member of the HDN Group employing any person or engaging any person as a contractor; 11. any of the following occurs: • HMC Funds Management ceases to be the responsible entity of HDN; • HDN Unitholders resolve to remove or replace HMC Funds Management as responsible entity of HDN; • a meeting being convened to consider a resolution for the removal, retirement or replacement of HMC Funds Management as responsible entity of HDN; • an order is made by any court, or any application being made in any court, for the appointment of a temporary responsible entity of HDN in accordance with the Corporations Act; • HMC Funds Management effects or facilitates a termination of HDN; or • HMC Funds Management effects or facilitates the resettlement of any of HDN's trust property; 12. a member of the HDN Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in law or accounting standards; or 13. a member of the HDN Group making any material tax elections, settling or compromising any material liability relating to tax or changing any material tax methodologies applied by them in the 12 months prior to the date of the Scheme Implementation Deed, other than any change in methodology required by a change in law.
HDN Unit	a fully paid unit in HDN.
HDN Unitholder	each person who is registered as the holder of a HDN Unit.
Health & Services	properties devoted predominantly to healthcare, wellness and lifestyle services tenants.
HMC Funds Management	HMC Funds Management Limited (ACN 105 078 635).
HMC Funds Management Board	the board of directors of HMC Funds Management and, following implementation of the Merger, the board of directors of the Merged HDN Group.

Defined term	Meaning
HMC Funds Management Director	a director appointed to the HMC Funds Management Board.
HMC Funds Management Independent Director	means the directors of HMC Funds Management who are not also directors of HomeCo.
HomeCo	Home Consortium, a stapled group comprising Home Consortium Limited (ACN 138 990 593) and Home Consortium Developments Limited ACN (635 859 700) provided that if persons who are registered as the holders of HomeCo Securities approve the Restructure Proposal, HomeCo shall be defined as Home Consortium Limited (ACN 138 990 593).
HomeCo Acquisition Fee	refers to the one-off $22.3 million acquisition fee payable by the Merged HDN Group to the Investment Manager in relation to the Merger.
HomeCo Board	the board of directors of HomeCo.
HomeCo Director	a director appointed to the HomeCo Board.
HomeCo Disclosure Letter	a letter identified as such provided by HMC Funds Management and HomeCo to Aventus Trustee and Aventus Company and countersigned by Aventus Trustee and Aventus Company before entry into the Scheme Implementation Deed.
HomeCo Disclosure Materials	1. the documents and information contained in the data room made available by HMC Funds Management and HomeCo to Aventus Trustee and Aventus Company and their respective Related Persons, the index of which has been initialled by, or on behalf of, the parties for identification; 2. written responses from HMC Funds Management and HomeCo and their respective Related Persons to requests for further information made by Aventus Trustee and Aventus Company and their respective Related Persons; and 3. the HomeCo Disclosure Letter.
HomeCo Group	HomeCo and each of HomeCo's Related Entities, and a reference to a HomeCo Group Member is to a member of the HomeCo Group. For the avoidance of doubt, assets held by HMC Funds Management as assets of HDN Group do not form part of the assets of HomeCo Group and HDN Group is not part of the HomeCo Group.
HomeCo Scrip Consideration	for each Scheme Security held by a Scheme Securityholder as at the Scheme Record Date, 0.038 HomeCo Securities.
HomeCo Security	except as agreed by the parties, a stapled security comprising a fully paid ordinary share in Home Consortium Limited and a fully paid ordinary share in Home Consortium Developments Limited.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as the parties agree in writing.
Independent Expert	the independent expert in respect of the Merger appointed by Aventus Trustee and Aventus Company.
Ineligible Foreign Securityholder	a Scheme Securityholder whose address shown in the Aventus Security Register on the Scheme Record Date is a place outside Australia and its external territories, New Zealand, Singapore or the United Kingdom unless HMC Funds Management and HomeCo both determine that it is lawful and not unduly onerous or impracticable to issue that Scheme Securityholder with HDN Units and HomeCo Securities when the Schemes become Effective.

Glossary continued

Defined term	Meaning
Insolvency Event	in relation to an entity: 1. the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days); 2. a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets; 3. the entity executing a deed of company arrangement; 4. the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of the Scheme Implementation Deed; 5. the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation); or 6. the entity being deregistered as a company or otherwise dissolved.
Investment Management Agreement	the Investment Management Agreement summarised in Appendix 2.
Investment Manager	HomeCo Investment Management Pty Limited (formerly HomeCo DNR Investment Management Pty Limited) (ACN 644 510 583).
Judicial Advices	1. First Judicial Advice; and 2. Second Judicial Advice.
July Issue Date	has the meaning given in Section 4.1.
July Placement	has the meaning given in Section 4.1.
Last Practicable Date	2 December 2021, being the last practicable trading day before the date of the Scheme Booklet.
LFR or Large Format Retail	comprises multi-tenanted centres which includes (but is not limited to) homewares and electrical, hardware, furniture, bedding and other bulky goods tenants.
Listing Rules	the official listing rules of ASX.
LVR	loan to value ratio.
Management Agreements	the Investment Management Agreement and the Property Management Agreement.
Meeting	the General Meeting of HDN Unitholders to be held on Monday, 24 January 2021 at 11.00am.
Members' Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Aventus Company and the Scheme Securityholders (as holders of Aventus Shares), the form of which is attached as Annexure C to the Scheme Booklet, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by HomeCo and Aventus Company.
Members' Scheme Meeting	the meeting of Aventus Securityholders (other than Excluded Securityholders), as holders of Aventus Shares, ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Members' Scheme, and includes any meeting convened following any adjournment or postponement of that meeting.
Merged HDN Group	the combination of the Aventus Trust and the entities it Controls and the HDN Group following implementation of the Merger.

Defined term	Meaning
Merger	the Unstapling of the Scheme Securities followed by: 1. the acquisition of the Scheme Units by HMC Funds Management through implementation of the Trust Scheme; and 2. the acquisition of the Scheme Shares by HomeCo through implementation of the Members' Scheme, in accordance with the terms of the Scheme Implementation Deed.
Model Portfolio	has the meaning as described in Section 3.1(c) of Appendix 1 to this Explanatory Memorandum.
NAV	net asset value.
Neighbourhood Retail	retail centres with a supermarket anchor and other retail convenience stores that service daily needs.
Notice	this Notice of Meeting including the Explanatory Memorandum and all Appendices.
NTA	net tangible assets.
Property Manager	HomeCo Property Management Pty Limited (formerly HomeCo DNR Property Management Pty Limited) (ACN 644 510 707).
Property Management Agreement	the property management agreement between HMC Funds Management and the Property Manager for the provision of property management services to the HDN Group that commenced on 26 November 2020.
Proxy Form	the proxy form which accompanies this Notice and provides for HDN Unitholders to give voting instructions and appoint proxies for the Meeting.
Registered Address	in relation to an Aventus Securityholder, the address shown in the Aventus Security Register as at the Scheme Record Date.
Reimbursement Fees	the Trustee Reimbursement Fee and the Company Reimbursement Fee.
REIT	real estate investment trust.
Related Entity	1. in relation to Aventus Trustee and Aventus Company, Aventus Trust and each entity, from time to time, Controlled by any one or more of Aventus Trustee, Aventus Company or Aventus Trust (and the custodians or trustees of such entities acting in their capacity as such); and 2. in relation to HMC Funds Management, HDN and each entity, from time to time, Controlled by HDN (and the custodians or trustees of such entities acting in their capacity as such); and 3. in relation to HomeCo, each entity, from time to time, Controlled by HomeCo (excluding HMC Funds Management and its Related Entities).
Related Person	1. in respect of a party or its Related Entities, each director, officer, employee, adviser, agent or representative of that party or Related Entity; and 2. in respect of a Financial Adviser, each director, officer, employee or contractor of that Financial Adviser.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Restricted Aventus Securities	Aventus Securities issued under the Aventus Executive Incentive Scheme or the employee security scheme operated by Aventus under the Aventus Group Employee Security Trust dated 24 September 2018, subject to restrictions on transfer and forfeiture in accordance with the terms of those schemes.
Resolutions	the resolutions described in the Notice of Meeting.

Glossary continued

Defined term	Meaning
Restructure Proposal	the proposed simplification of the HomeCo structure from a stapled company structure to a single company structure.
Return on invested capital or **ROIC**	means the cash yield on cost once development is fully stabilised. Estimated ROIC is based on assumptions relating to future income, valuation, capex and calculated on a fully stabilised basis.
Reverse Reimbursement Fee	the Trustee Reverse Reimbursement Fee and the Company Reverse Reimbursement Fee.
Reverse Takeover Resolution	the resolution of holders of HDN Units to approve the issue of HDN Units as Trust Scheme Consideration for the purposes of Listing Rule 7.1.
Sale Agent	Macquarie Securities (Australia) Limited (AFSL number 238947) which has been appointed to sell HDN Units that are to be issued pursuant to the Trust Scheme.
Sale Facility	the facility established for the sale of the Sale HDN Units on behalf of Ineligible Foreign Securityholders as described in Section 5.6 of Appendix 1.
Sale HDN Units	the HDN Units to be issued to the Sale Agent under the Sale Facility.
Scheme Booklet	the Notice of Meeting and Explanatory Statement dated 7 December 2021 sent to Aventus Securityholders in relation to the Trust Scheme and Members' Scheme.
Scheme Consideration	the consideration to be provided by HMC Funds Management and HomeCo to each Scheme Securityholder for: 1. the transfer to HMC Funds Management of each Scheme Unit, being for each Scheme Security held by a Scheme Securityholder as at the Scheme Record Date, 2.20 HDN Units (or, in the case of Ineligible Foreign Securityholders, the proceeds of sale of such HDN Units by the Sale Agent); and 2. the transfer to HomeCo of each Scheme Share, being for each Scheme Security held by a Scheme Securityholder as at the Scheme Record Date, the Cash Consideration or the HomeCo Scrip Consideration.
Scheme Implementation Deed	the scheme implementation deed dated 18 October 2021 between the Aventus Trustee, Aventus Company, HMC Funds Management and HomeCo relating to the implementation of the Schemes, as amended.
Scheme Record Date	7.00pm on the second Business Day after the Effective Date, or such other time and date as the parties agree in writing.
Schemes	1. the Trust Scheme; and 2. the Members' Scheme.
Scheme Securities	all Aventus Securities held by the Scheme Securityholders as at the Scheme Record Date.
Scheme Securityholders	a holder of Aventus Securities recorded in the Aventus Security Register as at the Scheme Record Date (other than an Excluded Securityholder but subject to HomeCo Group Members that hold Aventus Units (or persons that hold Aventus Units for their benefit) participating in the Trust Scheme and HDN Group Members that hold Aventus Shares (or persons that hold Aventus Shares for their benefit) participating in the Members' Scheme).
Scheme Shares	all Aventus Shares held by the Scheme Securityholders (as components of a Scheme Security) as at the Scheme Record Date.
Scheme Units	all Aventus Units held by the Scheme Securityholders (as components of a Scheme Security) as at the Scheme Record Date.

Defined term	Meaning
Second Court Date	the first day on which an application made to the Court to seek the Second Judicial Advice and for an order under paragraph 411(4)(b) of the Corporations Act approving the Members' Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Second Court Hearing	the hearing of an application made to the Court by Aventus Company and Aventus Trustee for orders approving the Members' Scheme and for the Second Judicial Advice.
Second Judicial Advice	confirmation from the Court under section 63 of the Trustee Act 1925 (NSW) that, the Aventus Securityholders having approved the Trust Scheme Resolutions by the requisite majorities, Aventus Trustee would be justified in implementing the Trust Scheme Resolutions, giving effect to the provisions of the Aventus Trust Constitution (as amended by the Aventus Trust Supplemental Deed) and in doing all things and taking all necessary steps to put the Trust Scheme into effect.
Security Interest	has the meaning given in section 51A of the Corporations Act.
September Issue Date	has the meaning given in Section 5.1.
September Placement	has the meaning given in Section 5.1.
September Placement Units	has the meaning given in Section 5.1.
Superior Proposal	a bona fide Competing Proposal that the Aventus Boards, acting in good faith, and after receiving written legal advice from external legal advisers and written financial advice from a Financial Adviser, determines would, if completed substantially in accordance with its terms, be reasonably likely to be more favourable to Aventus Securityholders (as a whole) than the Merger (and, if applicable, than the Merger as amended or varied following application of the matching right set out in clause 11.5 of the Scheme Implementation Deed), taking into account all terms and conditions and other aspects of the Competing Proposal (including any timing considerations, any conditions precedent, the identity of the proponent or other matters affecting the probability of the Competing Proposal being completed) and of the Merger.
Third Party	a person other than any of the parties, their respective Related Entities or their other Associates.
Trustee Reimbursement Fee	$20.15 million.
Trustee Reverse Reimbursement Fee	$20.15 million.
Trust Scheme	an arrangement under which HMC Funds Management acquires all of the Scheme Units from Scheme Securityholders, facilitated by amendments to the Aventus Trust Constitution as set out in the Aventus Trust Supplemental Deed, subject to the requisite approvals of the Aventus Securityholders.
Trust Scheme Consideration	2.20 HDN Units for every 1 Aventus Unit.
Trust Scheme Meeting	the meeting of the Aventus Securityholders, as holders of Aventus Units, convened by Aventus Trustee to consider and vote on the Trust Scheme Resolutions and the Unstapling Resolution for the purposes of clause 20.5 of the Aventus Trust Constitution, and includes any meeting convened following any adjournment or postponement of that meeting.

Glossary continued

Defined term	Meaning
Trust Scheme Resolutions	the resolutions to approve the Trust Scheme including: 1. a special resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the Aventus Trust Constitution as set out in the Aventus Trust Supplemental Deed; and 2. a resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition by HMC Funds Management of all the Aventus Units as at the Scheme Record Date.
Underwriter	a relationship bank of HDN and AVN.
Unstapling	the termination of stapling of Aventus Units and Aventus Shares in accordance with the Aventus Trust Constitution and Aventus Company Constitution.
Unstapling Resolutions	the resolutions of holders of Aventus Units and Aventus Shares respectively to approve the Unstapling for the purposes of clause 20.5 of the Aventus Trust Constitution and clause 16.5 of the Aventus Company Constitution.
VWAP	volume weighted average price.
WACR or Weighted Average Capitalisation Rate	the average capitalisation rate in relation to Aventus, HDN or the Merged HDN Group for a group of properties, weighted by value.
WALE or Weighted Average Lease Expiry	the average lease term remaining to expiry in relation to Aventus, HDN or the Merged HDN Group for a property or group of properties, weighted by gross passing income.
WARR or Weighted Average Rent Review	the average rent review in relation to Aventus, HDN or the Merged HDN Group for a property or group of properties, weighted by gross passing income.

Appendix 1

Further information concerning the Merger, Aventus and the Merged HDN Group

1. Additional information regarding the Merger

1.1 Background to the Merger

On 18 October 2021, HomeCo and HDN announced that they have entered into a binding Scheme Implementation Deed with Aventus to acquire all Aventus Securities comprising units in Aventus Trust and shares in Aventus Company, via schemes of arrangement and subject to certain conditions. The proposed Merger followed a period of mutual due diligence including a detailed assessment of the strategic rationale underpinning the Merger.

Under the Merger, Aventus Securityholders will receive:

- 2.20 HDN Units for every one Aventus Unit; and
- $0.285 cash or 0.038 HomeCo Securities for every one Aventus Share.

HDN Units and HomeCo Securities issued to Aventus Securityholders as part of the Merger will rank pari passu with existing HDN Units and HomeCo Securities post implementation.

A summary of the Scheme Implementation Deed is set out in Section 5.1 of this Appendix.

1.2 HMC Funds Management Independent Directors recommendation and voting intention

The HMC Funds Management Independent Directors[1] unanimously recommend that you vote in favour of the resolution to approve the issue of the Trust Scheme Consideration in connection with the Merger. All HMC Funds Management directors intend to vote their own holdings in favour of the Merger.

1.3 Aventus Directors' recommendation and voting intention

The Aventus Boards unanimously consider the Merger to be in the best interests of Aventus Securityholders (other than Excluded Securityholders) and recommend that Aventus Securityholders (other than Excluded Securityholders) vote in favour of the Merger in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Merger is in the best interests of Aventus Securityholders (other than Excluded Securityholders). Subject to those qualifications, each Aventus Director intends to vote all the Aventus Securities held or controlled by them in favour of the Merger.

Darren Holland (Aventus' Managing Director and CEO) will, if the Merger is implemented, receive consideration with a total value of $19.9 million in respect of his Aventus Securities and Restricted Aventus Securities (of which $19.2 million relates to his holding of Aventus Securities and $0.7 million relates to Restricted Aventus Securities by reason of his management roles). He will also be offered a management position with HomeCo upon implementation of the Merger.

1.4 Major securityholder support

Aventus' largest investor, BB Retail Capital (**BBRC**)[2], which has a 22.6% Relevant Interest in Aventus (as at the Last Practicable Date) has advised that its intention is to vote all of its Aventus Securities in favour of the Merger, based on the disclosed terms of the Merger and in the absence of a Superior Proposal.[3] BBRC's intention to vote is also subject to FIRB approval, no HDN Prescribed Occurrence and no HDN Material Adverse Change conditions in the Scheme Implementation Deed being satisfied and not waived by Aventus prior to the Aventus Meetings.

1.5 Independent expert

Aventus appointed Deloitte as an Independent Expert to review the Merger and to provide an opinion on whether the Merger is in the best interests of Aventus Securityholders, in the absence of a Superior Proposal.

The Independent Expert has concluded that the Merger is fair and reasonable to, and in the best interests of Aventus Securityholders (other than Excluded Securityholders) in the absence of a Superior Proposal.

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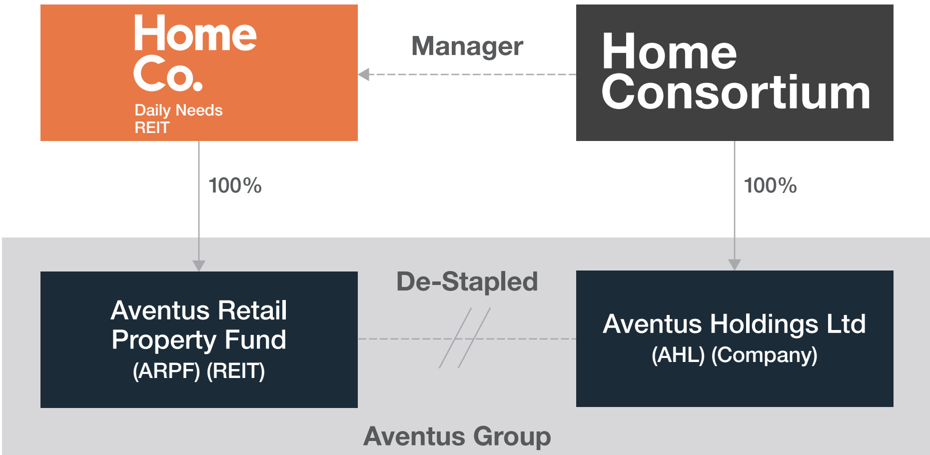
1. As HomeCo is a party to the Merger, the HMC Funds Management directors who are also directors of HomeCo, have abstained from making a recommendation in relation to the Merger.
2. BBRC's investment comprises Aventus Securities held by BB Retail Capital Pty Ltd as trustee for the Blundy Family Trust and BBFIT Investments Pte Limited.
3. If the BBRC Option has not been exercised before the time of the Aventus Meetings, BBRC intends to vote the Aventus Securities subject to the BBRC Option in favour of the Schemes.

1.6 Implementation mechanics

The Merger involves the Unstapling of Aventus Units from Aventus Shares followed by their acquisition by HMC Funds Management and HomeCo respectively. It is proposed that the Merger will be implemented as follows:

Component of the Merger	Description
Unstapling	Unstapling will involve the termination of stapling of Aventus Units and Aventus Shares.
Trust Scheme (concurrently with the Members' Scheme)	Immediately following the Unstapling, each Aventus Unit will be exchanged for 2.20 HDN Units.
Members' Scheme (concurrently with the Trust Scheme)	Immediately following the Unstapling, each Aventus Share will be exchanged for $0.285 cash or 0.038 HomeCo Securities.

If the Merger is implemented the structure of the Merged HDN Group and HomeCo will be as follows:



1.7 Conditions of the Merger

Implementation of the Merger is subject to a number of Conditions Precedent, including:

- BBRC obtaining approval from FIRB;
- necessary ASIC and ASX approvals and exemptions being obtained;
- Aventus Securityholders approving all the Resolutions by the requisite majorities and HDN Unitholders approving the Reverse Takeover Resolution by the requisite majority;
- the Independent Expert concluding (and not changing its conclusion) that the Merger is in the best interests of Aventus Securityholders (other than Excluded Securityholders);
- the Court approving the Members' Scheme and providing the Second Judicial Advice;
- no court or Government Agency imposes restraints that prevent implementation of the Merger;
- no Aventus Prescribed Occurrences or HDN Prescribed Occurrences;
- no Aventus Material Adverse Changes or HDN Material Adverse Change;
- the HDN Units and HomeCo Securities to be issued pursuant to the Trust Scheme and the Members' Scheme (respectively) being approved for official quotation by ASX; and
- receipt of an ATO class ruling in respect of rollover relief in relation to Aventus Units.

The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed. In addition to the Conditions Precedent, the parties to the Scheme Implementation Deed have agreed to engage with the ACCC in relation to the Merger.

