

2 July 2010

## **Rights issue and notice under section 1012DAA(2)(f) of the Corporations Act**

### **Rights issue**

#### **Recapitalisation strategy**

On 7 June 2010, CVC Property Managers Limited ACN 066 092 028 as responsible entity of the CVC Property Fund ARSN 107 276 184 (**Fund**) announced its recapitalisation strategy which has the following elements:

- **(Conversion of CVC Limited loan)** a reduction of the \$7.1 million loan from CVC Limited by converting the monies owing into 220,261,651 Units at an issue price of 3.22 cents per Unit.
- **(Rights issue)** a renounceable rights issue to raise funds to repay part of the \$24 million short term facility provided by CVC Limited to partially fund the acquisition of properties at 1464 Ferntree Gully Road, Knoxfield, Victoria and 357 - 373 Warringah Road, Frenchs Forest, New South Wales.

#### **Rights issue**

Under the Rights Issue Unitholders are entitled to subscribe for 1.5 new Units for each Unit that they hold on the record date at an issue price of 1.2 cents per unit.

Eligible Unitholders who apply for all of their Entitlement may also apply for additional Units (in excess of their entitlement under the Rights Issue) under the shortfall facility. Applications for additional Units will be filled from any shortfall under the Rights Issue.

The Rights Issue will be offered to Unitholders with a registered address in Australia or New Zealand at 7.00pm (Sydney time) on Monday 12 July 2010 (**Eligible Unitholders**).

The Rights Issue is not underwritten.

An offer document will be mailed to Eligible Unitholders on 16 July 2010.

Yours sincerely

CVC Property Managers Limited  
Per: Alexander Beard  
Director

## Notice under section 1012DAA(2)(f) of the Corporations Act 2001

Notice is given by the Fund under section 1012DAA(2)(f) of the Corporations Act 2001 (**Act**) as notionally modified by ASIC Class Order CO08/35 that:

- 1 The Fund will offer the Units under the Rights Issue without a product disclosure statement.
- 2 As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations.
- 3 As at the date of this notice, the Fund has complied with:
  - 3.1 the provisions of Chapter 2M of the Act as they apply to the Fund; and
  - 3.2 section 674 of the Act as it applies to the Fund.
- 4 As at the date of this notice, there is no excluded information (as defined in section 1012DAA(8) and to the extent set out in section 1012AA(9) of the Act) which is required to be disclosed by the Fund.
- 5 The potential effect of the issue the Rights Issue on control of the Fund, and the consequences of that effect, are set out below.

### Potential effect of the Rights Issue on control of the Fund

**(Presently CVC has control of the Fund)** The Fund is presently controlled by CVC Limited ACN 002 700 361 (**CVC**) who has a relevant interest of 84.63% of the total issued Units (comprising 73.41% held by CVC and 11.22% held by CVC's wholly owned subsidiary CVC Mezzanine Finance Pty Limited ACN 110 359 692).

As a result, CVC presently controls a sufficient majority of Units to pass special resolutions under the Constitution. The types of resolutions that may be passed as special resolutions are the replacement of the responsible entity, amendments to the Constitution, and if the Fund is suspended from quotation on the ASX, the termination date of the Fund.

**(CVC does not intend to increase its relevant interest to 90% or more)** CVC has advised the Fund that it does not presently intend to hold a relevant interest in 90% or more of the total issued Units in the Fund, and that CVC and CVC Mezzanine presently intend only to take up such a number of their entitlements under the Rights Issue which, when in aggregate, will not give CVC a relevant interest in 90% or more of the total issued Units in the Fund.

**(Effect of full participation)** If all Unitholders take up their entitlements under the Rights Issue, then the Rights Issue will have no effect on the present control of the Fund.

**(Effect of less than full participation by non-CVC Unitholders)** If non-CVC Unitholders do not take up their full entitlements under the Rights Issue (including any shortfall Units under the Shortfall Facility):

- CVC 's relevant interest may increase from 84.63% of the total issued Units in the Fund to up to 90% of the total issued Units in the Fund in accordance with its intention outlined above; and

- the interests of non-CVC Unitholders, as a group, in the Fund will be diluted.

The interests of individual Unitholders in the Fund will change depending on whether those individuals participate in the Rights Issue and subscribe for, and are issued, additional Units under the Shortfall Facility.

The Rights Issue will have no material effect on control of the Fund. However, as outlined below, there is a possibility that CVC may compulsorily acquire the remaining Units in the Fund held by non-CVC Unitholders.

### **Potential consequences of the Rights Issue on control of the Fund**

If circumstances change with the result that CVC changes its present intention not to acquire a relevant interest in 90% or more of the Units in the Fund, it would be possible for CVC, six months after the issue of Units under the Rights Issue, to acquire a 90% interest in the Fund by acquiring additional Units in the Trust without Unitholder approval under the 'creep rule' in section 611, item 9 of the Corporations Act.

If CVC became a 90% holder it would have the right to compulsorily acquire the remaining Units for cash under chapter 6A of the Corporations Act, in accordance with the following requirements:

- the right to compulsorily acquire the Units exists for the six month period commencing on the date that the person's interest reaches 90% (or more);
- if CVC elects to proceed to compulsory acquisition it must give Unitholders an independent expert's report as to whether its proposed terms of compulsory acquisition give fair value for the Units;
- the Units may be compulsorily acquired if either holders of less than 10% (by value) of the remaining Units object to the compulsory acquisition, or a court approves the compulsory acquisition (which will occur if the court finds that the person offered the remaining Unitholders fair value for their Units).

### **Ineligible Unitholders**

The interests of Unitholders with registered addresses outside Australian and New Zealand may be diluted because such Unitholders are not entitled to participate in the Rights Issue.