

CIRCULAR DATED 28 JULY 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by AusGroup Limited (the “**Company**”). If you are in any doubt as to the contents herein or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Printed copies of this Circular will not be sent to the members. Instead, this Circular will be sent to the members solely by electronic means via publication on the Company’s website at the URL <https://www.ausgroup Ltd.com> and will also be available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular (including the Notice of Extraordinary General Meeting and the proxy form) to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the accuracy of any of the statements made, opinions expressed or reports contained in this Circular.



AUSGROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200413014R)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**THE PROPOSED SALE AND LEASEBACK BY THE GROUP (AS DEFINED IN THE CIRCULAR)
OF PROPERTY LOCATED AT 15 BEACH STREET, KWINANA BEACH, AUSTRALIA FOR
AU\$16,200,000**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	9 August 2022 at 3.00 p.m.
Last date and time to pre-register online to attend the EGM	:	9 August 2022 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	12 August 2022 at 3.00 p.m.

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DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires or is otherwise stated, the following definitions shall apply throughout:

“3Q2022”	: The third quarter and nine months ended 31 March 2022
“Additional Bank Guarantee”	: An irrevocable undertaking by an authorised deposit-taking institution in Australia in favour of the Purchaser to pay the amount of AU\$1,211,025.22 plus goods and services tax in accordance with the Lease, pursuant to any breach of obligation by the tenant under the Lease
“Agreement”	: The contract for sale dated 17 June 2022 entered into between the Vendor and the Purchaser in relation to the Proposed Sale of the Property
“Approval Condition”	: The approval of the Shareholders for the Proposed Sale having been obtained within 90 days from the date of the Agreement (or such longer period as agreed by the Parties in writing)
“Bank Guarantee”	: An irrevocable undertaking by an authorised deposit-taking institution in Australia in favour of the Purchaser to pay the amount of AU\$1,211,025.22 plus goods and services tax in accordance with the Lease, pursuant to any breach of obligation by the tenant under the Lease
“Board”	: The board of Directors of the Company as at the Latest Practicable Date
“Building”	: The industrial facility incorporating administration offices, various other office buildings, workshops, factory bays, storage areas and all other improvements and fixtures on the Land
“Business Day”	: A day that is not a Saturday, Sunday, public holiday or bank holiday in the capital city of the State of Western Australia
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders dated 28 July 2022
“Companies Act”	: The Companies Act 1967 of Singapore as amended, modified or supplemented from time to time
“Company”	: AusGroup Limited
“Completion”	: Completion of the Proposed Sale of the Property under the Agreement
“Completion Date”	: The date of Completion of the Proposed Sale and Leaseback, which is expected to take place 30 days after the date on which the Vendor gives notice to the Purchaser of satisfaction (or waiver) of the Approval Condition, being the approval of the Shareholders for the Proposed Sale having been obtained within 90 days from the date of the Agreement (or such longer period as agreed by the Parties in writing)
“Consideration”	: AU\$16,200,000
“Constitution”	: The Constitution of the Company as may be amended from time to time

