

Aventus Retail Property Fund Unitholder Meeting

Tuesday 25 September at 11:00am

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

Chairman's Address

Good morning ladies and gentlemen and welcome to a meeting of investors of Aventus Retail Property Fund or AVN.

My name is Bruce Carter and I am the Non-Executive Independent Chairman of Aventus Capital Limited.

I have been appointed as the Chairman of today's meeting and I am joined today by my fellow Non-Executive Independent Directors, Ms Robyn Stubbs and Mr Kieran Pryke as well as members of the senior management team, including Chief Financial Officer and Company Secretary, Mr Lawrence Wong.

The time is now 11am and as a quorum is met, I declare the meeting open.

You will all have been given a coloured card when you entered the meeting this morning. Investors or proxy holders with yellow cards are permitted to vote and ask questions at this meeting. Investors holding blue cards are permitted to ask questions, but not to vote as these are for investors who have already lodged a vote. Holders of red cards are not permitted to vote or ask questions at this meeting.

There is to be no photographs or recordings taken of the meeting.

Agenda

I will now briefly run through the agenda for today's meeting.

Firstly, I will explain why this meeting has been called.

Secondly, I will discuss the proposed internalisation of AVN, which is the proposal that will be voted on at today's meeting.

Finally, we will then move to the formal business of the meeting. I will invite questions on the proposed resolutions and then will conduct the voting on the three resolutions required to implement the proposal.

Why has this meeting been convened?

Today's meeting has been convened to consider the proposal to internalise AVN and resolutions to implement that proposal. All AVN unitholders were sent a notice of meeting and explanatory memorandum dated 10 August 2018 which describes both the proposal and resolutions.

The explanatory memorandum sets out in great detail the nature of the internalisation proposal and its advantages and disadvantages. I do not propose to go to that level of detail in this meeting. However, at a high level, the proposal involves:



- forming a new company, Aventus Holdings Limited. This has been done.
- distributing one fully paid share in this new company, Aventus Holdings Limited for each existing unit held by AVN investors at the Stapling Record Date.
- stapling each share of Aventus Holdings Limited to each existing unit held by AVN investors
- the new company, Aventus Holdings Limited, acquiring Aventus Property Group Pty Limited and its subsidiaries, which includes AVN's responsible entity, fund manager and property manager.

This will result in a new stapled group which holds and controls its own management entities and in unitholders becoming shareholders in Aventus Holdings Limited.

At this meeting, you are to consider three ordinary resolutions which are required to implement the internalisation proposal. All three resolutions are required to be approved for the internalisation proposal to be implemented.

Resolution 1 is to approve the internalisation proposal and authorise Aventus Capital Limited to do all things necessary to give effect to the internalisation proposal.

Resolution 2 is to approve the acquisition of Aventus Property Group Limited by Aventus Holdings Limited. The acquisition of a significant asset from an entity which holds 10% or more of units in AVN, or an associate of that entity requires approval under Listing Rule 10.1. In this case the management is being acquired from entities associated with Brett Blundy, who is the largest unitholder in AVN.

Resolution 3 is to approve the issue of new stapled securities to entities associated with directors Brett Blundy and Darren Holland. Issues of new securities to Directors or their associates require approval under Listing Rule 10.11.

Ladies and gentlemen, as you have all received a copy of the notice of meeting and explanatory memorandum, I propose to take these documents as read.

Conditions Precedent

At the time of issuing the notice of meeting and explanatory memorandum, the internalisation proposal was subject to a number of conditions precedent required to be satisfied prior to this meeting. I can confirm that consent from AVN's financiers has been received and the required documentation is ready to be signed following the meeting. I am also pleased to report that, with the exception of the investor approvals being sought at this meeting, the admission to trading on ASX of the Stapled Securities (which is scheduled to occur on 27 September) and those conditions that cannot be formally satisfied until 1 October (relating to restraints and regulatory action), the remaining conditions have now been satisfied.

Internalisation proposal

The proposal that AVN investors have been asked to vote on is essentially for AVN to acquire Aventus Property Group Pty Limited, the entity which currently owns all of the AVN management entities. The purchase price that has been negotiated is \$143 million plus \$5 million for the net tangible assets of APG. The \$143 million represents an earnings multiple of 9.3 times Aventus Property Group Limited's forecast FY19 EBITDA of \$15.3 million. However, if one takes into account APG's agreement in 2017 to waive half of its investment management fee until 1 July 2019, as part of the Castle Hill and Marsden Park acquisition, APG's normalised forecast FY19 EBITDA would be higher at \$16.6 million, and the \$143 million would represent a lower earnings multiple of 8.6 times.

The proposal will be funded through a combination of new stapled securities issued to the sellers at AVN's 30 June 2018 NTA of \$2.38 and a drawdown of AVN's existing debt facilities.