The Merger will not proceed unless all the Conditions Precedent are satisfied (or waived, if applicable) before 15 May 2022 (or such later date as Aventus, HMC Funds Management and HomeCo may agree) in accordance with the Scheme Implementation Deed.

As at the date of this Notice, the Conditions Precedent relating to ASIC and ASX relief have been satisfied.

As at the date of this Notice, the Treasurer of the Commonwealth of Australia has not yet provided notice to BBRC that the Commonwealth Government has no objection to the Schemes under the *Foreign Acquisitions and Takeovers Act 1975* (Cth). An update on the status of the FIRB approval will be provided at the Aventus Meetings.

Aventus has applied for the ATO class ruling as to the availability of scrip for scrip rollover. As at the date of this Notice, the ATO has not yet provided the class ruling. An update on the status of the ATO class ruling will be provided prior to the Meeting.

1.8 Aventus Securityholder approvals

Aventus Securityholders will be asked to consider, and if thought fit, pass the following Resolutions at the Aventus Meetings:

Resolution	Description
Trust Scheme Meeting	
Unstapling Resolution	a special resolution to approve the Unstapling of Aventus Units from Aventus Shares for the purposes of clause 20.5 of the Aventus Trust Constitution.
Trust Constitution Amendment Resolution	a special resolution under section 601GC(1) of the Corporations Act to approve amendments to the Aventus Trust Constitution to enable Aventus Trustee to implement the Trust Scheme (as set out in the Aventus Trust Supplemental Deed).
Trust Acquisition Resolution	an ordinary resolution for the purposes of item 7 of section 611 of the Corporations Act to approve the acquisition by HMC Funds Management of all the Aventus Units.
Aventus Shareholders' Meeting	
Unstapling Resolution	a special resolution to approve the Unstapling of Aventus Shares from Aventus Units for the purposes of clause 16.5 of the Aventus Company Constitution.
Members' Scheme Meeting	
Members' Scheme Resolution	a resolution under s411(4)(a)(ii) of the Corporations Act, to approve the Members' Scheme for the transfer of Aventus Shares to HomeCo.

1.9 Court approval of the Schemes

In the event that:

- the Resolutions are approved by the requisite majorities of Aventus Securityholders at the Aventus Meetings; and
- all other Conditions Precedent (except Court approval of the Members' Scheme and the Second Judicial Advice) have been satisfied (or waived, if applicable),

Aventus Trustee and Aventus Company will apply to the Court for orders approving the Members' Scheme and for the Second Judicial Advice at the Second Court Hearing.

2. Information on Aventus

2.1 Overview of strategy and recent performance

Aventus aims to deliver resilient and growing income and capital returns for investors. In FY21, Aventus delivered a total securityholder return for investors of 53.4%, 20.2% above the benchmark[1].

The portfolio has been accumulated over 17 years and comprises 19 properties valued at approximately $2.3 billion, with the average centre now valued at over $116 million and average GLA per centre in excess of 25,000 square metres.

The Aventus strategy is focused on four key pillars and reflects Aventus' goal to be Australia's leading owner, developer, and manager of Large Format Retail. The four key pillars are:

Strengthen the core	Combine Aventus' expertise, retailer relationships and curate the tenancy mix to drive income and capital growth and acquire dominant assets that complement the portfolio.
Build development pipeline	Enhance the short-term and long-term earnings potential of the portfolio, through brownfield and greenfield opportunities, master-planning and retail-led mixed-use developments.
Grow funds management	Grow Aventus' funds management platform through complementary acquisitions to diversify its income and expand its capital sources.
Proactive capital management	Manage capital diligently for efficient execution of Aventus' strategy.

2.2 Key events

Aventus has delivered a number of significant outcomes for Aventus Securityholders since IPO and internalisation. Some of the key events are summarised in the below table:

Calendar year	Event
2015	$686m Equity Raise and Listing on ASX
2016	• $40m Acquisition – Epping • $100m Debt Raise • $105m Equity Raise • $219m Portfolio Acquisition – Bankstown, Logan, Shepparton, MacGregor and McGraths Hill
2017	• $300m Debt Raise • $215m Equity Raise • $436m Portfolio Acquisition – Castle Hill and Marsden Park • $20m Disposal of Shepparton
2018	• $40m Disposal of Tweed • $160m Refinancing via Loan Notes • Internalisation of Aventus
2019	• $43m Aventus Property Syndicate 1
2020	• $12m Acquisition – Epping Adjoining Development Site
2021	• $660m Debt Refinancing • $42m Disposal of MacGregor

1. S&P/ASX 200 A-REIT index constituents.

2.3 Corporate structure

Aventus is an internalised REIT and is structured as a stapled group, with each stapled security in Aventus comprising one unit in the Aventus Trust and one share in Aventus Company. The responsible entity of Aventus Trust is Aventus Capital Limited, an indirect subsidiary of Aventus Company.

As at 30 June 2021, Aventus Trust owned a property portfolio comprising 19 Large Format Retail centres valued at approximately $2.3 billion[2].

Simplified corporate structure diagram

Aventus Group (stapled security)

2.4 Portfolio summary

The following table summarises key portfolio metrics for the standalone Aventus Trust as at 30 June 2021[3]:

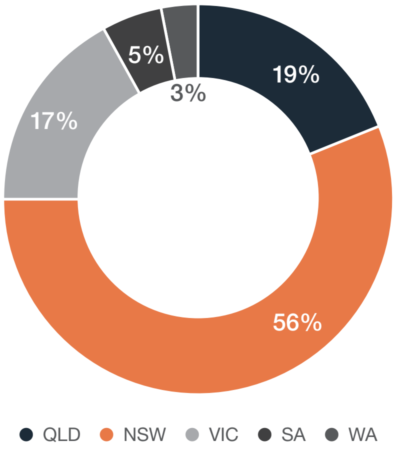
Number of properties	19
Book value	$2.3 billion
Capitalisation rate (weighted average)	6.01%
GLA	0.537m sqm
Site area	1.225m sqm
Number of tenancies	591
Occupancy	98.8%
National retailers	88% by income
WALE	3.7 years

2. As at 30 June 2021.
3. 30 June 2021 pro forma adjusted to reflect post balance date disposal of MacGregor and McGrath's Hill at 100% valuation.

Further information concerning the Merger, Aventus and the Merged HDN Group continued

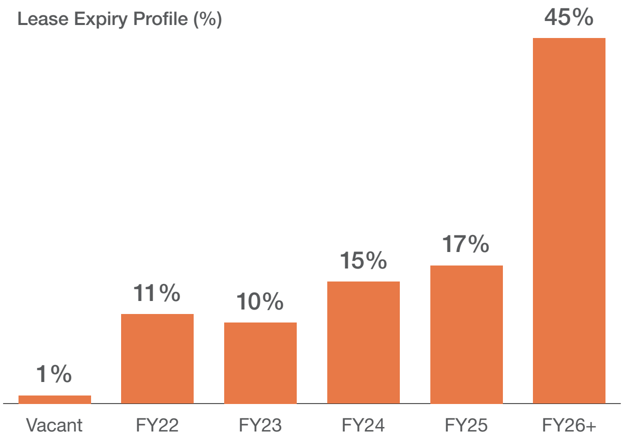
Geographic exposure[4]

The Aventus portfolio is primarily located on the east coast of Australia.



Weighted Average Lease Expiry[5,6]

The Aventus portfolio has minimal expiries in the coming years with only approximately 11% of the portfolio expiring in FY22.



Aventus has engaged an independent valuer to value its entire portfolio as at 31 December 2021. Aventus currently expects to release to the ASX a summary of the results of the valuation of its portfolio in late December 2021.

HMC Funds Management will also obtain valuations of the HDN Trust's portfolio as at 31 December 2021, as set out in Section 3.2 of this Appendix.

Following the release of the updated valuations, the Aventus Boards will obtain the Independent Expert's confirmation of whether the updated valuations change the Independent Expert's opinion that the Merger is fair and reasonable to, and is therefore in the best interests of, Aventus Securityholders (other than Excluded Securityholders) in the absence of a Superior Proposal.

This confirmation will be announced to the ASX in advance of the Aventus Meetings. If the Independent Expert's opinion has changed, the matter will be relisted before the Court prior to the Aventus Meetings. Aventus Securityholders are strongly encouraged to read the summary of the results of the valuations of its portfolio and the HDN Trust's portfolio and the confirmation of whether the Independent Expert's opinion changes before deciding how to vote at the Aventus Meetings.

4. Expressed by ownership value.
5. As at 30 June 2021.
6. Profile by income.

2.5 Tenant base

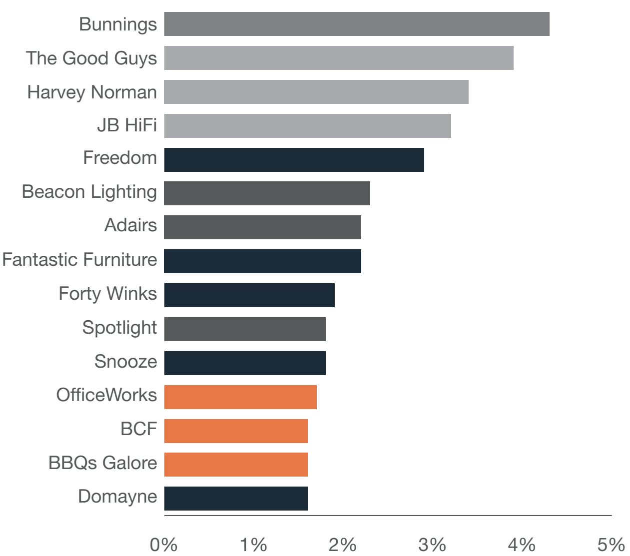
Aventus has a diversified national tenant base comprised of 88% national tenants including Bunnings, The Good Guys, JB Hi-Fi, Harvey Norman, and Freedom.

The largest single category exposure is to everyday needs which comprises 37% of the group's tenant base with retailers including Officeworks, Coles, Supercheap, Rebel and others.

The Aventus portfolio has an embedded growth profile with 77% of the tenant base on fixed reviews mechanisms that equate to an average weighted average rent review of 3.8% per annum, and the balance of tenants on CPI reviews.

A summary of the top tenants and categories are outlined below:

Top 15 tenants by income



Tenant categories by income

Further information concerning the Merger, Aventus and the Merged HDN Group continued

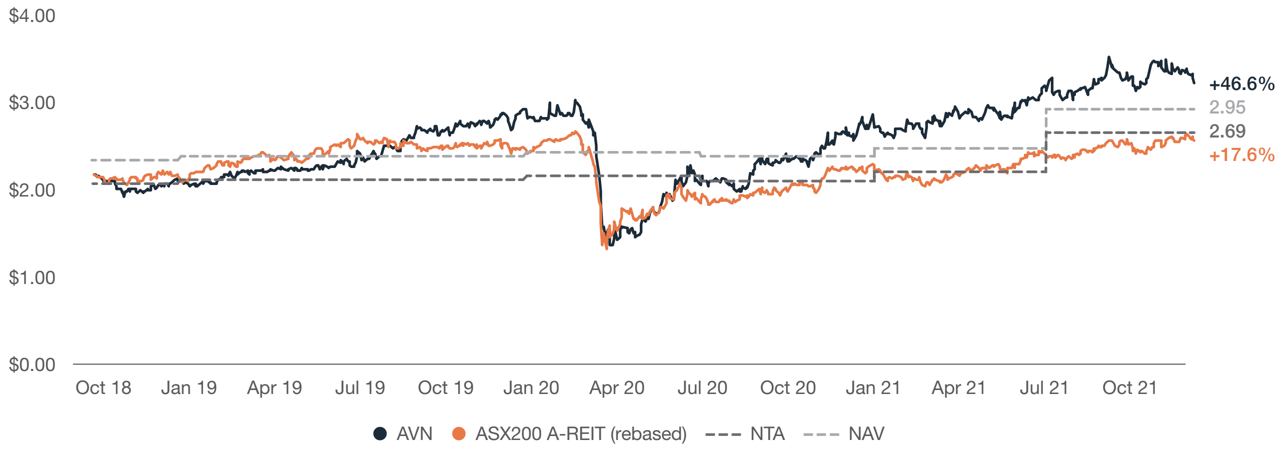
2.6 Property summary

A list of properties within the Aventus portfolio and their key metrics are set out below:

Properties	State	Ownership Share	Valuation Type	Carrying Value ($M)	Capitalisation Rate	Occupancy	WALE (years)	Number of Tenancies	GLA ('000 sqm)	Site Area ('000 sqm)	Car Spaces	National Retailers
Bankstown	NSW	100%	Independent	78	6.00%	100%	3.9	23	18	40	352	93%
Belrose	NSW	100%	Independent	202	5.75%	100%	3.0	46	37	44	1,072	89%
Caringbah	NSW	100%	Independent	152	5.75%	100%	3.5	27	21	23	593	85%
Castle Hill	NSW	100%	Independent	354	5.75%	100%	3.9	77	51	60	1,490	83%
Highlands	NSW	100%	Independent	44	6.00%	100%	4.1	14	11	32	270	86%
Kotara South	NSW	100%	Independent	137	6.00%	99%	4.1	25	29	53	500	98%
Marsden Park	NSW	100%	Independent	108	5.75%	100%	4.5	31	20	40	451	95%
McGraths Hill	NSW	25%	Independent	50	6.00%	100%	3.1	9	16	38	350	98%
Tuggerah	NSW	100%	Independent	111	6.50%	98%	4.6	36	39	127	758	84%
Warners Bay	NSW	100%	Independent	55	6.00%	100%	4.6	12	12	35	370	93%
TOTAL NSW			**56%**	**1,291**	**5.88%**	**100%**	**3.8**	**300**	**254**	**493**	**6,206**	**89%**
Ballarat	VIC	100%	Independent	47	6.50%	100%	2.4	15	20	52	571	93%
Cranbourne	VIC	100%	Independent	176	6.00%	100%	4.7	38	57	194	1,758	93%
Epping	VIC	100%	Independent	64	6.25%	94%	2.7	31	22	91	660	59%
Peninsula	VIC	100%	Independent	115	6.00%	100%	3.3	33	33	85	741	92%
TOTAL VIC			**17%**	**401**	**6.10%**	**99%**	**3.7**	**117**	**132**	**422**	**3,730**	**87%**
Jindalee	QLD	100%	Independent	163	6.00%	100%	2.6	51	27	72	812	75%
Logan	QLD	100%	Independent	107	6.25%	100%	3.4	29	27	27	600	90%
MacGregor	QLD	100%	Independent	42	6.00%	90%	6.2	8	12	29	168	76%
Sunshine Coast	QLD	100%	Independent	121	6.00%	97%	3.3	34	27	69	800	88%
TOTAL QLD			**19%**	**433**	**6.06%**	**98%**	**3.3**	**122**	**93**	**197**	**2,380**	**83%**
Mile End	SA	100%	Independent	128	6.50%	100%	3.5	34	34	71	744	91%
TOTAL SA			**5%**	**128**	**6.50%**	**100%**	**3.5**	**34**	**34**	**71**	**744**	**91%**
Midland	WA	100%	Independent	67	6.75%	91%	3.4	18	23	43	350	87%
TOTAL WA			**3%**	**67**	**6.75%**	**91%**	**3.4**	**18**	**23**	**43**	**350**	**87%**
TOTAL				**2,320**	**6.01%**	**98.8%**	**3.7**	**591**	**537**	**1,225**	**13,410**	**88%**

2.7 Security price performance

Outlined in the chart below is Aventus' trading price performance from 1 October 2018, being the trading day on which Aventus' management internalisation was completed, to the Last Practicable Date.



2.8 Financial information

A summary of the consolidated financial performance and financial position of Aventus for the financial years ended 30 June 2020 and 30 June 2021 is summarised below.

Full copies of Aventus' Annual Reports for the years ended 30 June 2020 and 30 June 2021 can be obtained by visiting Aventus; website at https://aventusgroup.com.au/investors/ or from the ASX website at www.asx.com.au.

Consolidated financial performance

FFO ($m)	12 months to 30 June 2021	12 months to 30 June 2020
Net profit	410	57
Straight-lining of rental income	4	2
Amortisation of rental guarantees	1	–
Amortisation of debt establishment costs	2	2
Net movement in fair value of investment properties	(297)	37
Net movement in fair value of derivative financial instruments	(9)	1
Other	(1)	1
Funds From Operations (FFO)	**110**	**100**
Operating capex	(6)	(4)
Leasing costs	(6)	(3)
Adjusted Funds From Operations (AFFO)	**98**	**93**

Further information concerning the Merger, Aventus and the Merged HDN Group continued

Per Security (cents)	12 months to 30 June 2021	12 months to 30 June 2020
Distributions per security	17.5	11.9
FFO per security	19.4	18.2
AFFO per security	17.4	16.9
Payout ratio (% of FFO)	90%	66%
Payout ratio (% of AFFO)	100%	70%

On 18 October 2021 Aventus announced FY22 FFO per security guidance of 20.5 cents per security or 5% growth on FY21. This guidance included a number of items that are non-recurring in nature and excluding these items results in normalised FFO per security of 20.3 cents per security.

Consolidated financial position

Balance Sheet ($m)	Balance as at 30 June 2021	Balance as at 30 June 2020
Assets		
Cash and cash equivalents	7	39
Investment properties	2,270	1,933
Investment in associates	8	6
Intangible assets	144	144
Other assets	9	14
Liabilities		
Borrowings	(692)	(735)
Distribution payable	(25)	(13)
Other liabilities	(40)	(48)
Net assets	**1,681**	**1,340**
Securities on issue (million)	570	557
NTA per security	**$2.69**	**$2.14**
NAV per security	**$2.95**	**$2.41**

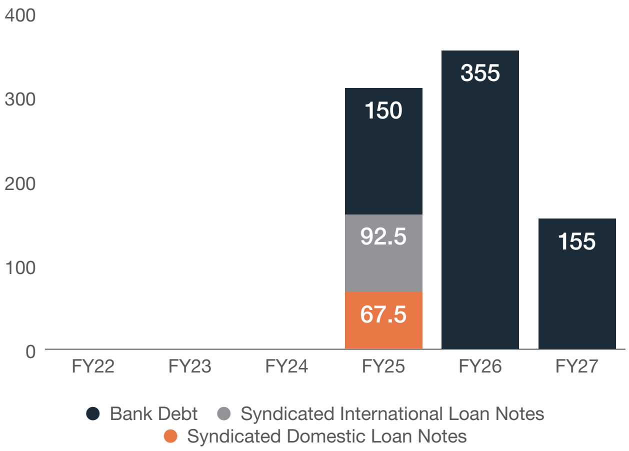
2.9 Capital management

A summary of Aventus' key capital management metrics for the financial years ended 30 June 2020 and 30 June 2021 is summarised below.

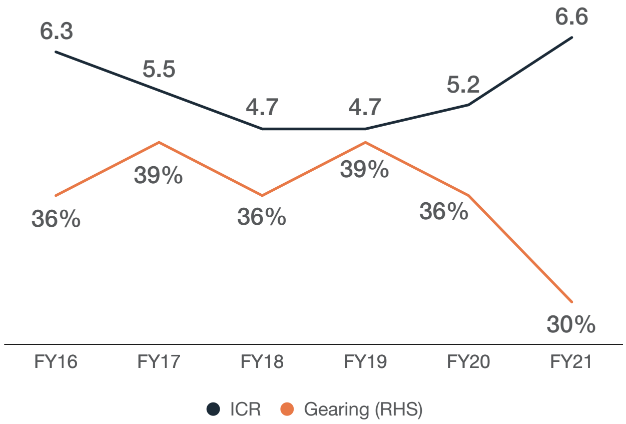
Key metrics

Balance Sheet ($m)	Balance as at 30 June 2021	Balance as at 30 June 2020
Drawn debt ($m)	695	738
Facility limit ($m)	820	820
Cash and undrawn debt capacity ($m)	132	121
Gearing[7] (%)	30.3%	36.0%
Loan to value ratio[8] (LVR) (%)	30.8%	38.5%
Interest coverage ratio[9] (ICR) (x)	6.6x	5.2x
Weighted average cost of debt[10] (%)	2.8%	3.1%
Weighted average debt maturity (years)	4.4	3.1
Proportion of drawn debt hedged (%)	51.8%	62.3%
Weighted average hedge expiry (years)	1.2	1.7

Debt expiry profile



Interest Cover Ratio and Gearing[11]



7. Gearing is calculated as borrowings (excluding unamortised debt establishment costs) less cash and cash equivalents divided by total assets less lease liabilities, cash and cash equivalents and investments in associates.
8. The LVR ratio is calculated as total drawn debt divided by the total fair value of investment properties. Fair value is calculated by reference to the most recent independent valuation for each property.
9. ICR is calculated as EBITDA divided by interest expense.
10. Weighted average cost of debt is calculated based on historical finance costs excluding amortisation of debt establishment costs and net fair value gains/losses on interest rate swaps.
11. In relation to FY17, pro forma numbers including the acquisition of Castle Hill Super Centre and Marsden Park Home.

2.10 Capital Structure

At the Last Practicable Date, Aventus has 571,366,881 Aventus Securities quoted on the ASX.