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“Contractors’ Property”	: Any plant, equipment and other property located in or on the Land or the Building which is owned, leased or hired by any contractor (including a contractor under a service contract) who is undertaking work, or has undertaken work, for the Vendor or the Tenant
“Controlling Shareholder”	: A person who (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company (unless the SGX-ST determines that such a person is not a controlling shareholder of the company); or (b) in fact exercises control over a company
“COVID-19 Order”	: COVID-19 (temporary measures) (alternative arrangements for meetings for companies, variable capital companies, business trusts, unit trusts and debenture holders) order 2020
“CPF”	: Central Provident Fund
“Deposit”	: A deposit amounting to 5% of the Consideration, being AU\$810,000, which has been paid by the Purchaser to the Stakeholder (being the solicitors to the Purchaser) on 17 June 2022
“Directors”	: The directors of the Company as at the Latest Practicable Date
“Duty”	: Any transfer duty and other duties and taxes of a similar nature, including fines, penalties and interest or other amounts in respect of those duties and taxes
“EGM”	: The extraordinary general meeting of the Company to be convened and held by way of electronic means on 12 August 2022 at 3.00 p.m., notice of which is set out on pages N-1 to N-3 of this Circular
“EPS”	: Earnings per Share
“FY2021”	: Financial year ended 30 June 2021
“Group”	: The Company and its subsidiaries
“Independent Valuer”	: CBRE Valuations Pty Limited, the independent valuer appointed by the Company to conduct the Valuation on a vacant possession basis for financial reporting purposes. Liability limited by a scheme approved under professional standards legislation in Australia
“Land”	: Lot 11 on Diagram 65655 being the whole of the land in certificate of title volume 1669 folio 405 and known as 15 Beach Street, Kwinana Beach WA 6167
“Latest Practicable Date”	: 27 July 2022, being the latest practicable date prior to the issue of this Circular
“Lease”	: The lease agreement dated 17 June 2022 entered into between the Vendor (AusGroup Companies Pty Ltd), the Tenant (AGC Industries Pty Ltd) and the Company (AusGroup Limited) pursuant to which the Vendor (as landlord) has agreed to grant to the Tenant a lease of the Property for a period of 10 years commencing on the date immediately prior to the Completion Date, on the terms and subject to the conditions of the Lease
“Leaseback”	: The assignment by the Vendor to the Purchaser of the benefit of all assignable covenants and guarantees under the Lease on the part of the Tenant and the Company (as the case may be) in favour of the

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	Vendor, following which the Tenant and the Company shall perform their obligations under the Lease in favour of the Purchaser as landlord in place of the Vendor
“Listing Manual”	: The SGX-ST Listing Manual, as amended, modified or supplemented from time to time
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Net Proceeds”	: The gross proceeds of AU\$16,200,000 less estimated transaction expenses of AU\$200,000, being approximately AU\$16,000,000.
“Notice of EGM”	: The notice of the EGM which is set out on pages N-1 to N-3 of this Circular
“NTA”	: Net tangible asset
“Ordinary Resolution”	: The resolution to be tabled at the EGM to seek Shareholders’ approval of the Proposed Sale and Leaseback as set out in the Notice of EGM
“Parties”	: The Vendor and the Purchaser
“Plant and Equipment”	: The plant, equipment and other assets on the Land at date of the Agreement, other than any Contractors’ Property or Tenant’s Property
“Property”	: The Land and the Building, details of which are set out in Section 2.1 of this Circular
“Proposed Sale”	: The proposed sale of the Property (together with the Plant and Equipment) by the Vendor to the Purchaser for AU\$16,200,000, on the terms and subject to the conditions set out in the Agreement
“Proposed Sale and Leaseback”	: The Proposed Sale and Leaseback of the Property
“Proxy Form”	: The proxy form attached to the Notice of EGM which is set out on pages P-1 to P-3 of this Circular
“Purchaser”	: Redhill Partners Pty Ltd
“Register of Members”	: Register of members of the Company
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SGXNet”	: The system maintained by the SGX-ST for announcements by listed companies
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share”	: An ordinary share in the capital of the Company, and “Shares” shall be construed accordingly
“Substantial Shareholder”	: A person who has an interest in not less than five per cent (5%) of the issued voting shares of the Company, as defined under section 81 of the Companies Act
“Shareholders”	: The registered holders of Shares except that where the registered

