

## **Aventus Merger Tax Guide**

On 4 March 2022, Home Consortium (**HomeCo**) underwent a merger with Aventus Group (**Aventus**) by way of two schemes of arrangement (the **Merger**), whereby:

- Aventus stapled securities (**Aventus Securities**) were destapled;
- Aventus Holdings Limited (**AHL**) shareholders were offered shares in Home Consortium Limited (**HCL**), or cash consideration of \$0.285 per AHL share, in exchange for their AHL shares; and
- Aventus Retail Property Fund (**ARPF**) unitholders were offered units in HomeCo Daily Needs REIT (**HDN**) in exchange for their ARPF units.

A general guide to the Australian tax implications of the Merger is contained within Section 10 of the Scheme Booklet in relation to the Merger. The Scheme Booklet is available on the HMC Capital website at <https://www.hmccapital.com.au/>

The Australian Taxation Office (**ATO**) has provided a class ruling confirming the key income tax implications of the Restructure for AHL shareholders. The class ruling is available on the ATO website at <https://www.ato.gov.au/law/view/document?docid=CLR/CR202224/NAT/ATO/00001>.

On implementation of the Merger, AHL shareholders disposed of their AHL shares to HCL in exchange for approximately 0.038 HCL shares for each AHL share held on 25 February 2022 (the Record Date for the Merger).

The information provided below is to assist those AHL shareholders who do not or cannot choose CGT roll-over relief and received scrip consideration for their AHL shares to determine the capital proceeds for their AHL shares, and the cost base in the replacement HCL shares received in exchange for their AHL shares, for the purposes of ascertaining the CGT consequences of the Merger.

***AHL shareholders who choose CGT roll-over relief in respect of the disposal of their AHL shares can disregard the information provided below.***

### **Capital proceeds received for AHL shares**

The capital proceeds received by AHL shareholders who chose to receive scrip consideration for the disposal of their AHL shares should be the market value of the HCL shares received, determined as at 4 March 2022.

In this regard, the 1-day volume weighted average price of HCL shares on 4 March 2022 was \$6.59.

***Accordingly, HMC Capital considers that the amount of the capital proceeds received by an AHL shareholder who chose to receive scrip consideration for the disposal of their AHL shares should be \$0.25<sup>1</sup> per AHL share.***

### **AHL shareholders' cost base for replacement HCL shares**

On 23 February 2022, Aventus Securities last traded on the ASX as stapled securities, i.e. as one share in AHL stapled to one unit in ARPF. Accordingly, for AHL shareholders who chose to receive scrip consideration, the Aventus Security price on 23 February 2022 should be used to calculate the cost base for replacement HCL shares and adjusted to apportion the market value between AHL shares and ARPF units.

In this regard:

- the 1-day volume weighted average price of Aventus Securities on 23 February 2022 was \$3.37; and
- the relative net assets of AHL to ARPF of approximately 3.1% should be regarded as a reasonable basis to apportion the Aventus Security price between AHL shares and ARPF units.

***Accordingly, HMC Capital considers that an AHL shareholder's cost base for their replacement HCL shares received for the disposal of their AHL shares should be \$0.10<sup>2</sup> per AHL share.***

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<sup>1</sup> Calculated as \$6.59 x 0.038

<sup>2</sup> Calculated as \$3.37 x 3.1%