2.11 Interests of Aventus Directors

a) Relevant Interests in Aventus Securities

The following table lists the Relevant Interests in Aventus Securities of Aventus Directors as at the Last Practicable Date:

Director	Executive or Non-Executive	Independent status	Relevant Interests in Aventus Securities
Bruce Carter	Non-Executive	Independent	1,189,312
Kieran Pyke	Non-Executive	Independent	70,873
Robyn Stubbs	Non-Executive	Independent	41,364
Darren Holland	Executive	Non-Independent	6,040,829
Ray Itaoui	Non-Executive	Independent	31,071,484

Darren Holland's holding of Aventus Securities includes 224,312 Restricted Aventus Securities with 131,134 Restricted Aventus Securities having been issued following approval by Aventus Securityholders at Aventus' 2021 Annual General Meeting.

b) Relevant Interests in HDN Units and HomeCo Securities

The following table lists the Relevant Interests in HDN Units and HomeCo Securities of Aventus Directors as at the Last Practicable Date:

Director	Executive or Non-Executive	Independent status	Relevant Interests in HDN Units	Relevant Interest in HomeCo Securities
Bruce Carter	Non-Executive	Independent	Nil	Nil
Kieran Pyke	Non-Executive	Independent	Nil	Nil
Robyn Stubbs	Non-Executive	Independent	Nil	Nil
Darren Holland	Executive	Non-Independent	Nil	Nil
Ray Itaoui	Non-Executive	Independent	Nil	Nil

c) Interests in agreements or arrangements relating to the Merger

Otherwise, except as disclosed in this Notice:

- no Aventus Director has any other interests in a contract entered into by HMC Funds Management and HomeCo;
- there are no contracts or arrangements between an Aventus Director and any person in connection with or conditional upon the outcome of the Merger; and
- no Aventus Director has a material interest in relation to the Merger other than in their capacity as an Aventus Securityholder as outlined in Section 2.11(a) of this Appendix.

It is proposed that Darren Holland will be offered a position at HomeCo as CEO of the Merged HDN Group.

2.12 Benefits in connection with retirement from office

No payment or other benefit is proposed to be made or given to any director, company secretary or executive officer of Aventus Company, Aventus Trustee (or any of their respective related bodies corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in Aventus Company, Aventus Trustee or any of their respective related bodies corporate in connection with the Merger.

Aventus pays premiums in respect of a directors and officers (D&O) insurance policy for the benefit of the directors of Aventus and executive officers of Aventus.

2.13 Material changes in Aventus' financial position since last accounts published

On 16 August 2021, Aventus settled the sale of its MacGregor centre located in Queensland.

In relation to the COVID-19 pandemic, despite Aventus performing strongly during the Financial Year ended 30 June 2021, uncertainty exists subsequent to the balance date due to the ongoing COVID-19 pandemic. Aventus Directors and management are monitoring key developments including government restrictions and relief packages and will continue to seek to mitigate the impacts of the pandemic on the business and its people where possible. At the date of this Notice the future impact of the pandemic on Aventus is unknown. In the event that the impacts of the pandemic are more severe or prolonged than anticipated, this may have an adverse impact on the financial position and performance of Aventus in future financial periods.

In October 2021, Aventus issued FY22 FFO guidance of 20.5 cents per security. This guidance includes a number of items that are non-recurring in nature and excluding these one-off effects results in normalised FFO of 20.3 cents per security.

Other than as disclosed in this Notice, within the knowledge of the Aventus Boards, the financial position of Aventus has not materially changed since 30 June 2021, being the date of the balance sheet for the full year accounts of Aventus for FY21.

2.14 Publicly available information in relation to Aventus

Aventus is a disclosing entity for the purposes of the Corporations Act and is subject to periodic reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require Aventus to notify the ASX of information about specified matters and events as they arise for the purpose of the ASX making that information available to participants in the market.

Once Aventus becomes aware of any information concerning it which a reasonable person would expect to have a material effect on the price or value of an Aventus Security, Aventus must (subject to limited exceptions) immediately tell the ASX that information.

Publicly disclosed information about all ASX-listed entities, including Aventus, is available on the ASX website at www.asx.com.au.

3. Information on the Merged HDN Group

3.1 Introduction

a) Background

The Merged HDN Group will be one of Australia's leading Daily Needs Retail REITs with a portfolio of significant scale and enhanced development capability to unlock value from the Merged HDN Group's strategic landbank. It is expected that the key attributes of the Merged HDN Group will include:

- combined portfolio size of $4.1 billion[1], with a portfolio WACR of 5.85%, diversified across sub-sectors, tenants and geographies;
- resilient income profile with 84%[2] national tenants, low average rents and 92%[3] of the tenant base contracted under either fixed rental escalations with a weighted average rent review (**WARR**) of 3.6% per annum or CPI;
- strategic last mile infrastructure network spanning 2.5 million square metres in Australia's leading metropolitan markets and growth corridors;
- significant growth pipeline with approximately $300 million of future expansion opportunities and an underutilised landbank with low site coverage ratio of 38%; and
- best-in-class management team with an active investment approach and proven track record.

It is proposed that Aventus' key management will be offered positions within HomeCo to facilitate the implementation of the Merger and to manage the Merged HDN Group into its next phase of growth as a leading ASX listed Daily Needs REIT. Specifically, Darren Holland (current Aventus Managing Director and CEO) and Lawrence Wong (current Aventus CFO), will be offered positions with HomeCo as CEO and CFO of the Merged HDN Group respectively.

b) Objectives and strategy of the Merged HDN Group

The Merged HDN Group will maintain HDN's existing strategy of providing investors with exposure to a portfolio of stabilised, predominately metro-located and convenience-based assets targeting consistent and growing distributions.

The Merged HDN Group intends to achieve this objective by:

- maintaining high quality and defensive exposure across target sub-sectors (Neighbourhood Retail, Large Format Retail and Health & Services), tenants and geographies;
- employing a Model Portfolio construction approach, informed by long term historical returns across sub-sectors as described further in the section below;
- pursuing acquisition and development opportunities across target sub-sectors; and
- maintaining an efficient and appropriate capital structure, which will be targeted in part through accessing debt capital markets to obtain cheaper and longer duration debt.

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1. Adjusted to reflect a 100% ownership of McGrath's Hill and the post balance date disposal of MacGregor.
2. By gross income for signed leases for Merged HDN Group and signed memoranda of understanding for HDN.
3. By gross income for signed leases for Merged HDN Group and signed memoranda of understanding for HDN.

c) Investment strategy and process

Investment philosophy

The Merged HDN Group's investment philosophy will focus on making investment decisions based on underlying property fundamentals, quantitative analysis and identifying opportunities to unlock value through acquisition opportunities.

Model Portfolio construction

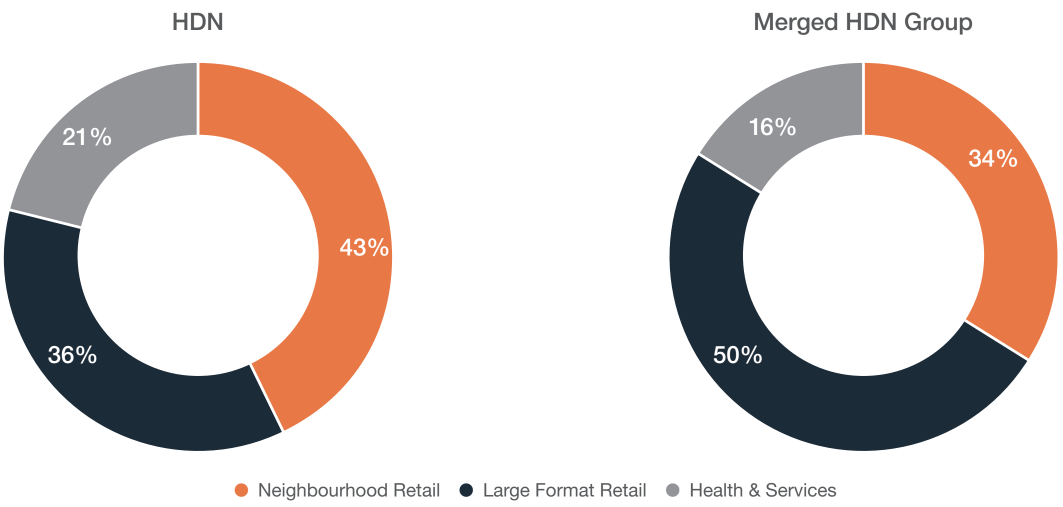
The Merged HDN Group's portfolio will continue to be informed by the Model Portfolio. The Model Portfolio consists of approximately:

- 50% exposure to Neighbourhood Retail;
- 30% exposure to Large Format Retail; and
- 20% exposure to Health & Services.

The Model Portfolio construction has been informed by long term historical analysis of income and capital returns across sectors, which have displayed relatively low levels of correlation to traditional retail and property sectors and have outperformed other retail property subsectors in recent years.

Immediately following the implementation of the Merger, the Merged HDN Group portfolio composition will differ from the Model Portfolio composition as at 30 June 2021, as illustrated in the chart below.

Portfolio composition (as at 30 June 2021)



HDN is committed to the Model Portfolio and the Merged HDN Group will seek to rebalance the combined portfolio through tenant remixing, developments and acquisitions.

In-depth gap analysis undertaken in connection with the Merger has identified opportunities across approximately 43 Neighbourhood Retail tenancies and 40 Health & Services tenancies in the combined property portfolio to accelerate tenant remixing towards more defensive daily needs, health and services users.

Investment process

HMC Funds Management intends to continue to acquire additional properties that are consistent with its objectives and represent value-accretive investment opportunities that complement the Merged HDN Group's strategy of targeting consistent and growing distributions.

Further information concerning the Merger, Aventus and the Merged HDN Group continued

The Merged HDN Group's investment approach is summarised in the diagram below.

Overall investment objectives

Ownership of a stabilised portfolio of convenience based assets targeting consistent growing distributions for unitholders

Macro considerations

- **Economic factors**
  - interest rates
  - inflation
  - government policy
- **Markets**
  - ecommerce/technology disruption
- **Event risk**
  - financial crisis
  - pandemic risk
  - global conflicts/trade wars

Target model portfolio

- **Diversification** – portfolio aims to achieve lower correlation to traditional retail property assets, through:
  - geographic diversification
  - sub-sector diversification across daily needs, large format retail and health and services tenants
  - individual tenant diversification
- **Exposure caps on tenant categories**
  - no department stores
  - limited exposure to discount department stores
  - limited exposure to discretionary retail tenants (including fashion)
  - limited exposure to food and beverage tenants

Due diligence

- **Local market demographics**
  - growth outlook
  - competitive threats
- **Asset due diligence**
  - legal review
  - financial review
  - tenant credit counterparty analysis
  - technical/engineering review
  - environmental
- **Asset valuation enhancement**
  - development potential
  - operating efficiencies
  - ESG opportunities

3.2 Combined portfolio overview

a) Overview

The Merged HDN Group's portfolio will consist of 51 properties valued at approximately $4.1 billion[4].

The following table summarises key portfolio metrics for the standalone HDN and the Merged HDN Group as at 30 June 2021.

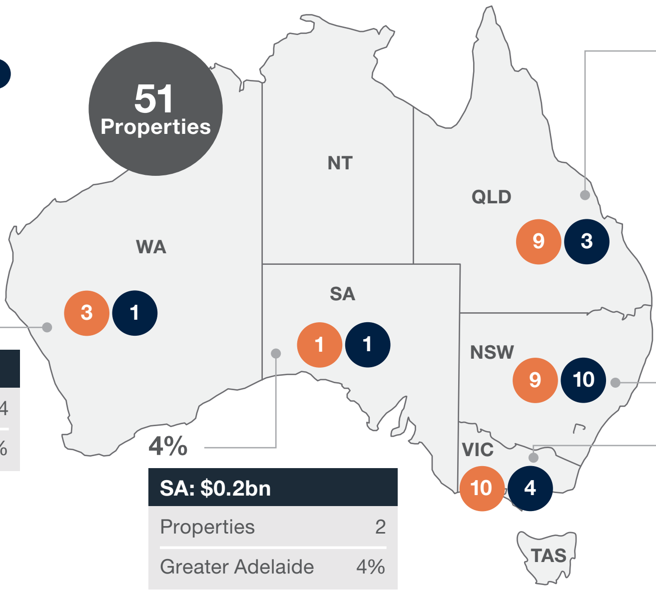
	HDN	Merged HDN Group
Number of properties	32	51
Portfolio value	$1,775m[5]	$4,052m[4]
WACR	5.63%[5]	5.85%
WALE[6]	7.5 years	5.3 years[6]
Land size	1.3m sqm	2.5m sqm
Portfolio value per GLA	$4,337/sqm[5]	$4,342/sqm
Site coverage ratio	32%	38%
National retailers[6]	80%	84%

4. Adjusted to reflect a 100% ownership of McGraths Hill and the post balance date disposal of MacGregor.
5. Includes Large Format Retail portfolio, Victoria Point and recently announced acquisitions (Woodlea, Pakenham, Coffs Harbour, Lismore and two pad sites). Excludes Parafield ROU asset of $11 million.
6. By gross income for signed leases for the Merged HDN Group and signed MOUs for HDN.

As illustrated in the chart below, the Merged HDN Group will have a presence in five states with 80% of combined portfolio properties located in metropolitan locations[7] and 92% concentrated on Australia's eastern seaboard[7].

Portfolio summary (as at 30 June 2021)

Total portfolio	
Portfolio value	$4.1bn
Tenants	>1,200



22%

QLD: $0.9bn	
Properties	12
Greater Brisbane	17%

45%

NSW: $1.8bn	
Properties	19
Greater Sydney	34%

24%

VIC: $1.0bn	
Properties	14
Greater Melbourne	23%

5%

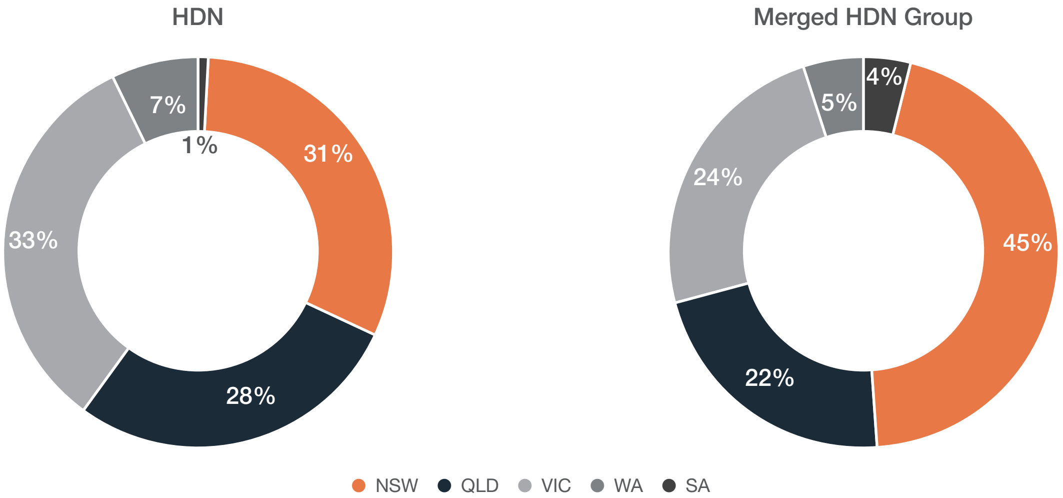
WA: $0.2bn	
Properties	4
Greater Perth	5%

4%

SA: $0.2bn	
Properties	2
Greater Adelaide	4%

The Merged HDN Group's composition by state is illustrated in the chart below.

Geographic mix (by value) (as at 30 June 2021)



HMC Funds Management is undertaking a valuation of its entire portfolio as at 31 December 2021 through independent and director valuations. HMC Funds Management currently expects to release to the ASX a summary of the results of the valuation of its portfolio in late December 2021.

7. By property fair value as at 30 June 2021. Figures shown in the portfolio summary and geographic mix charts below may not add to 92% due to rounding.

Further information concerning the Merger, Aventus and the Merged HDN Group continued

Aventus Trustee has also engaged an independent valuer to value its portfolio as at 31 December 2021, as set out in Section 2.4 of this Appendix.

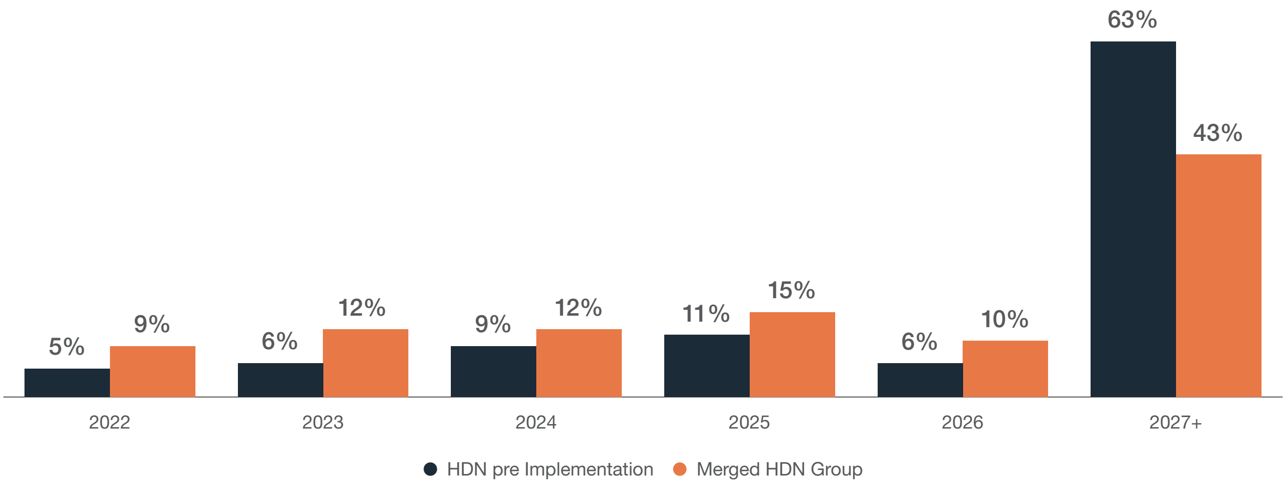
Following the release of the updated valuations, the Aventus Boards will obtain the Independent Expert's confirmation of whether the updated valuations change the Independent Expert's opinion that the Merger is fair and reasonable to, and is therefore in the best interests of, Aventus Securityholders (other than Excluded Securityholders) in the absence of a Superior Proposal.

This confirmation will be announced to the ASX in advance of the Aventus Meetings. If the Independent Expert's opinion has changed, the matter will be relisted before the Court prior to the Aventus Meetings.

b) Income profile of the combined portfolio

The Merged HDN Group's portfolio is expected to have a stable income profile with a WALE of 5.3 years. As illustrated in the chart below, no more than 15% of rent is expected to expire in any one year before 2027, providing the Merged HDN Group with steadily phased tenant remixing opportunities. The combined portfolio will have more than 600 unique tenants with opportunities to leverage tenant relationships to extend portfolio WALE.

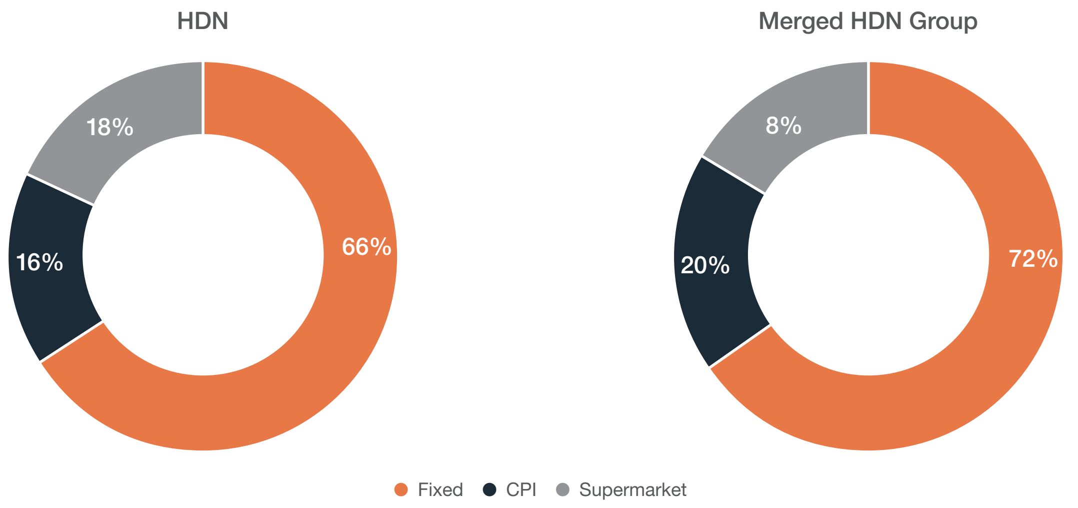
Lease expiry profile post implementation (as at 30 June 2021)



As illustrated below, the Merged HDN Group will have contracted rental growth with fixed escalations across 72% of the combined portfolio with these tenancies having a weighted average rent review of 3.6% per annum[8].