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	holder is CDP, the term “ Shareholders ” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“ SFA ”	: The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“ SRS ”	: Supplementary Retirement Scheme
“ Stakeholder ”	: MinterEllison, the solicitors to the Purchaser
“ Tenant ”	: AGC Industries Pty Ltd, a wholly-owned subsidiary of the Company
“ Tenant’s Property ”	: Fixtures, fittings, furnishings, plant and equipment and other property owned, leased or hired by the Tenant, which are located in or on the Land or the Building and which the Tenant or their financier is entitled to remove from the Land or the Building
“ Transfer Documents ”	: The form of transfer required to register the Purchaser as proprietor of the Land or to transfer any other part of the Property to the Purchaser, and any other documents required to have the transfers endorsed with the payment of Duty, registered or to otherwise make them effective
“ Valuation ”	: The valuation of the Property conducted by the Independent Valuer, details of which are set out in Section 4.3 of this Circular
“ Valuation Report ”	: The valuation report issued by the Independent Valuer on 10 June 2022 and amended on 7 July 2022 in relation to the Valuation
“ Valuation Summary Letter ”	: The summary of the Valuation Report dated 7 July 2022 in relation to the Valuation set out in the Appendix to this Circular
“ Vendor ”	: AusGroup Companies Pty Ltd, a wholly-owned subsidiary of the Company
“ % ”	: Per cent or percentage
“ AU\$ ” and “ AU cents ”	: Australian dollars and cents, respectively, being the lawful currency of Australia
“ S\$ ” and “ cents ”	: Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore

Depositors. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them respectively in Section 81SF of the SFA.

Subsidiaries and related corporations. The terms “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Companies Act.

References. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Listing Manual. Any reference in this Circular to “**Rule**” or “**Chapter**” is a reference to the relevant rule

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or chapter in the Listing Manual.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual or any modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act or the Listing Manual or any statutory modification thereof, as the case may be.

Agreements and documents. Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Time and date. Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise stated.

Rounding. Any discrepancies in tables included in this Circular between the listed amounts and the totals are due to rounding; accordingly, the figures shown as totals in this Circular may not be an aggregation of the figures that precede them.

The legal advisers appointed by the Company for the purpose of this Circular is Morgan Lewis Stamford LLC.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. Further, the Company disclaims any responsibility, and undertakes no obligation to update or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

AUSGROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200413014R)

Directors:

Mr. Wu Yu Liang (Independent Director and Non-Executive Chairman)
Mr. Shane Francis Kimpton (Managing Director and Chief Executive Officer)
Mr. Eng Chiaw Koon (Non-Independent and Non-Executive Director)
Mr. Chew Heng Ching (Independent Non-Executive Director)
Ms. Ooi Chee Kar (Independent Non-Executive Director)
Mr. Melvin Poh Boon Kher (Non-Independent and Non-Executive Director)
Mr. Wang Yu Huei (Non-Independent and Non-Executive Director)
Mr. Toh Shi Jie (Non-Independent and Non-Executive Director)

Registered Office:

3 Shenton Way
#21-04 Shenton House
Singapore 068805

28 July 2022

To: The Shareholders of AusGroup Limited

Dear Sir / Madam,

THE PROPOSED SALE AND LEASEBACK BY THE GROUP OF PROPERTY LOCATED AT 15 BEACH STREET, KWINANA BEACH, AUSTRALIA FOR AU\$16,200,000

1. INTRODUCTION

1.1. The Proposed Sale and Leaseback

On 17 June 2022, the Company announced that it had, through its wholly-owned subsidiary, AusGroup Companies Pty Ltd (the “**Vendor**”), entered into a contract for sale (the “**Agreement**”) with Redhill Partners Pty Ltd (the “**Purchaser**”) in its capacity as trustee of Redhill 15 BS Unit Trust for the proposed sale of the Property, being a fabrication and assembly facility in Kwinana located at 15 Beach Street, Kwinana Beach, Australia (together with the Plant and Equipment), for AU\$16,200,000 on the terms and subject to the conditions set out in the Agreement (the “**Proposed Sale**”).

In connection with the Proposed Sale, the Vendor had, on 17 June 2022, entered into a lease agreement between the Vendor (as landlord), the Company (as guarantor) and the Tenant (as tenant) pursuant to which the Vendor agrees to grant to the Tenant a lease for the Property for a period of 10 years commencing on the date immediately prior to the Completion Date (the “**Commencement Date**”), on the terms and subject to the conditions of the Lease. The Tenant, AGC Industries Pty Ltd, is also a wholly-owned subsidiary of the Company.