The notice of meeting and explanatory memorandum explains in great detail the process that the Independent Directors undertook in order to unanimously recommend that you vote in favour of the resolutions to approve the internalisation proposal. Each Independent Director has voted their holdings in favour of the proposal.

In short, internalising the management of AVN is expected to deliver governance and financial benefits to investors, and to improve the growth outlook of AVN. In particular, transparency will be increased, unitholder rights will be improved and there will be a stronger alignment of interests between management and investors.

An independent expert was commissioned to opine on the internalisation proposal. The independent expert, Deloitte Corporate Finance, concluded that in its opinion, the internalisation proposal is fair and reasonable and therefore in the best interests of investors not associated with the sellers. I can confirm that since the despatch of the notice of meeting and explanatory memorandum, the independent directors have not received any other proposals in relation to AVN.

Formal business

The formal business concerns three ordinary resolutions to approve and implement the internalisation proposal. Details in relation to the resolutions were included in the notice of meeting and explanatory memorandum that was despatched to AVN investors. Entities associated with Brett Blundy and Darren Holland are not entitled to vote on any of the resolutions.

Being ordinary resolutions, each resolution will be passed if more than 50% of the votes cast by investors present, in person or by proxy, attorney or corporate representative, and eligible to vote, are cast in favour of the resolution.

Resolution 1: General approval of Proposal

Resolution 1 is to consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to and conditional on the other Resolutions set out in the notice convening this Meeting being passed, the Proposal, as described in the Explanatory Memorandum accompanying this notice of meeting, be approved and Aventus Capital Limited (ACN 606 555 480) as the responsible entity of Aventus Retail Property Fund (ARSN 608 000 764) be authorised to do all things which it considers necessary, desirable or reasonably incidental to give effect to the Proposal."

Resolution 2: Acquisition of APG by AHL (Listing Rule 10.1)

Resolution 2 is to consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to and conditional on the other Resolutions set out in the notice convening this Meeting being passed, for the purposes of Listing Rule 10.1 and for all other purposes, the acquisition of 100% of the shares in Aventus Property Group Pty Ltd (ACN 606 747 620) by Aventus Holdings Limited (ACN 627 640 180) as part of the Proposal as described in the Explanatory Memorandum accompanying this notice of meeting, be approved and Aventus Capital Limited (ACN 606 555 480) as the responsible entity of Aventus Retail Property Fund (ARSN 608 000 764) and Aventus Holdings Limited (ACN 627 640 180) be authorised to do all things which they consider necessary, desirable or reasonably incidental to give effect to the acquisition."

Resolution 3: Approval of issue of Stapled Securities to the Sellers (Listing Rule 10.11)

Resolution 3 is to consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That, subject to and conditional on the other Resolutions set out in the notice convening this Meeting being passed, for the purposes of Listing Rule 10.11 and for all other purposes, the issue of Stapled Securities to BB Retail Capital Pty Ltd (ACN 006 175 033) as trustee for The Blundy Family Trust and Hightide Group Pty Ltd (ACN 124 203 416) as trustee for the Holland Family Trust as part of the Proposal as described in the Explanatory Memorandum accompanying this notice of meeting, be approved and Aventus Capital Limited (ACN 606 555 480) as the responsible entity of Aventus Retail Property Fund (ARSN 608 000 764) and Aventus Holdings Limited (ACN 627 640 180) be authorised to do all things which they consider necessary, desirable or reasonably incidental to give effect to the issue.”

Questions

Before we vote on the resolutions, are there any questions from holders of yellow or blue cards? If you do have a question, I ask that you raise your hand and state your name when I call on you to ask your question.

Proxy voting results

If there are no more questions, we will now proceed to vote on the Resolutions.

Details of the proxies received for today's meeting are displayed on the screens.

Please note that I will cast all undirected proxies that I hold as Chairman of the meeting in favour of each Resolution.

Voting procedures

I will now put the resolutions to a poll, following which the votes will be counted.

I appoint Aaron Calder of the Funds' registrar Link Market Services to be the Returning Officer and Scrutineer for these polls.

Each investor, representative, attorney or proxy holder that is eligible to vote on the Resolutions should have received a yellow voting card on registration. For your votes to be counted in these polls you must now complete your voting cards. Please note that visitors holding blue cards and investors holding red cards are not entitled to vote on the polls.

The sum of the votes cast for and against the resolution must not exceed your voting entitlements.

If a proxy holder has been directed to vote in a particular manner, by completing the yellow voting card the proxy holder will be deemed to have voted in accordance with those directions.

Please ask a Link representative if you have any questions in relation to completing your voting cards.

Once you have completed your voting card, please place it in the box that will be brought around before you leave the meeting.

The poll will be closed 5 minutes after the end of the meeting and the results of the polls will be announced to ASX later today and will also be available on AVN's website.

Meeting Close

I declare the meeting closed, subject to the conduct and conclusion of the poll. I would like to thank all investors for attending. I welcome you to join the directors and senior management for morning tea in the foyer.