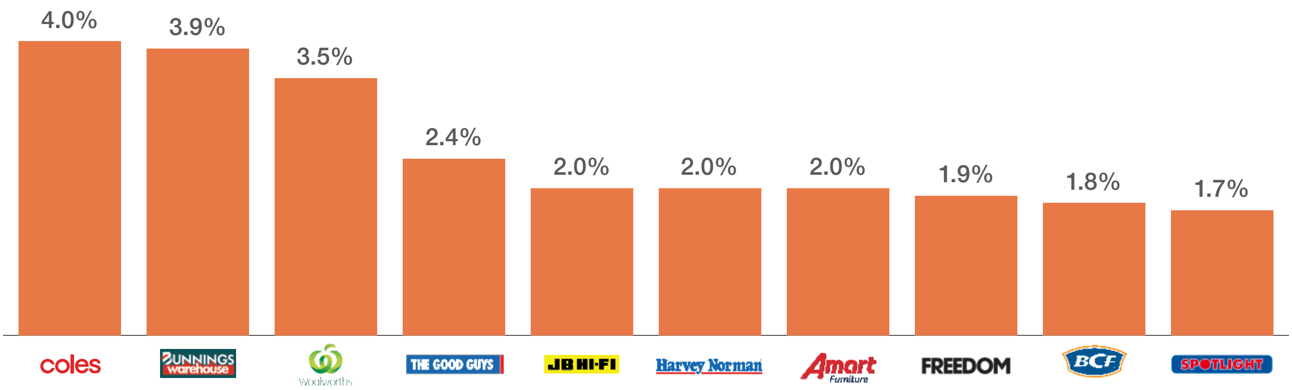
8. By gross income for signed leases for the Merged HDN Group and signed MOUs for HDN. Weighted average rent reviews on 72% of the Merged HDN Group tenants that are contracted under fixed escalation rental agreements.

Rent review composition (as at 30 June 2021)



The combined portfolio is expected to benefit from high quality diversified income with over 1,200 tenants across the Neighbourhood Retail, Large Format Retail and Health & Services sub-sectors and 84% of the portfolio comprising national tenants[9]. As illustrated in the chart below, the top 10 tenants will represent approximately 25% of income and no single tenant will comprise more than 4% of income.

Overview of the top 10 tenants[9] (as at 30 June 2021)



9. By gross income for signed leases for Merged HDN Group and signed memoranda of understanding for HDN.

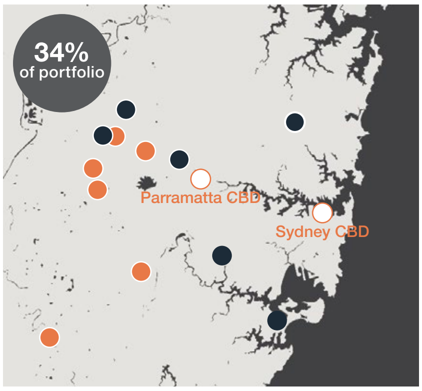
Further information concerning the Merger, Aventus and the Merged HDN Group continued

c) Growth and investment pipeline

The Merged HDN Group will have a potential future strategic last mile infrastructure network spanning 2.5 million square metres in the strongest metropolitan markets of Sydney, Melbourne, Brisbane, Perth and Adelaide. Across all assets in New South Wales, Victoria, Queensland, South Australia and Western Australia, over 12 million people will live within a 10 kilometre radius of a Merged HDN Group property and population growth across the combined portfolio's regions is 1.9%, compared to a national average of 1.6%[10], which is expected to support omnichannel and last-mile logistics demand.

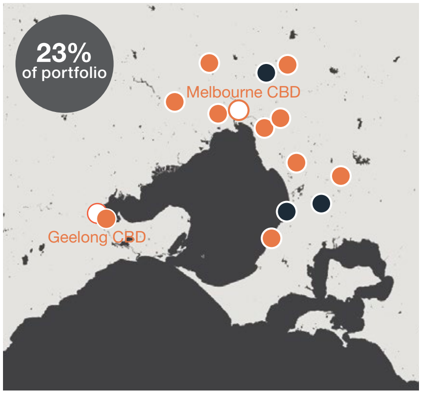
National last mile logistics network

Greater Sydney



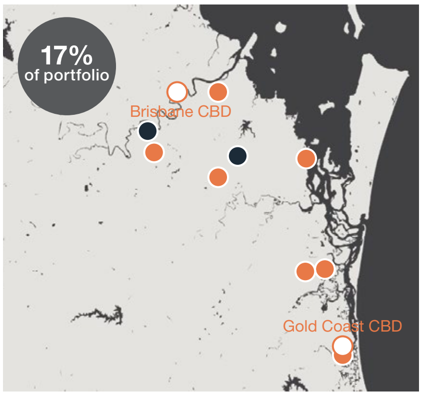
Population growth of 1.9%
4m people (68% of population) living within 10km of a Merged HDN Group property

Greater Melbourne



Population growth of 2.0%
4m people (72% of population) living within 10km of a Merged HDN Group property

Greater Brisbane



Population growth of 1.6%
2m people (57% of population) living within 10km of a Merged HDN Group property

● HDN ● AVN

The Merged HDN Group is expected to be well positioned to accelerate development opportunities and leverage its development track record and increased scale to deliver enhanced earnings and NTA growth, particularly by accelerating value-enhancing brownfield and larger scale development opportunities across the combined portfolio.

The Merged HDN Group intends to target more than $60 million[11] of annual development capital expenditure from FY23 onwards with a target return on invested capital in excess of 7%.[12]

Approximately $150 million of brownfield development opportunities are expected to be pursued in the first 24 months following the Merger. Over the longer term, it is estimated that more than $300 million of major development opportunities may be available across the combined portfolio.

10. Based on annual forecast growth to 2027.
11. Estimate only and subject to investment committee and other approvals.
12. Target cash yield on development cost.

Identified development opportunities by property are summarised in the table below.

Merged HDN Group development opportunities

Property	Opportunity	Approximate size (sqm)
Near term brownfield opportunities		
HDN properties		
Vincentia	Childcare, health and services precinct	6,500
Glenmore Park	Health and services precinct	1,500
Upper Coomera	Childcare centre	1,800
Toowoomba South	Centre expansion	2,000
Marsden Park	Centre expansion and F&B precinct	2,200
Victoria Point	LFR expansion	6,000
Aventus properties		
Belrose	Target medical and childcare centre	2,500
Caringbah	Target medical and childcare centre	3,000
Castle Hill	Potential centre expansion	Not applicable
Tuggerah	Expansion potential on excess land	11,500
Cranbourne	Centre expansion	3,000
Longer term major development opportunities		
HDN properties		
Richlands	Town centre redevelopment	>10,000
Marsden	Supermarket and childcare centre	7,000
Vincentia	LFR expansion	6,500
Aventus properties		
Jindalee	Town centre redevelopment	>20,000
Kotara	Town centre redevelopment	>10,000[13]
Epping	Town centre redevelopment	>30,000

13. Subject to acquisition of adjacent site.

Further information concerning the Merger, Aventus and the Merged HDN Group continued

d) Summary of combined portfolio metrics

Property	State	Value ($m)	Cap rate (%)	Occupancy[14] (%)	WALE[15] (years)	Gross Lettable Area ('000)	Site Area ('000)	Site Coverage[16] (%)
HDN portfolio								
Armstrong Creek (incl. Pad)	VIC	77.1	5.72%	100%	9.9	13	32	40%
Box Hill	VIC	57.5	6.00%	100%	8.6	14	40	34%
Braybrook	VIC	67.0	5.25%	100%	9.2	16	41	38%
Bundall	QLD	35.5	6.50%	100%	6.0	10	16	64%
Bunnings Seven Hills	NSW	60.0	4.50%	100%	10.0	13	22	60%
Butler	WA	42.8	6.25%	100%	8.7	17	42	41%
Coffs Harbour	NSW	27.0	5.75%	100%	8.4	10	24	40%
Coomera City Centre	QLD	57.0	5.75%	100%	6.8	7	29	26%
Glenmore Park Town Centre	NSW	148.5	5.50%	100%	6.3	17	46	38%
Gregory Hills Town Centre	NSW	76.0	5.25%	99%	9.6	15	46	32%
Hawthorn East	VIC	73.0	5.00%	100%	8.2	11	28	41%
Joondalup	WA	53.0	6.25%	98%	8.5	17	44	39%
Keysborough	VIC	44.0	5.75%	100%	9.5	12	36	33%
Lismore	NSW	20.6	6.00%	100%	5.4	9	35	25%
Mackay	QLD	27.2	7.00%	100%	5.6	14	109	13%
Marsden Park	NSW	57.3	5.50%	100%	4.9	12	35	33%
Marsden	QLD	53.0	6.00%	98%	7.2	8	58	14%
Mornington	VIC	51.5	5.75%	100%	9.9	11	36	32%
Pakenham	VIC	98.5	6.00%	100%	5.5	31	76	40%
Parafield[17]	SA	23.0	7.00%	100%	5.8	16	43	37%
Penrith	NSW	54.8	5.75%	100%	4.7	13	30	44%
Prestons	NSW	39.3	5.25%	100%	6.6	5	16	33%
Rosenthal	VIC	31.5	5.25%	98%	7.5	5	18	27%

14. By GLA.
15. By gross income for signed leases and signed memoranda of understanding across all HDN assets.
16. Ratio of GLA to site area, where GLA does not include carparks.
17. Excludes Parafield ROU asset of $11 million.

Property	State	Value ($m)	Cap rate (%)	Occupancy[14] (%)	WALE[15] (years)	Gross Lettable Area ('000)	Site Area ('000)	Site Coverage[16] (%)
South Morang	VIC	35.7	6.25%	100%	5.6	11	36	31%
Tingalpa	QLD	35.0	6.00%	100%	5.2	11	28	39%
Toowoomba South	QLD	32.0	6.50%	97%	5.7	11	32	35%
Upper Coomera (incl. Pad)	QLD	45.5	5.67%	94%	6.7	11	39	29%
Victoria Point	QLD	160.0	4.75%	98%	7.3	21	76	27%
Vincentia	NSW	64.8	5.50%	100%	6.1	12	68	18%
Woodlea	VIC	55.4	5.25%	100%	10.8	9	27	31%
Ellenbrook[18]	WA	27.6	6.50%	89%	10.9	13	30	43%
Richlands[18]	QLD	43.5	6.25%	95%	11.0	13	49	26%
HDN portfolio total/average[19]		**1,774.6**	**5.63%**	**99%**	**7.5**	**409**	**1,288**	**32%**
Aventus portfolio								
Bankstown	NSW	78.0	6.00%	100%	3.9	18	40	45%
Belrose	NSW	202.0	5.75%	100%	3.0	37	44	84%
Caringbah	NSW	152.2	5.75%	100%	3.5	21	23	91%
Castle Hill	NSW	354.0	5.75%	100%	3.9	51	60	85%
Highlands	NSW	44.0	6.00%	100%	4.1	11	32	34%
Kotara South	NSW	137.0	6.00%	99%	4.1	29	53	55%
Marsden Park	NSW	108.2	5.75%	100%	4.5	20	40	33%
McGraths Hill[20]	NSW	50.0	6.00%	100%	3.1	16	38	42%
Tuggerah	NSW	110.8	6.50%	98%	4.6	39	127	31%
Warners Bay	NSW	54.5	6.00%	100%	4.6	12	35	34%
Ballarat	VIC	46.5	6.50%	100%	2.4	20	52	39%
Cranbourne	VIC	175.5	6.00%	100%	4.7	57	194	29%
Epping	VIC	64.0	6.25%	94%	2.7	22	91	24%
Peninsula	VIC	115.0	6.00%	100%	3.3	33	85	39%
Jindalee	QLD	163.3	6.00%	100%	2.6	27	72	38%
Logan	QLD	107.0	6.25%	100%	3.4	27	27	100%

18. Development asset.
19. Includes development assets.
20. Aventus retains 25% ownership of McGraths Hill. Table includes 100% valuation.

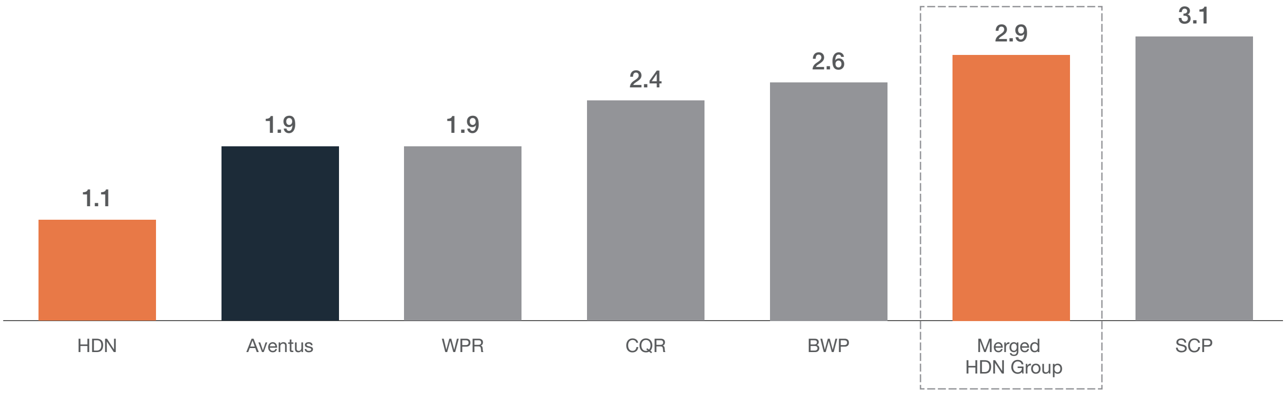
Further information concerning the Merger, Aventus and the Merged HDN Group continued

Property	State	Value ($m)	Cap rate (%)	Occupancy[14] (%)	WALE[15] (years)	Gross Lettable Area ('000)	Site Area ('000)	Site Coverage[16] (%)
Sunshine Coast	QLD	121.0	6.00%	97%	3.3	27	69	39%
Mile End	SA	127.5	6.50%	100%	3.5	34	71	48%
Midland	WA	67.0	6.75%	91%	3.4	23	43	54%
Aventus portfolio total/average[21]		**2,277.5**	**6.01%**	**99%**	**3.6**	**524**	**1,196**	**44%**
Merged HDN Group portfolio[22]		**4,052.1**	**5.85%**	**99%**	**5.3**	**933**	**2,484**	**38%**

3.3 Merged HDN Group market capitalisation

The Merged HDN Group is expected to be the second largest ASX-listed convenience-based REIT by market capitalisation, as illustrated in the chart below.

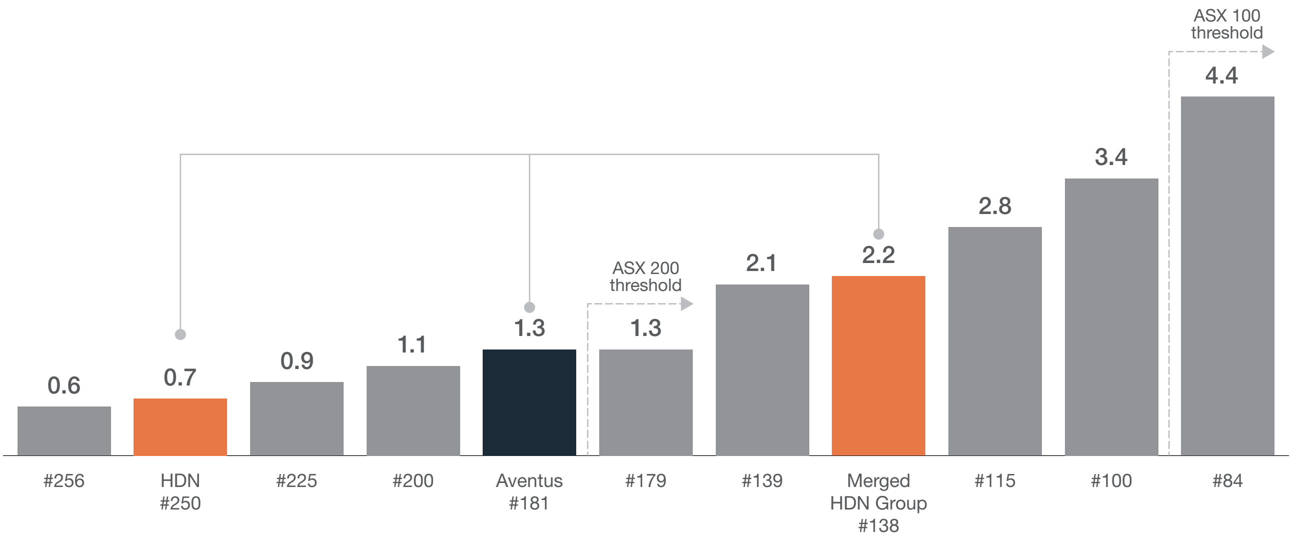
Market capitalisation pre and post implementation ($bn)[23]



21. Adjusted to reflect post balance sheet date disposal of MacGregor.
22. Includes development assets.
23. As at the Last Practicable Date.

The Merged HDN Group is expected to benefit from increased relevance for equity investors through increased scale relative to HDN and Aventus on a standalone basis. Based on a free float market capitalisation of $2.2 billion[24], the Merged HDN Group is expected to be eligible for the S&P/ASX 200 index with a pathway towards S&P/ASX 100 index inclusion, as illustrated in the chart below.

S&P/ASX Index free float market capitalisation thresholds ($bn)[25]



3.4 Capital management

a) Borrowing policy

The Merged HDN Group will continue to target Gearing of between 30% and 40%, with the ability to exceed the top end of the range, provided Gearing reduces below 40% within a reasonable period of time. The Merged HDN Group is projected to have Gearing of 34.5%[26] on a 30 June 2021 basis.

b) Financing arrangements

HDN and Aventus have existing debt facilities with a combined limit of $1,620.0 million.

As part of the Merger the debt facilities are proposed to be combined into a single $1,620.0 million senior secured facility with existing lenders consenting to rolling into this new facility.

The Merger is not subject to any financing conditions and assumes all existing financing facilities of HDN and Aventus Trust will remain in place within the Merged HDN Group. A relationship bank of HDN and Aventus (**Underwriter**) has committed to underwrite the Backstop Facility as part of the Merger. Under this Backstop Facility, the Underwriter will provide the balance of the existing debt limit where existing lenders do not consent to rolling into the new facility by financial close and where new demand has not been obtained.

24. As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this chart contains data sourced from IRESS without its consent. As at the close of trading on the Last Practicable Date. HDN Group based on free float of 74.7%, excluding 25.3% stake from HomeCo. Aventus based on free float of 72.0%, excluding BBRC and Ray Itaoui stakes. Merged HDN Group based on free float of 75.8%, excluding HomeCo and BBRC pro forma substantial holdings.
25. As at the Last Practicable Date.
26. Assuming HomeCo Acquisition Fee is paid in HDN Units. This is subject to obtaining HDN Unitholder approval for the amendments to the Investment Management Agreement to permit any acquisition fee to be paid in HDN Units, cash or both (at the Investment Manager's election).

Further information concerning the Merger, Aventus and the Merged HDN Group continued

A summary of the proposed Merged HDN Group debt facilities as at 30 June 2021[27] is outlined in the table below.

Senior facility summary	Facility A (5 Year term)	Facility B (Revolving)	Facility C (2 Year term)	Total
Facility limit	$550.0m	$470.0m	$600.0m	$1,620.0m
Drawn debt	$550.0m	$246.2m	$600.0m	$1,396.2m[28]
Undrawn debt	–	$223.8m	–	$223.8m
Liquidity				
Senior facility undrawn				$223.8m
Cash at bank				$6.4m
Total liquidity				$230.2m
Key Debt metrics				
Pro forma Gearing at 30 June 2021				34.5%[29]

The total financing facilities limit following implementation of the Merger will be $1,620.0 million, of which $1,396.2 million has been drawn as at 30 June 2021. The available liquidity will be $230.2 million.

The HDN Debt Facilities are subject to the satisfaction of certain customary conditions precedent including:

- confirmation by HMC Funds Management that completion of acquisition of the units in the Aventus Trust has occurred or will occur substantially concurrently with the utilisation of the debt facilities in all material respects in accordance with the Scheme Implementation Deed;
- confirmation that there has been no amendment, supplement or modification to, or a waiver granted under the Scheme Implementation Deed provided to the Underwriter on or prior to the date of its commitment letter that is materially adverse to the interests of the finance parties, taken as a whole, unless prior written consent has been provided;
- provision of due diligence material prepared on behalf of HDN in relation to acquisition of the units in the Aventus Trust; and
- execution of long form documentation.

It is expected that the conditions to the HDN Debt Facilities will be satisfied on or before the Second Court Date (other than certain procedural conditions which are intended to be satisfied concurrently with or prior to the Implementation Date). As at the Last Practicable Date, HDN is not aware of any reason why these conditions will not be satisfied.

3.5 Distribution policy

The Merged HDN Group expects to target a normalised distribution payout ratio of 90% to 100% of FFO, with distributions paid quarterly. A payout ratio below this target may be adopted in circumstances where the Merged HDN Group has identified value-accretive investment opportunities that meet the investment criteria. The HMC Funds Management Board will retain the discretion to vary the distribution policy.

27. Pro forma adjusted to include Large Format Retail portfolio, Victoria Point and capitalised borrowing costs.
28. Total drawn debt of $1,396.2m reflects borrowings excluding $9.0m of unamortised debt costs (comprising $5.9m from HDN and $3.1m from Aventus Trust).
29. Assuming HomeCo Acquisition Fee is paid in HDN Units. This is subject to obtaining HDN Unitholder approval for the amendments to the Investment Management Agreement to permit any acquisition fee to be paid in HDN Units, cash or both (at the Investment Manager's election).

3.6 Capital structure

If the Merger is implemented, HDN will issue approximately 1,257 million new HDN Units to Scheme Securityholders (or, in the case of Ineligible Foreign Securityholders, the Sale Agent).