On completion of the Proposed Sale, the Vendor shall, *inter alia*, assign to the Purchaser the benefit of all assignable covenants and guarantees under the Lease in favour of the Vendor, and both the Tenant and the Purchaser shall henceforth perform their obligations under the Lease in favour of the Purchaser as landlord in favour of the Vendor (the “**Leaseback**”).

For clarity, the Vendor is named as the landlord in the lease agreement as it is currently the party that holds the legal title to the Property. The Property will be sold subject to the Lease under the terms of the Proposed Sale and Leaseback.

1.2. EGM

In view of certain of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeding 20%, pursuant to Rule 1014 of the Listing Manual, the Board is convening the EGM to be held via electronic means on 12 August 2022 at 3.00 p.m. to seek the approval of the Shareholders for the Proposed Sale and Leaseback (the “**Ordinary Resolution**”). Please refer to Section 8.1 below for the relative figures computed on the bases set out in Rule 1006 of the Listing Manual.

1.3. Circular

The purpose of this Circular is to provide the Shareholders with relevant information relating to the Proposed Sale and Leaseback, including the rationale for the Proposed Sale and Leaseback and the financial effects of the Proposed Sale and Leaseback on the Group and to seek the approval of the Shareholders for the Ordinary Resolution.

2. THE PROPOSED SALE AND LEASEBACK

2.1. Information on the Property

The Property comprises:

- (a) Lot 11 on Diagram 65655 being the whole of the land in certificate of title volume 1669 folio 405 and known as 15 Beach Street, Kwinana Beach WA 6167 (the “**Land**”); and
- (b) the industrial facility incorporating administration offices, various other office buildings, workshops, factory bays, storage areas and all other improvements and fixtures on the Land (the “**Building**”),

(collectively, the “**Property**”).

The Property is located at Kwinana Beach, approximately 35 kilometers southwest of the central business district in Perth, Western Australia, and comprises an industrial facility incorporating administration offices, various other office buildings, workshops, factory bays and storage areas. The Property sits on freehold land, with a site area of 31,258 sqm and a gross lettable area of 14,299 sqm.

The Property is currently owned by the Vendor and the entire premises of the Property (including all of the gross lettable area of 14,299 sqm) is being used as a fabrication and assembly facility by the Group. The Building had been constructed in the late 1960s with various improvements being made to the Building in the late 1990s and in 2008. In light of the Leaseback, in the immediate future following Completion, the Group will be able to continue with such business activities at the Property under the Lease.

2.2. Information on the Purchaser

The Purchaser, Redhill Partners Pty Limited, is a company incorporated in Australia and is entering into the Proposed Sale in its capacity as the trustee of the Redhill 15 BS Unit Trust, and has no beneficial interest in the Redhill 15 BS Unit Trust.

Redhill 15 BS Unit Trust is an Australian unregistered managed investment scheme, and is a single-asset trust. It is managed by Redhill Property Partners Pty Limited, who is the holder of

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an AFSL license number 503243 and regulated by the Australian Securities and Investment Commission. Redhill 15 BS Unit Trust has approximately 70 Australian resident investors and no offshore investors. No single investor holds more than 15% of the units in the Redhill 15 BS Unit Trust.

As at the Latest Practicable Date, the Purchaser (a) does not hold any shares in the Company; and (b) is not related to any of the Directors, substantial shareholders of the Company, or their respective associates. There is also no connection (including business relationship) between the Purchaser and the Directors or substantial shareholders of the Company.

The Proposed Sale and Leaseback does not constitute an interested person transaction under Chapter 9 of the Listing Manual.

2.3. Service agreements

No person is proposed to be appointed as a Director in connection with the Proposed Sale. Accordingly, no service contract in relation thereto will be entered into by the Company.

