

8 August 2019

ASX Limited
Level 6
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000
Attention: Company Announcements

MILLINIUM'S ALTERNATIVES FUND UPDATE

Millinium Capital Managers Limited (Millinium), in its capacity as the responsible entity of Millinium's Alternatives Fund (MAX) provides this further update on the fund's progress.

Purported unitholder meeting

On 5 August 2019, Millinium made an announcement regarding a general meeting of MAX purported to have been called by certain MAX unitholders.

Millinium has still not received formal notice of the purported general meeting and is conducting enquiries into the origin of the purported meeting proposal.

Unacceptable circumstances

Due to concerns that there may have been unacceptable circumstances in relation to the control of MAX, Millinium has issued a number of "tracing notices" under section 672A of the Corporations Act to New Zealand resident unitholders in MAX. The recipients of tracing notices are required to provide MAX with details of the ultimate control and ownership of units in MAX.

To date, only a small percentage of the recipients of the tracing notices have complied with their legal obligations. Accordingly, Millinium will be applying to ASIC to request that it issue tracing notices.

More information on this will be released to the market as soon as it comes to hand.

In the meantime, Millinium recommends that MAX unitholders take no action.

Background on MAX's activities

Millinium became the Responsible Entity of MAX (formerly known as the van Eyk Alternatives Plus Fund) in February 2014, replacing Aurora Funds Management Limited at the request of its then major unitholder, Macquarie Investment Management Limited (MIML). At that time, MAX had in excess of \$180 million of funds under management and was growing rapidly. At the request of MIML, Millinium subsequently restructured the fund, providing unitholders with a liquidity event which reduced MAX's assets to \$1.65 million, a level at which the fund faced the risk of being uneconomic.

Since then, on behalf of unitholders, Millinium has sourced a pipeline of transactions to allow MAX to regain its former standing. In keeping with MAX's mandate as an alternatives fund, Millinium has sought to source assets that would benefit from certain investment themes. The themes that were chosen, and remain, are agriculture, infrastructure, financial services and property. The aim has been to acquire assets for the long-term at a price that represented attractive value. This mix of assets was chosen because their returns exhibited negative correlation to each other, with the potential to provide long-term capital growth and an income stream.

MAX's target is to have assets under management of \$500 million. This will ensure the fund will have sufficient liquidity for present and future unit holders and the ability to satisfy its investment objectives.

Progress to date

Among several investments MAX has made are a cornerstone investment in a robo-advice business that will benefit from the global growth in this sector and provide a platform for further downstream fin tech investments. The rationale of the investment was to benefit from the disruption in the financial advice area and changing consumer attitudes towards traditional financial advisers.

In April 2019, MAX announced it had entered into an implementation deed to develop the iconic Waltons Building in Brisbane's Fortitude Valley.

On 2 August, it announced that MAX had secured acceptable funding for the development and a major international university as a tenant, subject to conditions. When fully developed and tenanted, the gross value of the development is expected to be approximately \$180 million. Millinium sees property as a hedge against volatile markets and this investment provides the opportunity to participate in the growth in the higher education sector.

In addition, Millinium has sourced and is continuing to negotiate investments by MAX in:

- A substantial asset in the Australian pome fruit sector which requires additional capital to complete. (Thematic: food security.)
- A substantial international logistics asset with a government tenant that requires capital. (Thematic: governments and corporates readjusting their balance sheets, providing investors with long-term guaranteed income streams.)
- Other property assets. (Thematic: as above for the Waltons Building.)

Millinium has had to identify and negotiate these assets over the past four years amidst fierce competition from large national and overseas institutions with far greater resources. Several other assets Millinium was in the final stages of acquiring did not eventuate because of this intense competition.

Unitholders will be aware of the continuing global uncertainty in equity markets and this has created more demand for alternative assets which makes them scarce. The Waltons Project is an example of a key asset that will provide investors with a far better return than the interest rates currently on offer by Australian banks, with the upside of potentially attractive long-term capital growth.

Further updates

Millinium will continue to update the market on MAX's progress with its investment activities.

Yours faithfully,



Tom Wallace
Company Secretary