As a result of the Merger, the number of HDN Units on issue will increase from approximately 795 million (being the number currently on issue) to approximately 2,065 million as set out below.

Number of HDN Units on issue	794,591,203
Number of HDN Units issued as part of the Merger	1,257,007,138
Number of HDN Units issued as part of the HomeCo Acquisition Fee[30]	13,866,667
Total number of HDN Units after the Merger is implemented	2,065,465,008

HDN Units issued to Aventus Securityholders (as at the Scheme Record Date) upon implementation of the Merger, excluding HDN Units issued to HomeCo[31], will represent 57.2% of the total Merged HDN Group units on issue.

3.7 Substantial unitholders

a) Current substantial unitholders in HDN

As at the Last Practicable Date, the following persons are substantial unitholders in HDN:

Substantial unitholder	Unitholding	Percentage unitholding
HomeCo	201,212,145	25.3%
The Vanguard Group	42,134,076	5.3%

b) Substantial unitholders in Merged HDN Group on the Implementation Date

On the basis of unitholdings held in HDN Group and Aventus Trust as at the Last Practicable Date and the Scheme Consideration, the following persons would hold a substantial unitholding in the Merged HDN Group on the Implementation Date:

Substantial unitholder	Unitholding	Percentage unitholding
HomeCo[32]	290,415,079	14.1%
BBRC[33]	208,567,240	10.1%

30. Subject to HDN Unitholders approving the amendments to the Investment Management Agreement to permit HDN Units to be issued to the Investment Manager or its nominee as payment of the acquisition fee.
31. Assuming BBRC Option is exercised and the HomeCo Acquisition Fee is paid in HDN Units, which is subject to HDN Unitholders approving the amendments to the Investment Management Agreement to allow any acquisition fee to be paid to the Investment Manager or its nominee in HDN Units, cash or both at the Investment Manager's election.
32. Assuming BBRC Option is exercised and HomeCo Acquisition Fee is paid in HDN Units, which is subject to HDN Unitholders approving the amendments to the Investment Management Agreement to permit any acquisition fee to be paid to the Investment Manager or its nominee in HDN Units, cash or both (at the Investment Manager's election).
33. Assuming BBRC Option is exercised.

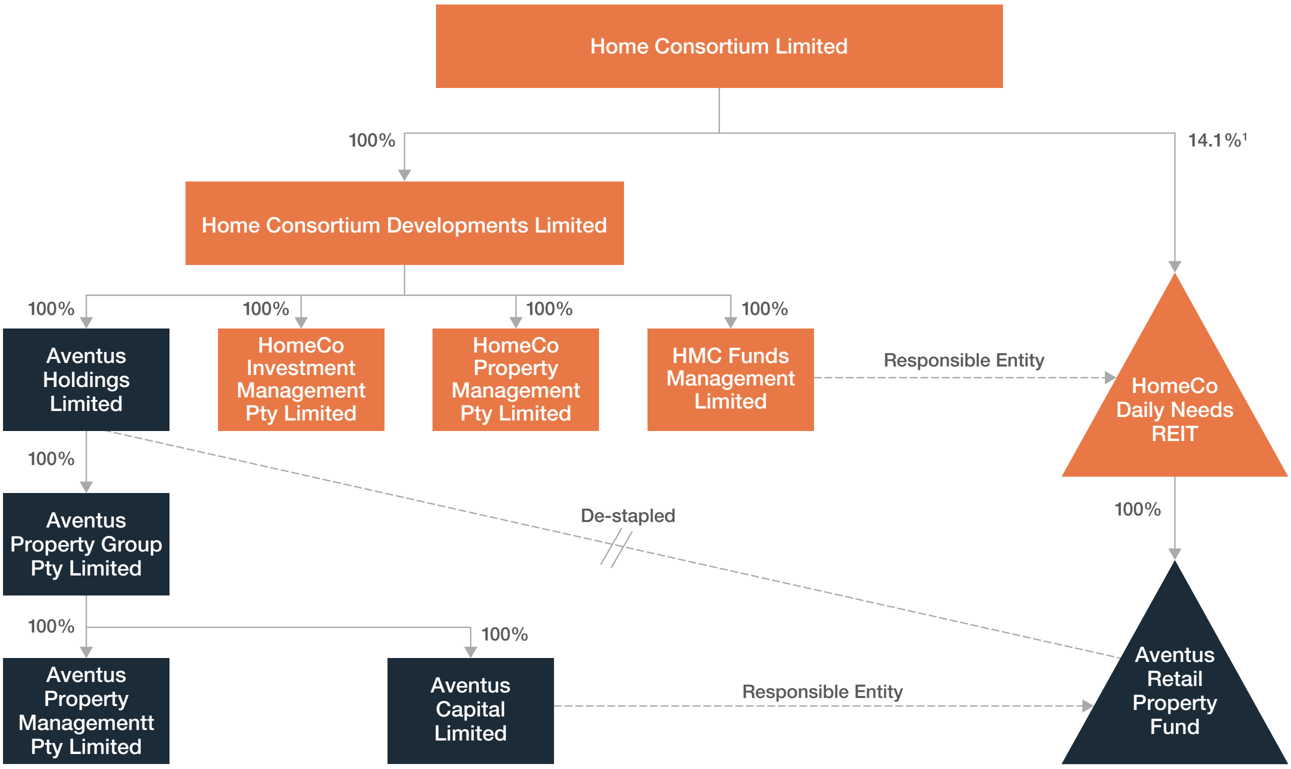
Further information concerning the Merger, Aventus and the Merged HDN Group continued

3.8 Merged HDN Group corporate governance

a) Governance of the Merged HDN Group

The Merged HDN Group will continue to be externally managed post implementation of the Merger. HMC Funds Management and the **Managers** of the Merged HDN Group, being HomeCo Property Management Pty Limited (formerly HomeCo DNR Property Management Pty Limited) (**Property Manager**), the Investment Manager, and Aventus Property Management Pty Limited (**Aventus Property Manager**), will each be a wholly owned subsidiary of HomeCo after implementation of the Merger.

The ownership structure of the Merged HDN Group post implementation of the Merger is summarised below:



1. Assuming BBRC Option is exercised and HomeCo Acquisition Fee is paid in HDN units, which is subject to HDN Unitholders approving the amendments to the Investment Management Agreement to permit any acquisition fee to be paid to HomeCo in HDN Units, cash or both (at HomeCo's election).

b) HMC Funds Management's ongoing role

The responsible entity of HDN will continue to be HMC Funds Management Limited. HMC Funds Management will have the responsibility for the governance and operation of the Merged HDN Group.

c) Managers

HMC Funds Management has appointed the Property Manager and Investment Manager to provide certain asset management, investment management, development management, leasing and property management services to HDN under the Management Agreements which, apart from as described below in relation to the Aventus Property Manager and the Aventus Trust properties, will also be extended to the Merged HDN Group.

Following implementation of the Merger, the Aventus Property Manager will continue to provide property management services (and no other services) to the Aventus Trust properties under the property management and development agreement entered into on 9 September 2015 (as amended on 25 March 2021) by the Aventus Property Manager, Aventus Trustee and the relevant trustees holding the Aventus Trust properties (**Aventus Property Management Agreement**).

To the extent this causes an increase in the cost to HDN (due to the property management fee payable under the Aventus Property Management Agreement being higher than that which would have been payable if property management services were provided to the Aventus Trust properties under the Property Management Agreement), the Investment Manager will deduct the cost increase from the management fee payable by HDN under the Investment Management Agreement. As noted above, the Property Management Agreement will apply in respect of all other property and development management services to all properties in the Merged HDN Group's portfolio.

A summary of the Aventus Property Management Agreement is set out in Section 5.5 of this Appendix.

d) Ongoing relationship between HomeCo and the Merged HDN Group

HomeCo is an ASX-listed owner, developer and manager of diversified property investments. HomeCo was listed on the ASX in October 2019 and trades under the code HMC. Information relating to HomeCo, including announcements made by HomeCo since its listing, is available at www.asx.com.au.

HomeCo will maintain an ongoing relationship with the Merged HDN Group in the following manner:

- HMC Funds Management is a subsidiary of HomeCo and as such, HomeCo retains the right to appoint (and replace) all Directors on the HMC Funds Management Board;
- two of the directors of HomeCo are also HMC Funds Management Directors;
- Darren Holland (current Aventus Managing Director and CEO) and Lawrence Wong (current Aventus CFO), will both be offered positions at HomeCo as CEO and CFO of the Merged HDN Group respectively;
- the Managers will continue to be members of the HomeCo Group; and
- HomeCo will maintain an investment in the Merged HDN Group and following implementation of the Merger will have an investment of approximately 14.1% of HDN Units on issue[34].

Certain expenses of HMC Funds Management and the Managers will also be reimbursed from assets of the Merged HDN Group, pursuant to the constitution of HDN, the Management Agreements and the Aventus Property Management Agreement. In addition, fees and expenses payable to HMC Funds Management and the Investment Manager under the HDN constitution or the Investment Management Agreement may in certain circumstances be satisfied by the issue of HDN Units.

34. Assuming BBRC Option is exercised and HomeCo Acquisition Fee is paid in HDN Units, which is subject to HDN Unitholders approving the amendments to the Investment Management Agreement to allow any acquisition fee to be paid to the Investment Manager or its nominee in HDN Units, cash or both (at the Investment Manager's election).

3.9 Board of Merged HDN Group

a) Board of directors

It is proposed that HDN's existing board of directors be increased by three directors to eight in total. Simon Shakesheff will remain independent chair, and the Merged HDN Group's board will continue to be majority independent.

Bruce Carter, currently a director of Aventus, will be joining the HDN Board during the transition period following implementation of the Merger, and will retire from the HDN Board with effect from 31 December 2022.

b) Directors' biographies

Director	Details
	**Simon Shakesheff – Independent Non-Executive Chair** *Current HDN Director* • Non-Executive Director of Cbus Property, Assembly Funds Management, Kiwi Property and St George Community Housing • Formerly Head of Strategy and Stakeholder Relations at Stockland Trust Group from 2013 to 2018 where Simon was responsible for Strategy, Research and Stakeholder Relations, and a member of the Executive Committee • Over 30 years' experience in the finance and real estate industry including 19 years as an equities analyst covering listed real estate and retail companies at Macquarie Bank and JP Morgan, and a further six years as a corporate adviser to major real estate groups, at UBS and Bank of America Merrill Lynch
	**Simon Tuxen – Independent Non-Executive Director** *Current HDN Director* • Non-Executive Director of Racing New South Wales • Former General Counsel and Company Secretary at Westfield from 2002 to 2018 • Prior to joining Westfield in 2002, Simon was General Counsel of BIL International Limited in Singapore, Group Legal Manager of the Jardine Matheson Group in Hong Kong and a partner with Mallesons Stephen Jaques (now King & Wood Mallesons) from 1987 to 1996
	**Stephanie Lai – Independent Non-Executive Director, Chair of Audit and Risk Committee** *Current HDN Director* • Non-Executive Director of Superloop, Future Generation Investment Company and HealthCo Healthcare and Wellness REIT • Over 20 years' experience as a Chartered Accountant and is a former M&A partner of Deloitte and KPMG • Stephanie has significant experience providing due diligence and advisory services, including forecast reviews, to listed entities, sovereign wealth funds, wealth managers and private equity • Stephanie holds a Bachelor of Business (University of Technology Sydney) and is a Graduate Member of the Australian Institute of Company Directors and Institute of Chartered Accountants Australia and New Zealand

Director	Details
	**David Di Pilla – Non-Executive Director** *Current HDN Director* • Chief Executive Officer and Managing Director of HomeCo • Founder, a director and the major shareholder of Aurrum • Former strategic adviser and director to operating subsidiaries of the Tenix Group of Companies from 2014 to 2016 • Over 20 years of experience in investment banking. From 2004 to 2015, David was Managing Director and Senior Adviser at UBS, Australia and during this time he advised some of Australia's largest corporations on mergers and acquisitions, debt and equity capital market transactions
	**Greg Hayes – Non-Executive Director** *Current HDN Director* • Non-Executive Director of Home Consortium and Ingenia Communities • Director of Aurrum • Former Chief Financial Officer and Executive Director of Brambles Limited, Chief Executive Officer and Group Managing Director of Tenix Pty Ltd, Chief Financial Officer and interim CEO of The Australian Gas Light Company (AGL), Chief Financial Officer Australia and New Zealand of Westfield Holdings, and Executive General Manager, Finance of Southcorp Limited • Holds a Master of Applied Finance, a Graduate Diploma in Accounting, a Bachelor of Arts and completed an Advanced Management Programme (Harvard Business School)
	**Darren Holland – Executive Director and Chief Executive Officer** *Current Aventus Managing Director and Chief Executive Officer* • Co-founded Aventus Group in 2004 • More than 27 years' experience in the retail property industry, across leasing, development, asset management and acquisitions • Previously played a leading role in the development and management of the only pure play listed Australian Large Format Retail owner and operator, Homemaker Retail Group (ASX: HRP) • Holds a Bachelor of Business (Land Economics) from the University of Western Sydney) • Licensed Real Estate Agent

Director	Details
	**Bruce Carter – Independent Non-Executive Director** *Current Aventus Chairman* • Chair of the Australian Submarine Corporation, a director of Bank of Queensland Limited, Chair of AIG Australia Limited and a director of Crown Resorts Limited • Former managing partner at Ferrier Hodgson Adelaide for 19 years, partner at Ernst & Young, Chair of the South Australian Economic Development Board and a member of the Executive Committee of Cabinet • Holds a Masters of Business Administration from Heriot-Watt University and a Bachelor of Economics from The University of Adelaide • Fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors It is intended that Bruce Carter will join the HMC Funds Management Board until December 2022 to ensure a smooth transition.
	**Robyn Stubbs – Independent Non-Executive Director** *Current Aventus Director* • Director across a number of companies including Ranfurlie Asset Management and ASX 200-listed Brickworks Limited • More than 25 years' experience as a senior executive in large, complex national and multi-national organisations • Significant retail property expertise including eight years as a General Manager with Stockland; her last role heading up retail leasing across a portfolio of 40 shopping centres nationally • Provides executive coaching and mentoring services to a range of corporate clients via the Stephenson Mansell Group • Graduate of the Australian Institute of Company Directors • Holds a Master of Science degree in Coaching Psychology from The University of Sydney and was awarded a University Medal for her business degree from the University of Technology, Sydney

c) Management team

Day to day management and investment services to HDN are provided by the Managers. The Managers have access to the officers and employees of HomeCo to perform these services. It is proposed that Darren Holland (current Aventus Managing Director and CEO) and Lawrence Wong (current Aventus CFO) will be offered positions with HomeCo as CEO and CFO of the Merged HDN Group respectively.

d) Interests of Directors

Interests in HDN Units

The following table lists the Merged HDN Group's directors' interests in HDN Units as at the Last Practicable Date (assuming the Merger has been implemented):

Directors' interests[35]

Directors	Interest in HDN Units
Simon Shakesheff	213,707
Simon Tuxen	227,296
Stephanie Lai	229,615
David Di Pilla	45,112,674
Greg Hayes	12,216,911
Darren Holland	13,001,329
Bruce Carter	2,616,486
Robyn Stubbs	91,001
Total directors	**73,709,020**

Relevant interests in Aventus Securities

The following table lists the Merged HDN Group's directors' interests in Aventus Securities as at the Last Practicable Date:

Directors	Interest in Aventus Securities
Darren Holland	6,040,829
Bruce Carter	1,189,312
Robyn Stubbs	41,364

Darren Holland's holding of Aventus Securities includes 224,312 Restricted Aventus Securities with 131,134 Restricted Aventus Securities having been issued following approval by Aventus Securityholders at Aventus' 2021 Annual General Meeting.

35. The table shows the economic interests the Merged HDN Group's directors have in HDN Units, which may not be a Relevant Interest. The Merged HDN Group's directors may hold their interests either directly or through their interests in one or more entities which have an interest in the securityholding of Home Investment Consortium Company Pty Ltd as trustee for the Home Investment Consortium Trust, which in turn has an interest in the securityholding of HCL, which in turn has an interest in HDN Units.

Further information concerning the Merger, Aventus and the Merged HDN Group continued

e) Remuneration and related agreements

Directors

Under the HDN constitution, HMC Funds Management is entitled to be indemnified out of the assets of HDN (which following implementation of the Merger, will comprise the Merged HDN Group) for costs incurred in relation to the proper performance of its duties. HMC Funds Management's practice is to reimburse the fees and expenses for all non-executive directors out of the assets of HDN. This includes the reimbursement of reasonable expenses incurred by such persons for the purposes of attending board meetings and directors' fees. As at the date of this Notice, the annual non-executive chair fee agreed to be paid out of the assets of HDN to Simon Shakesheff is $150,000 per annum. The annual non-executive directors' fees agreed to be paid out of the assets of HDN to each of Simon Tuxen, Stephanie Lai, Greg Hayes, Bruce Carter and Robyn Stubbs is $100,000 per annum. Stephanie Lai receives an additional $30,000 per annum for committee fees for her role as chair of the Audit and Risk Committee. Each of Simon Shakesheff and Greg Hayes receives an additional $10,000 per annum for committee fees as a member of the Audit and Risk Committee. All amounts above are inclusive of superannuation.

Management

No fees or salaries will be paid by the Merged HDN Group to the directors, officers or employees of the Managers. Unless disclosed elsewhere in this Notice, no officer of a Manager currently has or has had any material beneficial interest, either direct or indirect, in the promotion of the Merged HDN Group and in any property acquired or proposed to be acquired by the Merged HDN Group, or any other similar transaction.

Custodian

The Custodian of HDN is Equity Trustees Limited (ACN 004 031 298). HMC Funds Management has entered into the Custody Deed with the Custodian, under which the Custodian has agreed to hold the assets of HDN and, following implementation of the Merger, any assets of the Merged HDN Group, that are transferred or delivered to the Custodian on behalf of HMC Funds Management.

3.10 AMIT status

As at the date of this Notice, for Australian income tax purposes, HDN is an AMIT and Aventus Trust is not an AMIT. Due to the profile of unitholders in HDN following the Merger, unless circumstances change, HDN will not qualify as an AMIT or a MIT for the income year commencing 1 July 2022 and future income years. If HDN is not an AMIT or a MIT in an income year, the key income tax implications for HDN Unitholders are:

- distributions of taxable income (i.e. consisting of rental income or future capital gains) to non-resident unitholders for that income year will be subject to a non-final withholding tax, the rate of which will depend on the profile of the unitholder but is broadly 30% for companies or 45% for other types of unitholders. Such unitholders will be required to lodge an Australian income tax return and subject to tax on assessment at their applicable tax rate, with a credit for the amount of tax withheld from the distribution. Under the AMIT regime, the rate of withholding on distributions of taxable rental income or future capital gains to non-resident unitholders who are tax residents in EOI countries for MIT purposes is a final tax and the rate is 15% or 30% for non-resident unitholders from non-EOI countries;
- HDN's taxable income will need to be fully distributed to unitholders each income year to avoid HMC Funds Management being subject to tax at the highest marginal tax rate (i.e. currently 47%) on any undistributed income. Under the AMIT rules, HDN's income is taxed in the hands of unitholders via the AMIT attribution mechanism which permits income to be retained by HDN, if HMC Funds Management so chooses;
- if HDN's taxable income as advised to unitholders in the relevant income year is subsequently found to be understated or overstated, HMC Funds Management may need to issue new distribution statements to investors which may require investors to amend their individual tax returns. Under the AMIT regime, there is a legislated "under and over" provision which allows certain prior year variances to be reflected in later income years when they are discovered; and

- if HDN makes a cash distribution that is less than its taxable income, unitholders are taxed on the taxable income amount and there is no increase in the CGT cost base of HDN's Units in the hands of unitholders. Accordingly, any shortfall between the cash distribution and the taxable income may potentially be subject to double taxation. Under the AMIT regime, in this situation the CGT cost base of the relevant units is increased by the amount of the shortfall.

3.11 Intentions of HMC Funds Management concerning the Aventus Trust

a) Introduction

Assuming the Merger is implemented and the Aventus Trust and its controlled entities become part of the Merged HDN Group, this Section 3.11 sets out HMC Funds Management's intentions in relation to:

- the continued operation of the Aventus Trust;
- any major changes to be made to the operation of the Aventus Trust, including any redeployment of the Aventus Trust property; and
- any plans to remove the current responsible entity of the Aventus Trust and appoint a new responsible entity.

These intentions are based on the terms of the Merger and the information concerning the Aventus Trust, its business and the general business environment which is known to HMC Funds Management at the time of preparation of this Notice.

HMC Funds Management does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, financial and tax implications of some of its current intentions. Final decisions regarding these matters will only be made by HMC Funds Management following implementation of the Merger in light of any further material information received and the circumstances at the relevant time. Accordingly, the statements set out in this Section 3.11 are statements of current intention only, and may change as new information becomes available to HMC Funds Management or as circumstances change.

b) Acquisition of the Aventus Units and removal from the Official List of ASX

The Merger involves the acquisition by HMC Funds Management of 100% of the Aventus Units by Trust Scheme. If the Merger is implemented, Aventus Trustee is required under the Scheme Implementation Deed to arrange for quotation of Aventus Units to be terminated, and for Aventus to be removed from the Official List of ASX. This is expected to occur shortly after implementation of the Merger.

c) Operation of the Aventus Trust

HMC Funds Management intends to continue the operation of the Aventus Trust should the Merger be implemented. Post implementation of the Merger, Aventus Trust will become a wholly owned sub-trust of HDN and the Aventus Trust property portfolio will become part of the Merged HDN Group's portfolio. The Merged HDN Group property portfolio will be kept under ongoing review in accordance with HMC Funds Management's customary portfolio management policies.