3. RATIONALE FOR THE PROPOSED SALE AND LEASEBACK

The Property is currently by owned by the Vendor and has been used as a fabrication and assembly facility by other Group subsidiaries. The Board is of the view that the Proposed Sale and Leaseback will enable the Group to realise the value of the Property, and is in the best interests of the Group for the following reasons:

- (a) Realisation of gains and strengthening the financial position of the Company: The Proposed Sale represents an opportunity for the Group to realise the value of the Property at a premium to current valuation and lock in an increase in the book value of the Company, which is in line with the Group's overall asset-light strategy. The Board is of the view that the Consideration represents an attractive price for the value of the Property, and the proceeds of the Proposed Sale will go towards strengthening the financial position of the Group and financing the growth of the Group's business in order to unlock long-term value for Shareholders;
- (b) Increased liquidity: The Proposed Sale and Leaseback will enable the Company to receive AU\$16.2 million in cash proceeds. After deducting transaction-related expenses of approximately AU\$200,000, the Proposed Sale and Leaseback will provide the Group with AU\$13.3 million of available cash to manage working capital requirements of existing and developing projects and also provide sufficient cash headroom to underpin the growth strategies of the respective Group business sectors in providing a multi-disciplinary service offering across our maintenance, fabrication and resources client base. The remaining AU\$2.7 million cash will be deposited in an authorised deposit-taking institution in Australia to secure the issuance of bank guarantees relating to the Lease; and
- (c) Continuity of business operations: The Leaseback arrangement will allow the Group to continue using the existing fabrication and assembly in the Property following the Proposed Sale with no disruption to its business operations. At the end of the 10-year Lease at AU\$1,000,000 per year (subject to customary adjustments detailed in Section 4.6.1), the Group intends either to negotiate with the Purchaser for an extension of the Lease or to relocate its operations to a different location. The Company intends to fund its expenditure on the Lease using its cashflow from operating activities.

4. SALIENT TERMS OF THE PROPOSED SALE AND LEASEBACK

4.1. Consideration

The consideration for the Proposed Sale is AU\$16,200,000 (equivalent to approximately S\$15,714,000 based on the exchange rate of AU\$1.00 to S\$0.97 on 17 June 2022) (the “**Consideration**”).

The Consideration was arrived at after arm’s length negotiations, on a willing-buyer, willing-seller basis and taking into account, amongst others, (a) the market value of the Property pursuant to the Valuation; (b) the prevailing market conditions, (c) the working capital requirements of the Group and (d) the Leaseback arrangement. Please refer to Section 4.3 for further details on the Valuation conducted on the Property.

4.2. Terms of Payment

The Consideration shall be paid in cash and shall be satisfied in the following manner:

- (a) a deposit amounting to 5% of the Consideration, being AU\$810,000 (the “**Deposit**”), shall be paid by the Purchaser to the Stakeholder (being the solicitors acting for the Purchaser) on the date of the Agreement; and
- (b) the balance of the Consideration, being AU\$15,390,000 (the “**Balance Consideration**”), shall be paid by the Purchaser to the Vendor on Completion.

The Deposit (which has been paid on 17 June 2022) shall be held by the Stakeholder and shall be refunded to the Purchaser if the Agreement is terminated other than by reason of a breach by the Purchaser. The Vendor shall be entitled to the Deposit (a) on Completion; or (b) if the Agreement is terminated by the Vendor as a result of a breach by the Purchaser of the Agreement.

On Completion, (a) the Deposit will be paid by the Stakeholder to the Vendor in reduction of the Consideration payable by the Purchaser on Completion; and (b) the Purchaser shall pay the Balance Consideration to the Vendor.

4.3. Valuation of the Property

The Company had commissioned the Independent Valuer, CBRE Valuations Pty Limited, to undertake a valuation on the Property (the “**Valuation**”) on a vacant possession basis (i.e. does not take into account the Leaseback) for financial reporting purposes. For the purposes of the Valuation, the Independent Valuer adopted both a capitalisation of income approach and a direct comparison approach.

Based on the Valuation Report, the assessed value of the Property (as at 10 June 2022) based on the capitalisation of income approach (which is relevant for the investor category buyer who needs to find a tenant for the Property) is AU\$15,150,000, which represents a discount of approximately 6.5% to the Consideration of AU\$16,200,000.

Having considered that the Valuation Report (which was prepared for financial reporting purposes) includes an assessed value of the Property of AU\$15,150,000 based on a capitalisation of income approach – which is relevant for the investor category buyer who needs to find a tenant for the Property – as well as the recency of the assessed value of the Property (being 10 June 2022), the Company has determined that the Valuation Report was sufficiently relevant in its assessment of the Proposed Sale

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and Leaseback and therefore it would not be worthwhile for the Company to commission a separate valuation report specifically to include the terms of the Leaseback.

The Board has, in addition to the Valuation, taken into account the factors set out in Section 4.1 of this Circular. Please refer to the Valuation Summary Letter set out in the Appendix to this Circular for more details on the Valuation.

4.4. **Conditions Precedent**

Completion of the Proposed Sale will be subject to and conditional upon the following conditions:

- (a) the approval of the Shareholders and the SGX-ST for the Proposed Sale having been obtained within 90 days from the date of the Agreement (or such longer period as agreed by the Parties in writing) (the “**Approval Condition**”); and
- (b) the Lease having been registered at the Land Titles Office of the State of Western Australia (the “**Registration**”).

In the event that the Approval Condition is not fulfilled (or otherwise waived by the Vendor), either Party may terminate the Agreement. In such event, (i) the Deposit (and any interest on the Deposit) shall be refunded to the Purchaser; (ii) the Vendor shall reimburse the Purchaser all costs incurred by the Purchaser in undertaking due diligence for the Proposed Sale up to an amount of AU\$80,000 (excluding goods and services tax); and (c) the parties to the Agreement shall have no further claims against each other under the Agreement, save in respect of any antecedent breach or default.

4.5. **Completion**

Completion is expected to take place 30 days after the date on which the Vendor gives notice to the Purchaser of satisfaction (or waiver) of the Approval Condition (the “**Completion Date**”).

In the event that the Registration is not completed by three (3) Business Days prior to the Completion Date, the Purchaser shall be entitled to delay Completion until the Registration has been completed, in which case the Completion Date shall be three (3) Business Days after completion of the Registration.

4.6. **Leaseback**

The Property is sold to the Purchaser subject to the Lease.

As announced on 17 June 2022, in connection with the Proposed Sale, the Vendor had on 17 June 2022 entered into a lease agreement (the “**Lease**”) with the Tenant and the Company (as guarantor) pursuant to which the Vendor (as landlord) has agreed to grant to the Tenant a lease of the Property for a period of 10 years commencing on the date immediately prior to the Completion Date (the “**Commencement Date**”), on the terms and subject to the conditions of the Lease.

On Completion,

- (a) the Vendor shall assign to the Purchaser the benefit of all assignable covenants and guarantees under the Lease on the part of the Tenant and the Company (as the case may be) in favour of the Vendor, and the Tenant and the Company shall henceforth perform their obligations under the Lease in favour of the Purchaser as landlord in place

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of the Vendor (the “**Leaseback**”); and

- (b) the Tenant’s interest in the Lease will thereafter be assigned to the Vendor, and accordingly, the Vendor will be the “tenant” and the Purchaser will be the “landlord” under the Lease.

4.6.1. Material terms of the Lease

- Premises** : The whole of the Land and the Building.
- Term** : 10 years from the Commencement Date.
- Option to extend or renew the Lease** : Nil.
- Rent** : AU\$1,000,000 (plus goods and services tax) per annum, payable monthly in advance.

The Rent was determined on a willing-tenant willing-landlord basis based on current market rates for industrial facilities in the area, the long tenure of the Lease, and the consideration payable for the sale. In determining the current market rates for industrial facilities in the area, the Company had relied on the Valuation Report and the Valuation Summary Letter, a copy of which is set out in the Appendix to this Circular.