HMC Funds Management intends to actively manage the assets of the Aventus Trust, maximising returns to HDN Unitholders. HMC Funds Management currently has no intention to dispose of any of the Aventus Trust properties. If HMC Funds Management were to make a decision to do this, it would update the market accordingly at the appropriate time.

As outlined in Section 3.2 of this Appendix, HMC Funds Management intends to:

- pursue remixing opportunities to rebalance the combined portfolio towards the Model Portfolio;
- seek to extend the portfolio WALE and identify opportunities to leverage tenant relationships across the combined portfolio; and
- accelerate the unlocking of value by enhancing brownfield and larger scale development opportunities across the combined asset base of the portfolio.

Further information concerning the Merger, Aventus and the Merged HDN Group continued

d) Management of the Aventus Trust

It is proposed that after implementation of the Merger, Aventus Trustee will retire as responsible entity of the Aventus Trust and will be replaced by HMC Funds Management (or a wholly owned subsidiary of HomeCo). Any retirement of Aventus Trustee will only be undertaken following HomeCo and HMC Funds Management's satisfaction that such change will not materially adversely impact existing contractual relationships between Aventus Trustee and third parties.

Following implementation of the Merger, the Property Manager will manage the Merged HDN Group's properties under the Property Management Agreement, save that the Aventus Property Manager will continue to provide property management services (and no other services) to each of the Aventus Trust's properties under the Aventus Property Management Agreement.

To the extent this causes an increase in the cost to HDN (due to the property management fee payable under the Aventus Property Management Agreement being higher than that which would have been payable if property management services were provided to each of the Aventus Trust's properties under the Property Management Agreement), the Investment Manager will deduct the cost increase from the management fee payable by HDN under the Investment Management Agreement. As noted above, the Property Management Agreement will apply in respect of all other property and development management services to all properties in the Merged HDN Group's portfolio.

The above arrangements and the HDN property management arrangements may be reviewed in the future.

e) Deregistration

As all of the Aventus Units will be held by HDN, HMC Funds Management intends to deregister Aventus Trust as a registered managed investment scheme.

4. Merged HDN Group financial information

The information prepared by HMC Funds Management includes the following financial information, with information relating to Aventus based on due diligence information provided by Aventus:

- "**Pro Forma Consolidated Statement of Financial Position**" of the Merged HDN Group as at 30 June 2021; and
- "**Pro Forma Forecast FFO**" of the Merged HDN Group for the 12 months ending 30 June 2022 (FY22).

The Pro Forma Consolidated Statement of Financial Position and the Pro Forma Forecast FFO are together the "Financial Information".

The Financial Information presented in this section is provided for illustrative purposes and may not reflect the financial performance or position of the Merged HDN Group that would have resulted had the Merger actually been implemented on the date indicated. The HMC Funds Management Directors do not guarantee the future performance of HDN whether or not the Merger is implemented.

Information provided in this section should be read in conjunction with the risk factors outlined in Section 2.4 of the Explanatory Memorandum and the other information provided in this Notice.

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are rounded to the nearest $0.1 million.

4.1 Basis of preparation

The Financial Information has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards ("AAS") and the accounting policies detailed in this section except for:

- adjustments which have been prepared in a manner consistent with the AAS to reflect:
  - the recognition of certain items in periods different from the applicable periods under AAS; and
  - the impact of certain subsequent transactions undertaken post 30 June 2021 that have completed or are expected to complete prior to the Implementation Date; and
- the following matters which affect the calculation of Pro Forma Forecast FFO:
  - net fair value movements in investment properties and derivatives;
  - non-cash accounting adjustments such as straight-lining to rental income, amortisation of capitalised debt establishment fees, and movement in AASB 16 lease liabilities; and
  - other unrealised or one-off items.

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

a) Preparation of the Pro Forma Consolidated Statement of Financial Position

"Pro Forma Consolidated Statement of Financial Position of the Merged HDN Group" presents the impact of the Unstapling and subsequent merger between HDN and Aventus Trust on Aventus' financial position as at 30 June 2021 and acquisition of Aventus Trust on HDN's financial position as at 30 June 2021 and is based on the following information:

- HDN's consolidated statement of financial position as at 30 June 2021 – based on HDN's audited consolidated statement of financial position as at 30 June 2021 and adjusted for certain post balance date events;
- Aventus' consolidated statement of financial position as at 30 June 2021 – based on Aventus' audited consolidated statement of financial position as at 30 June 2021 and adjusted for certain post balance date events; and
- Transaction impacts – the impacts arising from implementation of the Merger, including Unstapling adjustments to reflect the assets and liabilities of Aventus Trust which HDN is acquiring (therefore Aventus Company assets and liabilities are excluded).

Further information concerning the Merger, Aventus and the Merged HDN Group continued

b) Preparation of the Pro Forma Forecast FFO

The HMC Funds Management Directors have considered the requirements of applicable law and practice, including ASIC Regulatory Guide 170, in concluding that a forecast statement of comprehensive income for the Merged HDN Group cannot be provided as it does not have a reasonable basis for such forecasts.

As an alternative, HMC Funds Management has provided a Pro Forma Forecast FFO of the Merged HDN Group. FFO per unit is used by the HMC Funds Management Directors as a measure of profitability and provides investors with the same basis that is used internally for evaluating performance, making strategic decisions and determining distributions during the year. FFO per unit represents net profit under AAS adjusted for net fair value movements, non-cash accounting adjustments such as straight-lining to rental income, amortisation of capitalised debt establishment fees, and movement in AASB 16 lease liabilities and other unrealised and one-off items that are not in the ordinary course of business or are capital in nature.

"Pro Forma Forecast FFO of the Merged HDN Group" for the financial year ended 30 June 2022 assuming the transaction is implemented on 1 July 2021 is based on the following information:

- HDN's stand alone FFO guidance for the year ended 30 June 2022, as released to the market in its September 2021 equity raising presentation, based on information currently available and barring any unforeseen events;
- Aventus Group's stand alone recurring FFO forecast for the year ended 30 June 2022, as released to the market on 18 October 2021, based on information currently available and barring any unforeseen events; and
- Transaction impacts – the impacts arising from implementation of the Merger including Unstapling adjustments to reflect the earnings of Aventus Trust which HDN is acquiring (therefore Aventus Company earnings/costs are excluded).

While the HMC Funds Management Directors believe the assumptions used in preparing the forecasts are appropriate and reasonable at the time of preparation, some events and circumstances are beyond the control of the directors and often do not occur as expected. As a consequence, actual results may differ significantly from the forecasts provided. The HMC Funds Management Directors do not guarantee that the forecasts provided will be achieved.

c) Alignment of FFO

Stand-alone HDN FFO per unit and Aventus per security positions are presented on the basis of each group's current accounting policies and income and expense treatments. As such, the Pro Forma Forecast FFO per unit excludes the impact of any alignments deemed necessary post implementation of the Merger.

Any such alignments are not expected to be material to the Merged HDN Group.

d) Adjustments relating to the impact of acquisition accounting

For the purpose of the Financial Information, the consideration includes 2.20 HDN Units and 0.038 HomeCo Securities paid for each Aventus Security which represents an implied value of $3.82 (based on the closing prices of HDN and HomeCo on 15 October 2021, being the date prior to the announcement of the Merger).

For accounting purposes, the value of the consideration paid to Aventus Securityholders will be measured based upon the value of HDN Units and HomeCo Securities at the close of trading on the date that control passes. The final value of the purchase consideration for accounting purposes may therefore differ from the amount assumed for the purposes of the Financial Information.

The fair value of the purchase consideration will be allocated to the individual investment property assets and any other assets and liabilities acquired on the basis of their relative fair values. Subsequently, the investment properties will be accounted for under the fair value model in accordance with AASB 140 Investment Property. To the extent the aggregate purchase consideration exceeds the aggregate of the individual fair value of the investment properties acquired, a fair value loss may be recognised on remeasurement of the investment properties to their respective fair values.

e) Accounting policies

In preparing the Financial Information, HDN has not identified any material accounting policy differences between the calculation of FFO per unit where the impact is potentially material to the Merged HDN Group and HomeCo respectively and can be reliably estimated.

Although no material differences were identified, accounting policy differences may be identified after implementation of the Merger.

4.2 Pro Forma Consolidated Statement of Financial Position

Pro forma Consolidated Statement of Financial Position of the Merged HDN Group includes the following:

- HDN pro forma consolidated statement of financial position as at 30 June 2021 adjusted for certain post balance date events including:
  - Settlement of seven Large Format Retail properties acquired from HomeCo and $160 million acquisition of Town Centre Victoria Point (and associated costs) which were partially funded via a $70 million equity raising in July 2021 (and associated costs);
  - $222 million acquisition of six properties (and associated costs) which were funded via a $88 million equity raising in September 2021 (and associated costs);
  - $8 million combined valuation uplift on Lismore and Coffs Harbour assets; and
  - $6 million of equity raised from HDN's DRP in respect of the September 2021 quarter (including the issuance of approximately 3.9 million new HDN securities), with the proceeds assumed to reduce HDN's debt.

$m	HDN (Jun 21)	Settle properties, Jul 21 acqu. and equity raise	Sep 21 acqu. and equity raise	Lismore/ Coffs val. uplift	Sep 21 DRP	Pro Forma HDN (Jun 21)
Cash and cash equivalents	249.5	(244.0)				5.5
Investment properties	1,111.8	443.7	222.0	8.0		1,785.5
Assets held for sale	14.1					14.1
Other assets	15.0	(8.8)				6.2
Total assets	**1,390.4**	**190.9**	**222.0**	**8.0**	**–**	**1,811.3**
Borrowings	414.8	132.0	152.1		(5.6)	693.3
Lease liability	11.0					11.0
Distribution payable	12.5					12.5
Other liabilities	19.0					19.0
Total liabilities	**457.3**	**132.0**	**152.1**	**–**	**(5.6)**	**735.8**
Net assets	**933.1**	**58.9**	**69.9**	**8.0**	**5.6**	**1,075.5**
Units on issue (m)	687.5	48.3	54.9		3.9	794.6
NTA per unit ($)	**1.36**					**1.35**
Gearing	**15.1%**					**38.7%**

Further information concerning the Merger, Aventus and the Merged HDN Group continued

- Aventus' pro forma consolidated statement of financial position as at 30 June 2021 adjusted for certain post balance date events including:
  - $1.6 million of equity raised from Aventus' distribution reinvestment plan in respect of the June 2021 quarter (including the issuance of approximately 505,982 new Aventus Securities), with the proceeds assumed to reduce Aventus' debt;
  - $42.2 million divestment of the MacGregor Home centre located in Queensland that settled in August 2021 with proceeds assumed to reduce Aventus' debt;
  - Aventus employee incentive scheme awards resulting in the issuance of 236,910 Aventus Securities;
  - $1.7 million of equity raised from Aventus' distribution reinvestment plan in respect of the September 2021 quarter (including the issuance of approximately 506,441 new Aventus Securities), with the proceeds assumed to reduce Aventus' debt; and
  - Aventus performance rights awards resulting in the issuance of 131,134 securities.

$m	Aventus (Jun 21)	Jun-21 DRP	MacGregor Sale	Employee incentive scheme	Sep 21 DRP	Performance rights	Pro Forma Aventus (Jun 21)
Cash and cash equivalents	7.3						7.3
Investment properties	2,225.6						2,225.6
Investment in associates	7.6						7.6
Assets held for sale	42.2		(42.2)				–
Intangible assets	144.2						144.2
Other assets	10.5						10.5
Total assets	**2,437.4**	**–**	**(42.2)**	**–**	**–**	**–**	**2,395.3**
Borrowings	691.8	(1.6)	(42.2)		(1.7)		646.3
Lease liability	2.0						2.0
Distribution payable	24.9						24.9
Derivatives	8.3						8.3
Other liabilities	29.4						29.4
Total liabilities	**756.3**	**(1.6)**	**(42.2)**	**–**	**(1.7)**	**–**	**710.9**
Net assets	**1,681.1**	**1.6**	**–**	**–**	**1.7**	**–**	**1,684.4**
Securities on issue (m)	570.0	0.5		0.2	0.5	0.1	571.4
NTA per security ($)	**2.69**						**2.69**
Gearing	**30.3%**						**28.7%**

- Unstapling and merger adjustments as labelled below to calculate the pro forma position of the Merged HDN Group:
  A. Unstapling adjustments to reflect the assets and liabilities of Aventus Trust which HDN is acquiring (therefore Aventus Company assets and liabilities are excluded);
  B. Merger adjustment reflecting total transaction costs of $47.5[1] million (excluding HomeCo Acquisition Fee) assumed to be debt funded; and
  C. Merger adjustment reflecting a total of 1,271 million new HDN Units issued as part of the Merger comprising 1,257 million HDN Units as consideration for Aventus Securityholders (based on exchange HDN ratio of 2.20) and 14 million HDN Units as consideration for the HomeCo Acquisition Fee (assumed to be received as HDN Units[2]). Refer to Section 2.1 of the Explanatory Memorandum for details regarding the Scheme Consideration.

$m	Notes	Pro forma HDN (Jun 21)	Pro forma AVN (Jun 21)	Unstapling adjustment	Merger adjustment	Merged HDN Group (Pro forma)
Cash and cash equivalents	A	5.5	7.3	(6.4)		6.4
Investment properties		1,785.5	2,225.6	–		4,011.1
Investment in associates		–	7.6	–		7.6
Assets held for sale		14.1	–	–		14.1
Intangible assets	A	–	144.2	(144.2)		–
Other assets	A	6.2	10.5	(1.8)		14.8
Total assets		**1,811.3**	**2,395.3**	**(152.4)**	**–**	**4,054.1**
Borrowings	B	693.3	646.3	–	47.5	1,387.2
Lease liability	A	11.0	2.0	(1.2)		11.8
Distribution payable		12.5	24.9	–		37.4
Derivatives		–	8.3	–		8.3
Other liabilities	A	19.0	29.4	(3.9)		44.5
Total liabilities		**735.8**	**710.9**	**(5.0)**	**47.5**	**1,489.2**
Net assets		**1,075.5**	**1,684.4**	**(147.4)**	**(47.5)**	**2,564.9**
Units on issue (m)	C	794.6	571.4	–	1,270.9	2,065.5
NTA per unit ($)		**1.35**	**2.69**			**1.24**
Gearing		**38.7%**	**28.7%**			**34.5%**

Notes:
1. Borrowings net of $9.0 million of unamortised debt costs (comprising $5.9 million from HDN and $3.1 million from Aventus Trust).
2. Gearing is calculated as Borrowings (excluding unamortised debt establishment costs) less Cash and cash equivalents divided by Total assets less Lease liabilities, Cash and cash equivalents and Investments in associates.

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1. Excludes HomeCo Acquisition Fee payable to the Manager which is assumed to be paid in HDN Units, subject to HDN Unitholders approving the amendments to the Investment Management Agreement to allow any acquisition fee to be paid to the Investment Manager or its nominee in HDN Units, cash or both (at the Investment Manager's election).
2. This is subject to HDN Unitholders approving the amendments to the Investment Management Agreement to allow any acquisition fee to be paid to the Investment Manager or its nominee in HDN Units, cash or both (at the Investment Manager's election).

Further information concerning the Merger, Aventus and the Merged HDN Group continued

4.3 Pro Forma Forecast FFO per unit

Pro Forma Forecast FFO per unit of the Merged HDN Group is outlined in the table below and provides a summary of:

- HDN's stand-alone forecast FFO per unit for FY22 (if the Merger was not implemented);
- Aventus Group's stand-alone recurring forecast FFO per unit for FY22 (if the Merger was not implemented); and
- the Merged HDN Group's forecast FFO per unit for FY22, assuming implementation of the Merger on 1 July 2021 which includes the following adjustments:
  - unstapling to reflect the earnings of the Aventus Trust which HDN is acquiring (therefore Aventus Company earnings/costs are excluded resulting in cost savings of $1.5 million for Merged HDN Group);
  - incremental investment management costs of $2.1 million reflecting $18.0 million of HomeCo investment management costs offset by $15.9 million of existing Aventus Company property management fee savings; and
  - incremental corporate overheads of $0.2 million net of savings from the removal of duplicate corporate costs between HDN and Aventus (this is an incremental cost as most of the Aventus corporate costs sit in Aventus Company as opposed to Aventus Trust).

	Pre Merger		Post Transaction	
	HDN standalone	Aventus Group standalone	Merged HDN Group	HDN pre vs post
FY22 per unit (cpu)	8.5	20.3	8.9	4.0%

In preparing the Pro Forma Forecast FFO per unit, the following best estimate assumptions have been adopted:

Aventus stand-alone assumptions[3]

- Net property income forecast on a property-by-property basis including impact of the sale of MacGregor which settled in August 2021.
- Property expenses and corporate costs based on existing employee arrangements and supplier contracts.
- Borrowing costs based on Aventus' existing debt facilities, interest rate hedging instruments and assumed market interest rates.

HDN standalone assumptions

- Net property income forecast on a property-by-property basis including the impact of acquisitions announced since 30 June 2021.
- Management costs and trust expenses based on existing management structure.
- Borrowing costs based on HDN's existing debt facilities, interest rate hedging instruments and assumed market interest rates.

3. Based on due diligence information made available by Aventus.

General assumptions for the Merged HDN Group

- No further property acquisitions or divestments in the forecast period.
- No fair value adjustments to investment properties or derivatives in the forecast period.
- No material contract disputes or litigation in the forecast period.
- No material change in the operating environment (including competitive or COVID-19 related).
- No material changes to accounting policies or the Corporations Act in the forecast period.
- No material change to macroeconomic conditions, including forecast interest rates and consumer price index.
- No material changes in Australian tax legislation.
- No significant change to legislative or regulatory environment.
- All existing leases are enforceable and perform in accordance with their terms.
- Existing financing facilities of HDN stand-alone and Aventus stand-alone are rolled into the Merged HDN Group.

4.4 Financing arrangements

Given that the Scheme Consideration to be provided by HMC Funds Management comprises solely of HDN Units, HDN will meet its funding requirements for the Merger using equity issuance (HDN Units issued to Scheme Securityholders, and in relation to Ineligible Foreign Securityholders, the Sale Agent) and debt used to fund Merger costs.

The Financial Information assumes all existing financing commitments of lenders of HDN and Aventus Trust will be rolled into the Merged HDN Group. In the event that any of the existing lenders of either HDN or Aventus Trust do not wish to roll their debt into the Merged HDN Group, HMC Funds Management will utilise the Backstop Facility provided by the Underwriter to replace any departing lenders' existing debt commitments. As such, the Merger is not subject to any financing conditions.

4.5 Key accounting policies

The accounting policies used to prepare the financial information are based on the current accounting policies of HDN and Aventus, as outlined in their respective annual financial reports for the year ended 30 June 2021.

5. Additional information in relation to the Merger

5.1 Scheme Implementation Deed

a) Overview

On 18 October 2021, Aventus, HMC Funds Management and HomeCo entered into a Scheme Implementation Deed under which:

- the Aventus Units and Aventus Shares will be Unstapled;
- HMC Funds Management will acquire all of the Aventus Units by way of a Trust Scheme; and
- HomeCo will acquire all of the Aventus Shares by way of a members' scheme of arrangement under Part 5.1 of the Corporations Act.

A full copy of the Scheme Implementation Deed was released to ASX on 18 October 2021 and can be obtained from https://www.2asx.com.au or https://aventusgroup.com.au/investors/news-events/. A summary of the key terms of the Scheme Implementation Deed is set out below.

Capitalised expressions used in this Section 5.1 but not otherwise defined in this Notice, have the meaning given to them in the Scheme Implementation Deed.

b) Conditions Precedent

Implementation of the Merger, which comprises a merger of Aventus Trust and HDN and a merger of Aventus Company and HomeCo, is subject to the Conditions Precedent in the Scheme Implementation Deed which must be satisfied or waived (as applicable). For details of the Conditions Precedent, see clause 3.1 of the Scheme Implementation Deed and Section 1.7 of this Appendix.