- Yearly rate of increase in rent** : Calculated on the following basis:

$$A = R \times \left(\frac{c}{p}\right) + 1.5\%$$

Where:

A is the Rent payable on and from the Review Date
R is the Rent immediately before the relevant Review Date
C is the Current CPI; and
P is the Previous CPI,

and:

“**CPI**” means the consumer price index published by the Australian Statistician for the area and group for the capital city of Western Australia;

“**Current CPI**” means the CPI number for the quarter ending immediately before the relevant Review Date;

“**Review Date**” means each date calling on each anniversary of the Commencement Date; and

“**Previous CPI**” means the CPI number for the quarter ending immediately before the last Review Date or if there has not been one, the Commencement Date.

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Default interest : 7.5% per annum or such other rate as agreed between the landlord and tenant.

Bank guarantees : On the Completion Date, the Vendor (as tenant under the Lease as described in Section 4.6(b)) shall provide the Purchaser the Bank Guarantee and the Additional Bank Guarantee in respect of any breach of the Vendor's obligations under the Lease.

The Bank Guarantee will be held by the Purchaser for the entire 10-year term of the lease.

The Additional Bank Guarantee shall be returned by the Purchaser if the Company provides evidence to the Purchaser that:

- (a) the Company's 2016 Multicurrency Debt Issuance Programme has been extinguished or extended so that it matures no earlier than December 2025 or has been fully repaid; and
- (b) the Company's debt to Ezion Holdings Limited has been extended so that it matures no earlier than October 2026 or has been fully repaid.

In order to secure the issuance of the Bank Guarantee and the Additional Bank Guarantee by an authorised deposit-taking institution in Australia, the Group will be required to deposit AUD\$2.7 million with an authorised deposit-taking institution in Australia. Please refer to paragraph 5 on the use of proceeds of the Proposed Sale.

Use of premises : Industrial facility (including a fabrication workshop) and associated office and warehouse and excluding any use as a retail shop lease or any other use which would result in the application of the Commercial Tenancy (Retail Shops) Agreements Act 1985 (Western Australia).

Management of premises : The Tenant shall pay all outgoings associated with the ownership, operation, and management of the property.

Maintenance, repair and replacement : The Tenant shall be responsible for the maintenance, repair and replacement of the property to the condition undertaken at the commencement of the Lease.

Termination : The Purchaser may terminate the Lease if:

- (a) the Tenant does not comply with an obligation under the Lease or;
- (b) an insolvency event occurs in respect of the Tenant.

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- Subletting** : The Tenant may sublet the whole of any party of the Property if the Tenant obtains the Purchaser's prior consent to the sublease (not to be unreasonably withheld or delayed). The Purchaser's consent is not required to a sublease to a related body corporate of the Tenant.
- Conditional right of first refusal** : The Tenant has a limited conditional right of first refusal to purchase the Property should the Purchaser wish to sell the Property.
- Other terms and conditions** : The Lease contains other terms, conditions and obligations of the Tenant that are broadly consistent with industry standard leasing practices in Western Australia.

4.7. **Duty and fees**

The Purchaser shall bear all Duty on the Agreement, the Transfer Documents and any dutiable instrument or transaction contemplated by the Agreement, and all registration fees on the Transfer Documents.

4.8. **State and condition**

Subject to the terms and conditions of the Agreement, the Property is sold on an 'as is, where is' basis in its state and condition as at the date of the Agreement.

5. **USE OF PROCEEDS**

Taking the gross proceeds of AU\$16,200,000 from the Consideration, the estimated net proceeds after deducting estimated expenses of AU\$200,000 pertaining to the Proposed Sale (which includes legal and professional fees), would be approximately AU\$16,000,000 (the "**Net Proceeds**"). The Company intends to utilise the Net Proceeds for the following purposes:

- (a) AU\$13,300,000 for general working capital; and
- (b) AU\$2,700,000 to be deposited in an authorised deposit-taking institution in Australia to secure the issuance of bank guarantees relating to the Lease.

6. **FINANCIAL INFORMATION**

6.1. **Book value and NTA value of the Property**

Based on the unaudited financial results of the Group for 3Q2022, the book value and NTA value of the Property is AU\$6.3 million.