As far as HMC Funds Management is aware, immediately before the date of this Meeting no circumstances have occurred which will cause any of the Conditions Precedent not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until the last time each Condition Precedent is to be satisfied, which for many of the Conditions Precedent is 8.00am on the Second Court Date. A summary of the Conditions Precedent and their status as at the date of this Notice is as follows:

Conditions Precedent		Status
Conditions that cannot be waived	**FIRB**: BBRC receives written notice that the Commonwealth Government has no objections to the Merger.	Outstanding
	ASIC and ASX: all relief, waivers, confirmations, exemptions, consents or approvals to implement the Merger are obtained and not withdrawn or revoked.	Satisfied
	Orders convening Meeting: the Court grants the First Judicial Advice and makes orders convening the Members' Scheme Meeting under section 411(1) of the Corporations Act.	Satisfied
	Securityholder approval: Aventus Securityholders approve the Unstapling Resolutions and the Schemes by the requisite majorities at the Aventus Meetings. HDN Unitholders approve the Reverse Takeover Resolution by the requisite majority.	Outstanding

Conditions Precedent		Status
Conditions that cannot be waived *continued*	**Independent Expert Report**: the Independent Expert issues a report concluding that the Merger is in the best interests of Aventus Securityholders (other than Excluded Securityholders).	Satisfied
	Court approval: the Court grants the Second Judicial Advice and approves the Members' Scheme in accordance with section 411(4)(b) of the Corporations Act.	Outstanding
Conditions for benefit of Aventus	**No HDN Prescribed Occurrence**: no HDN Prescribed Occurrence occurs between (and including) 18 October 2021 and 8.00am on the Second Court Date.	Outstanding
	No HDN Material Adverse Change: no HDN Material Adverse Change occurs, is announced or otherwise becomes known to Aventus Trustee or Aventus Company, between (and including) 18 October 2021 and 8.00am on the Second Court Date.	Outstanding
	New HDN Units: the new HDN Units pursuant to the Trust Scheme are approved for official quotation by ASX by 8.00am on the Second Court Date (subject to customary conditions) and such approval remains in full force and effect and has not been withdrawn or revoked.	Outstanding
	New HomeCo Securities: the new HomeCo Securities to be issued pursuant to the Members' Scheme are approved for official quotation by ASX by 8.00am on the Second Court Date (subject to customary conditions) and such approval remains in full force and effect and has not been withdrawn or revoked.	Outstanding
	Rollover relief: a class ruling is obtained from the ATO confirming the availability of scrip for scrip rollover relief in relation to the acquisition of Aventus Units pursuant to the Trust Scheme.	Outstanding
Conditions for benefit of HomeCo and HMC Funds Management	**No Aventus Prescribed Occurrence**: no Aventus Prescribed Occurrence occurs between (and including) 18 October 2021 and 8.00am on the Second Court Date.	Outstanding
	No Aventus Material Adverse Change: no Aventus Material Adverse Change occurs, is announced or otherwise becomes known to HMC Funds Management or HomeCo, between (and including) 18 October 2021 and 8.00am on the Second Court Date.	Outstanding
Condition for the benefit of all parties	**No regulatory intervention**: no Court or Government Agency has issued or taken steps to prevent, make illegal or delay the Merger at 8.00am on the Second Court Date.	Outstanding

Further information concerning the Merger, Aventus and the Merged HDN Group continued

c) Aventus exclusivity arrangements

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of HMC Funds Management and HomeCo. The arrangements are in line with Australian market practice and may be summarised as follows:

- **No shop**: Aventus must not solicit, invite, encourage or initiate any enquiries, discussions or proposals from any third party in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal;
- **No talk**: subject to a fiduciary exception on market standard terms, Aventus must not:
  - facilitate, participate in or continue any negotiations, discussions or communications with any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal; or
  - negotiate, accept or enter into any arrangement or understanding regarding an actual proposed or potential Competing Proposal;
- **No due diligence**: subject to a fiduciary exception on market standard terms, Aventus must not provide any non-public information about the Aventus Group to a third party in connection with, with a view of obtaining, or which would reasonably be expected to encourage or lead to an actual, proposed or potential Competing Proposal;
- **Notification**: Aventus must notify HMC Funds Management and HomeCo within 24 hours if it becomes aware of any proposal in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal; and
- **Matching right**: Aventus must not enter into an agreement (other than a confidentiality agreement) in relation to an actual, proposed or potential Competing Proposal unless:
  - the Aventus Boards acting in good faith, and in what the Aventus Directors consider to be their statutory or fiduciary duties, determine that the Competing Proposal is, would be, or would be reasonably likely to be, a Superior Proposal;
  - Aventus has provided HMC Funds Management and HomeCo with the material terms and conditions of the Competing Proposal (including price and identity of the bidder, as well as information regarding conditions precedent, funding and termination events) and any written due diligence materials provided to the bidder (where applicable);
  - Aventus has given HMC Funds Management and HomeCo at least three Business Days after the date of the provision of the material terms and conditions of the Competing Proposal, to provide a matching or superior proposal to the terms of the Competing Proposal; and
  - HMC Funds Management and HomeCo have not announced or otherwise formally proposed to Aventus a matching or superior proposal to the terms of the Competing Proposal by the expiry of the three Business Day period.

These exclusivity provisions end on the earliest of the date of termination of the Scheme Implementation Deed in accordance with its terms, the End Date, the Schemes becoming Effective and Aventus determining that a Competing Proposal is a Superior Proposal after having complied with its matching right obligations.

These exclusivity arrangements are set out in clause 11 of the Scheme Implementation Deed.

d) Aventus Boards' recommendation

Aventus must use all reasonable endeavours to procure that the Aventus Boards collectively, and the Aventus Directors individually, do not adversely change, withdraw, adversely modify or adversely qualify its or their recommendation in relation to the Merger unless:

- the Independent Expert concludes that the Merger is not in the best interests of Aventus Securityholders;
- Aventus receives a Superior Proposal;
- the change, withdrawal, modification or qualification occurs because of a requirement by a court or Government Agency that one or more Aventus Directors abstain or withdraw from making a recommendation; or

- either Aventus Boards have determined, acting in good faith and after receiving written legal advice from their external legal advisers, that the Aventus Boards, by virtue of the directors' duties of the Aventus Directors, are required to change, withdraw or modify their recommendation, and Aventus has complied with their exclusivity provisions.

Aventus' obligations regarding the recommendation of the Aventus Boards are set out in clause 5.5 of the Scheme Implementation Deed.

e) Reimbursement Fees payable by Aventus Trustee and Aventus Company

In accordance with Australian market practice, Aventus Trustee and Aventus Company have agreed to pay HMC Funds Management and HomeCo Reimbursement Fees totalling $21.78 million ($20.15 million attributable to Aventus Trustee and $1.63 million attributable to Aventus Company) if certain events occur (unless the Schemes become Effective), including:

- during the Exclusivity Period, one or more Aventus Directors withdraws, adversely changes, adversely modifies, or adversely qualifies their support of the Merger or their recommendations in favour of the Merger, except as a result of:
  - the Independent Expert concluding that the Merger is not in the best interests of the Aventus Securityholders (except where that proposal is due to the existence of a Competing Proposal);
  - a requirement by a court or Government Agency that one or more Aventus Directors abstain or withdraw from making a recommendation; or
  - Aventus Trustee or Aventus Company terminating the Scheme Implementation Deed in accordance with its termination rights;
- during the Exclusivity Period, one or more Aventus Directors supports, or recommends that Aventus Securityholders accept or vote in favour of, a Competing Proposal that is announced during the Exclusivity Period;
- a Competing Proposal is announced during the Exclusivity Period and within 12 months of announcement of the Competing Proposal, the competing bidder (or an Associate) completes a Competing Proposal or acquires a 50% or greater interest in the Aventus Trust or the Aventus Company; or
- HMC Funds Management or HomeCo terminates the Scheme Implementation Deed as a result of:
  - a material breach of the Scheme Implementation Deed (including of a representation and warranty) by Aventus that is not remedied within the applicable remedy period; or
  - an Aventus Prescribed Occurrence or Aventus Regulated Event occurring that is not remedied within the applicable remedy period.

Each of Aventus, HMC Funds Management and HomeCo considers that the Reimbursement Fees are a genuine and reasonable pre-estimate of costs that would be suffered by HMC Funds Management and HomeCo if the Merger did not proceed.

The Reimbursement Fee is a cap on Aventus' liability except in relation to intentional contraventions of the Scheme Implementation Deed. If required, Aventus would utilise its existing debt facilities to pay the Reimbursement Fees.

The arrangements in relation to the Reimbursement Fees are set out in clause 13 of the Scheme Implementation Deed.

f) HDN exclusivity arrangements

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of Aventus. The arrangements may be summarised as follows:

- **No shop**: HMC Funds Management and HomeCo must not solicit, invite, encourage or initiate any enquiries, discussions or proposals from any third party in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential HDN Competing Proposal; and

Further information concerning the Merger, Aventus and the Merged HDN Group continued

- **No talk**: subject to a fiduciary exception on market standard terms, HMC Funds Management and HomeCo must not:
  - facilitate, participate in or continue any negotiations, discussions or communications with any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential HDN Competing Proposal; or
  - negotiate, accept or enter into any arrangement or understanding regarding an actual proposed or potential HDN Competing Proposal.

g) Reverse Reimbursement Fees payable by HMC Funds Management and HomeCo

HMC Funds Management and HomeCo have agreed to pay Aventus the Reverse Reimbursement Fees totalling $21.78 million ($20.15 million attributable to HMC Funds Management and $1.63 million attributable to HomeCo) if:

- a HDN Competing Proposal has been publicly announced and:
  - the HDN Meeting is held and at this meeting, the Reverse Takeover Resolution (approval of which is required to give effect to the Trust Scheme) is not approved by the requisite majority of HDN Unitholders;
  - the majority approval of the Reverse Takeover Resolution aforementioned has not occurred by 8 May 2022; or
  - one or more HMC Funds Management Directors withdraws, adversely changes, adversely modifies, or adversely qualifies their support of the Merger or their recommendation that HDN Unitholders vote in favour of the Reverse Takeover Resolution unless:
    - the change, withdrawal, modification or qualification occurs because of a requirement by a court or Government Agency that one or more HMC Funds Management Directors abstain or withdraw from making a recommendation in favour of the Reverse Takeover Resolution; or
    - a HMC Funds Management Director abstains from making a recommendation as they are also a director of HomeCo;
- Aventus Trustee or Aventus Company has terminated the Scheme Implementation Deed as a result of:
  - a material breach of the Scheme Implementation Deed (including of a representation and warranty) by HMC Funds Management or HomeCo that is not remedied within the applicable period; or
  - a HDN Prescribed Occurrence or HDN Regulated Event occurring that is not remedied within the applicable remedy period; or
- Aventus Securityholders have approved the Schemes and the Unstapling but HMC Funds Management or HomeCo has defaulted on its obligation to provide the Scheme Consideration to Scheme Securityholders.

If HDN Unitholders fail to approve the Reverse Takeover Resolution by 8 May 2022, unless the Reverse Reimbursement Fee is payable, HMC Funds Management must reimburse Aventus for all external costs and expenses actually incurred and payable in relation to the Merger up to a maximum of $5 million.

The Reverse Reimbursement Fee is a cap on HMC Funds Management's and HomeCo's liability except in relation to intentional contraventions of the Scheme Implementation Deed.

The arrangements in relation to the Reverse Reimbursement Fees and external cost reimbursement are set out in clause 14 of the Scheme Implementation Deed.

HomeCo and HMC Funds Management propose to utilise their existing cash and debt facilities to fund their respective share of the Reverse Reimbursement Fees and, in relation to HMC Funds Management only, any external cost reimbursement payable to Aventus.

h) Representations and warranties

Each party to the Scheme Implementation Deed has given representations and warranties to the other. A material breach of such representations and warranties that is not remedied within the applicable remedy period is capable of giving rise to a termination right.

These representations and warranties are set out in clause 7 and Schedule 3 (in the case of HMC Funds Management and HomeCo) or Schedule 4 (in the case of Aventus) of the Scheme Implementation Deed.

i) Termination rights

The Scheme Implementation Deed may be terminated by the written agreement of Aventus, HMC Funds Management and HomeCo, and each of these parties may terminate the Scheme Implementation Deed if:

- at any time before 8.00am on the Second Court Date, the Court or Government Agency has taken any action permanently restraining or otherwise preventing the implementation of the Merger and the action has become final and cannot be appealed or there is no realistic prospect of an appeal succeeding;
- any Condition Precedent becomes unable to be satisfied;
- the Effective Dates for the Schemes has not occurred, or will not occur, on or before the End Date;
- Aventus Securityholders have not agreed to the Unstapling or Schemes at the Aventus Meetings by the requisite majorities;
- HDN Unitholders have not approved the Reverse Takeover Resolution at the HDN Meeting by the requisite majority and any Reverse Reimbursement Fee or indemnities (where applicable) have been paid in full; or
- the other party is in material breach of the Scheme Implementation Deed (including of a representation and warranty), it gives written notice to the other party setting out the relevant circumstances and the relevant circumstances continue for five Business Days after such notice is given.

In addition, HMC Funds Management or HomeCo may terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if:

- an Aventus Prescribed Occurrence or Aventus Regulated Event occurs, HMC Funds Management or HomeCo gives written notice to Aventus setting out the relevant circumstances and the relevant circumstances continue for five Business Days after such notice is given; or
- any Aventus Director:
  - fails to recommend the Merger;
  - adversely changes, withdraws, adversely modifies or adversely qualifies their support of the Merger or their recommendation in favour of the Merger; or
  - makes a public statement indicating they no longer support the Merger, or recommends, supports or endorses another transaction.

In addition, Aventus may terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if:

- a HDN Prescribed Occurrence or HDN Regulated Event occurs, Aventus gives written notice to HMC Funds Management or HomeCo setting out the relevant circumstances and the relevant circumstances continue for five Business Days after such notice is given; or
- the Aventus Boards or a majority of the Aventus Boards have changed, withdrawn or qualified their recommendation as permitted in the circumstances described in paragraph (d) of Section 5.1 of this Appendix.

The termination rights are set out in clause 15 of the Scheme Implementation Deed.

5.2 Interest of HomeCo and HDN in Aventus Securities

On 20 October 2021 HomeCo advised that it had acquired a Relevant Interest in 34,243,758 Aventus Securities representing 6% of the Aventus Securities on issue and HMC Funds Management advised that it had acquired voting power in the same Aventus Securities pursuant to substantial holding notices lodged with ASX and Aventus.

Other than described above, as at the Last Practicable Date neither HDN nor HomeCo has any Relevant Interest in Aventus Securities on issue.

The Relevant Interest and voting power arises by virtue of a put and call option agreement entered into between HomeCo and BBRC on 18 October 2021 (**BBRC Option Agreement**).

Pursuant to the BBRC Option Agreement, BBRC has granted HomeCo a call option to purchase 34,243,758 Aventus Securities (**Sale Securities**) for a cash amount per Aventus Security equal to the aggregate of (A) the Trust Scheme Consideration multiplied by the VWAP of HDN Units on the two highest consecutive days in the five Business Days before the Scheme Booklet is sent to Aventus Securityholders, or if this has not occurred before the option is exercised, the two Business Days before exercise or such other date as agreed; and (B) the Scheme Consideration multiplied by the VWAP of HomeCo Securities over the same period, capped at $0.285 (**Option Consideration**). Completion of that purchase will take place five Business Days after the date of exercise of the call option.

Pursuant to the BBRC Option Agreement, HomeCo has granted BBRC a put option to dispose of the Sale Securities for the Option Consideration. The put option can be exercised at any time following HomeCo providing BBRC with a notice of the calculation of the Option Consideration following the sending of the Scheme Booklet to Aventus Securityholders. Completion of the disposal will take place five Business Days after the date of exercise of the put option.

As an indication of the Option Consideration, using the Last Practicable Date as a reference point instead of the date that the Scheme Booklet is sent to Aventus Securityholders, the Option Consideration and a worked example of the calculation of the Option Consideration is as set out below.

	Scheme Consideration	VWAP ($)	Total ($)
HDN Units	2.200	1.4432[1]	3.1750
HomeCo Securities	0.038	7.5598[2]	0.2850[3]
Total			**3.4600**

The above Option Consideration of $3.46 per Aventus Security is indicative only. HomeCo and HDN will make an announcement to the ASX of the actual Option Consideration when it is determined after the Scheme Booklet is sent to Aventus Securityholders.

Pursuant to the BBRC Option Agreement, BBRC has undertaken not to dispose of the Sale Securities until the termination of the agreement.

The options and the BBRC Option Agreement will terminate if the option exercise date has not occurred by the date that is six months after 18 October 2021.

As at the date of this Scheme Booklet neither the call option or the put option has been exercised.

1. VWAP of HDN Units on 25-26 November 2021, being the VWAP on the two highest consecutive days in the five Business Days before the Last Practicable Date.
2. VWAP of HomeCo Securities on 25-26 November 2021, being the VWAP on the two highest consecutive days in the five Business Days before the Last Practicable Date.
3. Value implied by HomeCo Scheme Consideration and VWAP is $0.2873 but a cap of $0.285 applies.

If the call option or the put option were to be exercised before the Implementation Date so that HomeCo or HMC Funds Management (or a related body corporate) becomes a holder of Aventus Securities before the Scheme Record Date, it will become an Excluded Securityholder for purposes of the Schemes.

If a HomeCo Group Member becomes a holder of Aventus Securities before the Scheme Record Date it will participate in the Trust Scheme as a Scheme Securityholder but not participate in the Members' Scheme. If a HDN Group Member becomes a holder of Aventus Securities before the Scheme Record Date it will participate in the Members' Scheme as a Scheme Securityholder but not participate in the Trust Scheme.

5.3 Co-operation agreement between HMC Funds Management and HomeCo

On 18 October 2021 HMC Funds Management and HomeCo entered into a Co-operation Agreement that governs the relationship between HMC Funds Management and HomeCo for the purpose of making, pursuing and implementing the Merger (**Co-operation Agreement**). Under the Co-operation Agreement:

- HomeCo and HDN agree to co-operate to comply with their several obligations under the Scheme Implementation Deed and to implement the Merger;;
- HMC Funds Management is entitled to the Trustee Reimbursement Fee and HomeCo is entitled to the Company Reimbursement Fee if either fee is paid;
- HMC Funds Management is responsible for the payment of the Trustee Reverse Reimbursement Fee if that fee becomes payable;
- HomeCo is required to pay HDN a proportional amount of the fees that will become payable in the event HDN Unitholders do not approve the Reverse Takeover Resolution; and
- HDN agrees to pay for all costs associated with the Merger save for save for certain costs relating to HomeCo's financial and legal advisers and retention payments to Aventus employees.

5.4 Kotara Home call option and pre-emptive deed

Aventus' Kotara Home (South) property (**Kotara South**) is adjacent to another property (Kotara North) which is owned by an entity associated with BBRC (and which is managed on that entity's behalf by Aventus Company). The respective owners have entered into the Kotara Call Option and Pre-emptive Deed under which:

- The owner of Kotara South grants to the owner of Kotara North a call option to acquire Kotara South (**Call Option**); and
- The owner of Kotara North and the owner of Kotara South have each granted the other reciprocal pre-emptive rights in the event that either of them wishes to sell their respective Kotara properties (**Pre-emptive Right**).

Call option

Whereas a result of a vote of the Aventus Unitholders, there is a change of the responsible entity of the Aventus Trust to an entity who is not a member of the Aventus Group (**Call Option Event**) the following process will apply:

- the owner of Kotara North may require a valuation to be conducted on Kotara South, with two independent valuers to be appointed – one by the owner of Kotara North Owner and one by the new responsible entity;
- the purchase price for Kotara South will be the average of the two valuations; and
- upon receipt of those valuations, the owner of Kotara North may exercise the call option and purchase Kotara South for the relevant purchase price so determined.

BBRC has provided Aventus with a waiver of this call option in connection with the Merger.

Pre-emptive right

Under the pre-emptive right, where an owner wishes to deal with their Kotara property, it must give notice to the other owner of the proposed sale terms which will constitute an offer to the relevant recipient to acquire the selling owner's Kotara property. The owner will have 40 days to accept those sale terms. If the offer is not accepted, then the owner selling its Kotara asset may sell to another third party within six months on terms and at a price that are no more favourable to the proposed purchaser than the terms offered under the pre-emptive right.

5.5 Aventus Property Management Agreement

Aventus Trustee and each trustee of a property in the Aventus Group properties have appointed the Aventus Property Manager to act as the property and development manager of the Aventus Group properties under the Aventus Property Management Agreement.

It is presently intended that following implementation of the Merger, the Aventus Property Manager will continue to provide property management services (and no other services) to each of the Aventus Trust's properties under the Aventus Property Management Agreement.

Property and development management services

Under the Aventus Property Management Agreement the Aventus Property Manager will continue to provide property management services to the Aventus Group properties, including managing revenue and operating expenses, tenant liaison and other usual services provided in connection with property management services. The Aventus Property Manager has been delegated all powers necessary to carry out its obligations under the Aventus Property Management Agreement.

Term and Termination

The Aventus Property Management Agreement commenced on the day on which Aventus Units were allotted and issued to investors pursuant to the Aventus Trust product disclosure statement dated 30 September 2015. The term of the Aventus Property Management Agreement commences on the Commencement Date (as defined in the agreement) and terminates in accordance with clause 9.1 of the agreement.

The agreement will also cease to apply to a property in the Aventus Group properties where the Aventus Trust no longer holds, directly or indirectly, at least 50% of that property.

Property Manager's termination rights

The Aventus Property Manager can terminate the agreement:

- at any time on 90 days' notice to the responsible entity of Aventus Trust; or
- immediately if the responsible entity of Aventus Trust is insolvent; or
- on 60 days' notice to the replacement responsible entity of Aventus Trust, if Aventus Trustee ceases to be the responsible entity of Aventus Trust and is not replaced with an entity which is a member of Aventus Group; or
- if there is a material breach by the responsible entity of Aventus Trust which is not remedied within 40 days of notice from the Aventus Property Manager or for which the Aventus Property Manager is not otherwise adequately compensated. Note in this case the Aventus Property Manager's termination right can be exercised in relation to the property in respect of which the breach has occurred (or on a portfolio basis).

Responsible entity's termination rights

The responsible entity of Aventus Trust can terminate the agreement:

- if the Aventus Property Manager is insolvent, ceases to carry on business or is otherwise prohibited from performing its obligations provided that if any other company in Aventus Group is reasonably capable of performing the Aventus Property Manager's role and is willing to act, the responsible entity of Aventus Trust must appoint that company in place of the Aventus Property Manager and the agreement does not then terminate; or
- if there is a continuing material breach by the Aventus Property Manager which is not remedied within 40 days of notice from the responsible entity of Aventus Trust or for which the responsible entity of Aventus Trust is not otherwise adequately compensated. Note in this case the responsible entity of Aventus Trust's termination right can be exercised in relation to the property in respect of which the breach has occurred (or on a portfolio basis).

The responsible entity of Aventus Trust can also terminate the agreement if there is a change of control of the Aventus Property Manager and a replacement responsible entity of Aventus Trust can terminate the agreement if the replacement responsible entity of Aventus Trust is not a member of Aventus Group.

However, the termination right following a change of control of the Aventus Property Manager or the appointment of a new responsible entity is a right to terminate on 12 months' notice or, in lieu of notice, immediate termination on payment to the Aventus Property Manager of an amount equal to the total fees paid to the Aventus Property Manager for its services in the 12 months leading to the termination.

Termination in respect of development services

Where the relevant continuing material breach giving rise to a termination right for the responsible entity of Aventus Trust is in respect of particular development works only (in circumstances where the Aventus Property Manager is otherwise performing its obligations in relation to other services), the responsible entity of Aventus Trust may only terminate the agreement as it applies to those development works. However, in these circumstances, the exclusive engagement of the Aventus Property Manager to provide development management services would also cease (and the Aventus Trust could engage alternate services providers for these matters).

In addition, if the agreement is terminated at the end of its term or in circumstances of a change of the responsible entity of Aventus Trust with an entity that is not a member of Aventus Group, or a change in control of the Aventus Property Manager, the Aventus 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, costs and expenses

The property and development management fees and expenses payable to the Aventus Property Manager comprises an asset and property management fee of 5% of face rental (payable in equal monthly instalments in arrears) provided that where, immediately prior to a property becoming subject to the Aventus Property Management Agreement (for example, upon completion or the acquisition by Aventus Trust 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 5% of the total face rent, the Aventus Property Manager shall be entitled to that higher fee for so long as it remains recoverable from tenants under the relevant lease(s). The Aventus Property Manager may also be entitled to salary recoveries associated with managing the property.

A process applies for benchmarking Aventus Property Manager fees to market at the five year interval in the initial term and on commencement of any successive term (including independent review of fees against market 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).

5.6 Sale Facility for Ineligible Foreign Securityholders

A sale facility (**Sale Facility**) will be put in place to sell HDN Units that would otherwise have been issued to Scheme Securityholders who are Ineligible Foreign Securityholders (**Sale HDN Units**) on their behalf. Macquarie Securities (Australia) Limited (AFSL number 238947) has been appointed as Sale Agent to manage the sale of the Sale HDN Units.

Under the Sale Facility, Scheme Securityholders who are Ineligible Foreign Securityholders will receive in respect of their Aventus Units their proportionate share (based on their relative holdings of Aventus Units) of the net proceeds of the sale of the Sale HDN Units, after deducting any applicable brokerage and other selling costs, taxes and charges (rounded down to the nearest cent).

Under the Sale Facility:

- the Sale HDN Units will be issued on the Implementation Date to the Sale Agent, who will be responsible for selling the Sale HDN Units;
- the Sale Agent must sell the Sale HDN Units as soon as reasonably practicable, and in any event not more than 15 Business Days after the Implementation Date, on ASX in accordance with the terms of the Sale Facility;
- all proceeds of such sale will be deposited by the Sale Agent in the Sale Facility account for the Scheme Securityholders who are Ineligible Foreign Securityholders; and
- no later than five Business Days after the day that settlement of all Sale HDN Units has occurred, the Sale Agent will transfer the net proceeds of such sale after deducting any applicable brokerage and other selling costs, taxes and charges in the Sale Facility account to the Aventus Securities Registry for payment to Ineligible Foreign Securityholders.

5.7 Regulatory relief granted in connection with the Merger

ASIC has granted relief to Aventus from the operations of the following provisions of the Corporations Act:

- **Takeovers relief**: a modification of item 7, section 611 of the Corporations Act pursuant to section 655A(1)(b) of the Corporations Act to permit holders of Aventus Units not associated with HomeCo or HMC Funds Management to vote on the Trust Scheme Resolutions;
- **Equal treatment obligations**: an exemption from compliance with section 601FC(1)(d) of the Corporations Act to the extent necessary for Ineligible Foreign Securityholders not to receive the HDN Units as Scheme Consideration; and
- **Financial services guide**: an exemption from Division 2 of Part 7.7 of the Corporations Act in relation to the requirement for Aventus Trustee to issue a Financial Services Guide under section 941A of the Corporations Act.

ASIC has granted relief to HMC Funds Management, HomeCo and the Sale Agent from the operations of the following provisions of the Corporations Act:

- **Product Disclosure Statements (PDSs)** – an exemption from Part 7.9 of the Corporations Act in relation to the requirement to prepare a PDS in respect of the HDN Units to be issued under the Trust Scheme;
- **Unsolicited offers** – an exemption from Division 5A of Part 7.9 of the Corporations Act pursuant to section 1020F(1)(a) of the Corporations Act in relation to offers by HMC Funds Management under the Trust Scheme potentially being characterised as unsolicited off-market offers; and
- **On-sale relief** – an exemption from section 1012C of the Corporations Act in relation to the requirement that a Scheme Securityholder or the Sale Agent issue a PDS before on-selling HDN Units.

5.8 ASX confirmation

ASX has confirmed to HMC Funds Management that, in connection with the Merger, ASX will not exercise its discretion to:

- require the significant change to the scale of HDN's activities to be approved by HDN Unitholders; or
- require HDN to meet the requirements in Listing Rules 1 and 2 as if HDN was applying for admission to the official list.

5.9 Continuous disclosure

HDN is a disclosing entity for the purposes of the Corporation Act and as such it is subject to regular reporting and disclosure obligations concerning HDN. As an ASX-listed entity, HDN is also subject to the Listing Rules which require continuous disclosure (with some exceptions) of any information which a reasonable person would expect to have a material effect on the price or value of HDN Units. In addition, HDN is required to maintain periodic disclosure (including yearly and half-yearly financial statements) with ASIC concerning HDN in accordance with the Corporations Act and the ASX in accordance with the Listing Rules.

The information disclosed to the ASX is available free of charge from the ASX website (www.asx.com.au) as well as the HDN website (https://hdn.home-co.com.au/Investor-Centre/). Copies of the documents lodged with ASIC by HMC Funds Management concerning HDN may be obtained from or inspected at any ASIC office.

5.10 Supplementary disclosure

HMC Funds Management will issue a supplementary document to this Notice if it becomes aware of any of the following between the date of this Notice and the Meeting:

- a material statement in this Notice is false or misleading in a material respect;
- a material omission from this Notice;
- a significant change affecting a matter included in this Notice; or
- a significant new matter has arisen and it would have been required to be included in this Notice if it had arisen before the date of this Notice.

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

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to HDN Unitholders at their address shown on the HDN security register; or
- posting a statement on the HDN website at https://hdn.home-co.com.au/Investor-Centre/ as HMC Funds Management, in its absolute discretion, considers appropriate.

Summary of Investment Management Agreement

Management Services

Under the Investment Management Agreement, the Investment Manager has been delegated the day-to-day control over HDN and HDN's portfolio of assets, subject to the supervision and control of HMC Funds Management and the terms of the agreement.

Services to be provided by the Investment Manager to HDN (the **Services**) include investment management services with respect to dealings in HDN's assets, management of the equity and debt financing of HDN, day-to-day management of HDN's secretarial, accounting, administrative and reporting requirements, management of auditors, advisers and other consultants, HDN Unitholder relations and meetings, management of all compliance and contractual requirements, including with respect to ASX listing obligations, preparation of an operating plan (including a budget) for HDN for each Financial Year, and other services agreed by the Investment Manager and HMC Funds Management. The Investment Manager is not required to provide any Services to the extent to that they would comprise services or activities that would require the Investment Manager to hold an Australian Financial Services Licence or that HMC Funds Management cannot delegate to the Investment Manager under law. The Property Manager will separately provide property management services to HMC Funds Management and HDN under the Property Management Agreement.

The Investment Manager must act in accordance with the requirements of HDN's investment policy and any applicable legal and other requirements. HMC Funds Management may at any time overrule the Investment Manager to the extent that the responsible entity believes doing so is necessary or advisable to comply with any applicable requirement or in the best interests of the HDN Unitholders. The Investment Manager must also seek the approval of the responsible entity before incurring any expenditure in excess of the lower of $200,000 and 10% of the expenditure which has been agreed by the responsible entity in an annual operating plan for the relevant Financial Year, and entering into any contract in the name of the responsible entity or any Merged HDN Group member to acquire or dispose of any asset for a consideration in excess of $5,000,000 (whereby both thresholds are increased annually by 5%).

Exclusivity

During the term of the Investment Management Agreement, HMC Funds Management must not appoint any other party to perform the Services except where it is necessary to comply with applicable law or regulation, the terms of HDN's financing arrangements or other applicable requirements, or as otherwise permitted by the Investment Manager. The Investment Manager and its associates may from time to time perform services for itself and other parties the same as or similar to the services provided under the Investment Management Agreement.

Right of first offer

The Investment Manager has committed to first offer to HMC Funds Management any opportunity to acquire an investment in convenience real estate assets that the Investment Manager or its associates (including the responsible entity), or any of their officers, directors, or employees (acting in that capacity), identify and which falls within HDN's investment strategy (subject to certain exceptions, including where the opportunity is subject to third party rights or the Investment Manager or the HomeCo Group would be in breach of any law or document to do so).

Term and termination

The Investment Management Agreement commenced on 26 November 2020.

The initial term of the agreement is 10 years and is automatically extended for successive five year terms unless terminated by either the Investment Manager or HMC Funds Management by giving at least 12 months' notice prior to the end of the initial term or any successive five year term. This means that the initial term of the agreement is at least 10 years unless otherwise terminated in one of the circumstances referred to below.

Where the responsible entity gives the required notice that it does not wish to extend the agreement at the end of a term, termination in this circumstance will give rise to the payment of a compensation amount to the Investment Manager equal to two years of management fees, determined as at the date of expiry or termination of the Investment Management Agreement.

Manager's termination rights

The Investment Manager can terminate the Investment Management Agreement:

- at any time on 90 days' notice to HMC Funds Management, if there is a bona fide sale of all or substantially all of the assets of HDN to a third party on an arm's length basis; or
- immediately if:
  - there is a material default of the agreement by HMC Funds Management which is not rectified (including by way of payment of reasonable compensation) within 90 days of written notice from the Investment Manager;
  - HMC Funds Management commits five or more breaches of the Investment Management Agreement within a consecutive 12 month period (provided that the Investment Manager has provided notice to HMC Funds Management of each individual breach within 30 days of becoming aware of the relevant breach);
  - HMC Funds Management is insolvent (and is not replaced by another trustee within 60 days of becoming insolvent);
  - HDN is insolvent; or
  - without prior written approval of the Investment Manager, there is a change in a person having, or a person gaining, control of the ability to remove HMC Funds Management, HMC Funds Management is replaced by a responsible entity that is not a member of the HomeCo Group or a winding-up of HDN commences (provided that, in each case, notice of termination is provided within 90 days of the Investment Manager becoming aware of the change of control).

In addition, the Investment Manager can terminate the agreement on 20 business days' notice where there is a variation to the investment policy of HDN, and the Investment Manager considers the variation will have a material effect on the Investment Manager's obligations, liability or risk under the agreement. Termination by the Investment Manager in these circumstances will give rise to the payment of a compensation amount to the Investment Manager equal to two years of management fees, determined as at the date of expiry or termination of the Investment Management Agreement.

Responsible entity's termination rights

HMC Funds Management can terminate the Investment Management Agreement:

- on 60 days' notice to the Investment Manager, if there is a bona fide sale of all or substantially all of the assets of HDN to a third party on an arm's length basis; or
- immediately if:
  - a change in a person having, or a person gaining, control of the ability to remove the responsible entity of HDN, the responsible entity being replaced by a trustee who is not a member of the HomeCo Group, the winding up HDN commences (provided that, in each case, notice of termination is provided within 90 days of the responsible entity becoming aware of the change of control); or
  - the Investment Manager ceases to be a member of the HomeCo Group (provided that notice of termination is provided within 90 days of the responsible entity becoming aware of the Investment Manager ceasing to be a HomeCo Group Member),

and in these circumstances, a compensation amount equal to 24 months' management fees under the agreement will be payable to the Investment Manager; or

- immediately if:
  - there is a material default of the agreement by the Investment Manager which is not rectified (including by way of payment of reasonable compensation) within 30 days of written notice from the responsible entity;
  - the Investment Manager commits five or more breaches of the Investment Management Agreement within a consecutive 12 month period (provided that the responsible entity has provided notice to the Investment Manager of each individual breach within 30 days of becoming aware of the relevant breach); or
  - the Investment Manager is insolvent and is not replaced by the HomeCo Group with another manager within 30 days of becoming insolvent,

and in these circumstances, no compensation amount will be payable to the Investment Manager.

Summary of Investment Management Agreement continued

Fees

The Investment Manager is entitled to receive a management fee of 0.65% per annum of the GAV up to and including $1.50 billion, and 0.55% per annum of GAV on GAV in excess of $1.50 billion. The management fee is payable monthly in arrears.

The Investment Manager is also entitled to:

- an acquisition fee of 1.00% of the purchase price of any assets directly or indirectly acquired by HDN in proportion to HDN's economic interest in the asset; and
- a disposal fee of 0.50% of the sale price of any assets directly or indirectly disposed of by HDN in proportion to HDN's economic interest in the asset.

HDN Units in lieu of Management Fees

The management fees described above may be paid to the Investment Manager in cash or HDN Units or a combination of both (at the election of the Investment Manager). If the Investment Manager elects to receive HDN Units, it may require some or all of the HDN Units to be issued to a nominee of the Investment Manager. The issue of HDN Units is subject to the requirements of the Corporations Act and the Listing Rules.

If the Investment Manager elects to receive HDN Units with respect to some or all of a management fee amount (plus any GST payable in respect of that amount), the number of HDN Units to be issued to the Investment Manager (or its nominee) will be calculated by reference to the volume weighted average price of the HDN Units during the period of 5 trading days up to the end of the relevant month to which the management fee relates.

HDN Units in lieu of Acquisition and Disposal Fees

HMC Funds Management is seeking HDN Unitholder approval to amend the Investment Management Agreement to permit the acquisition fee and disposal fee described above to be paid to the Investment Manager in cash or HDN Units or a combination of both (at the election of the Investment Manager).

As with the management fees, the proposed amendments will permit, if the Investment Manager elects to receive HDN Units, it to require some or all of the HDN Units to be issued to a nominee of the Investment Manager. The issue of HDN Units is subject to the requirements of the Corporations Act and the Listing Rules. HDN Unitholder approval for these amendments will be sought at the HDN Meeting.

If HDN Unitholder approval for these amendments is obtained, the Investment Manager:

- will be able to elect to receive the acquisition fee in respect of the Merger (being the HomeCo Acquisition Fee) in cash or HDN Units or a combination of both; and
- intends to elect for HCL to receive the HomeCo Acquisition Fee in HDN Units.

If the Investment Manager elects to receive HDN Units with respect to some or all of an acquisition or disposal fee amount (plus any GST payable in respect of that amount), the number of HDN Units to be issued to the Investment Manager (or its nominee) will be calculated by reference to the volume weighted average price of the HDN Units during the period of 5 trading days up to the completion date of the relevant acquisition or disposal.

Costs and expenses

The Investment Manager is entitled to be reimbursed for all costs and expenses it reasonably and properly incurs as Investment Manager (whether on its own behalf or on behalf of HMC Funds Management, a HDN Group Member) other than its own overhead, administrative or salary expenses incurred in the ordinary conduct of its business or expenses that arise as a result of the negligence, fraud, wilful misconduct or dishonesty of the Investment Manager or any officer, employee, delegate, agent or contractor of the Investment Manager. The Investment Manager must seek the approval of the responsible entity where expenditure would exceed the prescribed thresholds.

If the Investment Manager delegates, appoints an agent or service provider, or otherwise engages a third party (including an associate) to provide a service to the responsible entity (or Merged HDN Group Member or Custodian) that would not customarily be provided by the Investment Manager, the responsible entity will be liable to pay for the expenses incurred as a result of that delegation or appointment, provided those same services have first been approved by the responsible entity.

Conflicts and use of associates

The Investment Manager must establish protocols for the prevention and management of conflicts.

The Investment Manager may, in connection with the Investment Management Agreement, invest in, deal with or engage the services of the Investment Manager's associates engaged in separate business activities which are entitled to charge fees, brokerage and commissions provided that they are in the ordinary course of business, on an arm's length commercial basis and approved by HMC Funds Management.

Indemnities

The Investment Manager indemnifies HMC Funds Management, the Merged HDN Group and their respective employees, officers, delegates, agents and contractors on demand against any direct expenses reasonably incurred by the aforementioned indemnified parties that arise from the gross negligence, fraud, wilful misconduct or dishonesty of the Investment Manager.

HMC Funds Management indemnifies the Investment Manager and its associates on demand against any direct expenses reasonably incurred by the Investment Manager in connection with the provision of the Services, except to the extent any expense is caused by the negligence, fraud, wilful misconduct or dishonesty of the Manager.

Appendix 3

Summary of DRP Underwriting Agreement

HMC Funds Management Limited in its capacity as responsible entity of HomeCo Daily Needs REIT (**HDN**) has entered into an agreement with Home Consortium Limited (**HCL**) to underwrite the DRP in relation to the following distributions (**DRP Underwriting Agreement**):

- distribution payable to HDN Unitholders as at 31 December 2021, in respect of the quarter ending on that date[1];
- distribution payable to HDN Unitholders as at 31 March 2022, in respect of the quarter ending on that date; and
- distribution payable to HDN Unitholders as at 30 June 2022, in respect of the quarter ending on that date,

(**Underwritten Distributions**).

HCL's obligations under the DRP Underwriting Agreement are conditional on HDN Unitholders passing a resolution for the purposes of Listing Rule 10.11. HCL cannot and pursuant to the DRP Underwriting Agreement will not be required to underwrite a distribution if to do so would cause HCL to breach section 606 of the Corporations Act (which restricts the ability of a person to acquire additional HDN Units if to do so would cause the person's or someone else's voting power in HDN to increase from 20% or below to more than 20% or from a starting point above 20% and below 90%).

Name of the underwriter	Home Consortium Limited ABN 94 138 990 593
Extent of the underwriting	Fully underwritten (in respect of the Underwritten Distributions only)
Fee, commission or other consideration payable (including any discount the underwriter receives)	N/A HCL will be issued the shortfall units at the underwritten price (ie the same price as will be paid by HDN Unitholders participating in the DRP), which is inclusive of the DRP discount.
Summary of significant events that could lead to the underwriting being terminated	Events that could trigger a right to terminate the DRP Underwriting Agreement include: • material breach of the DRP Underwriting Agreement by HDN, including a failure by HDN to provide a certificate when required or a statement in the certificate is untrue or misleading or deceptive; • HDN being unable or unlikely to issue the DRP underwritten units on the distribution payment date, alters its capital structure, becomes insolvent or the DRP is varied in a material respect without prior approval by HMC; • certain material changes in HDN's circumstances; • certain regulatory action in relation to HDN; • material hostilities or terrorist acts or political disruptions; and • material changes in law, policy or moratoriums that affect the DRP or financial markets.

1. As part of the Scheme Implementation Deed with Aventus, HMC Funds Management agreed not to operate the DRP for HDN's December 2021 distribution.

Home Co.
Daily Needs REIT

HomeCo Daily Needs REIT
ARSN 645 086 620

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
HomeCo Daily Needs REIT
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
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474

PROXY FORM

I/We being a unitholder(s) of HomeCo Daily Needs REIT and entitled to attend and vote hereby appoint:

STEP 1

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 and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

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 General Meeting of HomeCo Daily Needs REIT to be held at 11.00am on Monday 24 January 2022 (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at **https://meetings.linkgroup.com/HDN22** (refer to details in the Virtual Meeting Online Guide).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by HomeCo Daily Needs REIT if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

Resolutions	For	Against	Abstain*
1 Issue of Trust Scheme Consideration	☐	☐	☐
2 Amendments to the Investment Management Agreement to permit the Investment Manager to require the issue of HDN Units in lieu of cash for certain fees	☐	☐	☐
3 Ratification of the issue of the July Placement Units	☐	☐	☐
4 Ratification of the issue of the September Placement Units	☐	☐	☐
5 Issue of HDN Units to a related party underwriter in connection with Distribution Reinvestment Plan	☐	☐	☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

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 HomeCo Daily Needs REIT'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 HomeCo Daily Needs REIT.

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. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

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. 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 HomeCo Daily Needs REIT's unit registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) 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

(b) 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 holder 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 virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from HomeCo Daily Needs REIT'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 Saturday 22 January 2022, 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 vote. To use the online lodgement facility, unitholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY MOBILE DEVICE

QR Code

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.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

BY MAIL

HomeCo Daily Needs REIT
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*
Level 12
680 George Street
Sydney NSW 2000

*during business hours Monday to Friday (9:00am - 5:00pm) and subject to public health orders and restrictions