6.2. **Net profit attributable to the Property**

The Group does not receive any rental income from the Property as the Property is fully utilised internally in the Group as a fabrication and assembly facility by the other Group subsidiaries without charge. Accordingly, there is no net profit or loss directly attributable to the Property.

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6.3. Excess of Consideration over book value

Based on the book value of the Property of AU\$6.3 million, the excess of the Consideration over the book value Property as at 3Q2022 is AU\$9.9 million.

6.4. Gain on disposal

The Group expects to recognise a net gain on disposal of approximately AU\$5.0 million from the Proposed Sale and Leaseback as at 3Q2022.

7. FINANCIAL EFFECTS

7.1. Financial effects

7.1.1. Illustrative nature of financial effects

The financial effects of the Proposed Sale and Leaseback on the NTA per Share and EPS of the Group, prepared on a pro forma basis on the audited consolidated financial statements of the Group for FY2021 and on the assumption that the Net Proceeds are approximately AU\$16.0 million, are set out below. The financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

7.1.2. NTA per Share

Assuming that the Proposed Sale and Leaseback had been completed on 30 June 2021, being the end of the most recently completed financial year of the Company, the pro forma financial effects on the NTA per Share would be as follows:

	Before the Proposed Sale and Leaseback	After the Proposed Sale and Leaseback
NTA of the Company (AU\$)	15,597,000 ⁽¹⁾	25,137,000 ⁽²⁾
Number of issued ordinary shares in the capital of the Company⁽³⁾	3,063,230,431	3,063,230,431
NTA per Share (AU cents)	0.51	0.82

Notes:

- (1) Based on the total Group assets of AU\$156.8m less total Group liabilities of AU\$116.9m, intangible assets of AU\$14.1m, goodwill of AU\$11.0m and the intangible right of use assets of AU\$13.5m, plus the right of use lease liabilities of AU\$14.2m.
- (2) Based on the total Group NTA of AU\$15.6m at 30 June 2021, less the carrying amount of the Property of AU\$6.5m, plus the cash Consideration of AU\$16.2m, less the transaction expenses of AU\$0.2m.
- (3) Based on the Group's annual report for FY2021.

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7.1.3. EPS

Assuming that the Proposed Sale and Leaseback had been completed 1 July 2020, being the beginning of the most recently completed financial year of the Company, the pro forma financial effects on the Group's EPS would be as follows:

	Before the Proposed Sale and Leaseback	After the Proposed Sale and Leaseback
Net profit after tax (AU\$)	1,202,000 ⁽¹⁾	5,004,000 ⁽²⁾
Weighted average number of issued shares⁽³⁾	3,062,613,993	3,062,613,993
EPS (AU cents)	0.04	0.16

Notes:

- (1) Net profit after tax is calculated based on the net profit for FY2021 attributable to Shareholders.
- (2) Based on the net profit after tax for the Group as at 30 June 2021 of AU\$1.2m, plus the gain on disposal of AU\$4.8m (see table below) less lease expenses of AU\$1m excluding any reduction in interest for FY2021 relating to the potential reduction in the Group's debt if this transaction occurred on 1 July 2020.

Proceeds attributable to the portion of the asset for which control is transferred

Total proceeds	16,000,000
Less: Total amount of financing received - SFRS(I) 16 ⁽⁴⁾	<u>(7,616,364)</u>
A	<u>8,383,636</u>

Carrying value of the portion of the asset being sold is calculated as follows:

Carrying amount	6,759,765
Less: Right-of-use asset retained - SFRS(I) 16 ⁽⁵⁾	<u>(3,178,076)</u>
B	<u>3,581,689</u>

The gain on disposal is therefore:

Proceeds attributable to portion of asset disposed	A	8,583,636
Less: Carrying value of asset sold	B	<u>(3,581,689)</u>
A-B		<u>4,801,947</u>

- (3) Based on the Group's annual report for FY2021.
- (4) Under the accounting standard SFRS(I) 16 Leases, when considering a sale and leaseback transaction there is a requirement to recognise an embedded theoretical "financing" component of the transaction. The lease liabilities over the ten-year lease term are categorised into two components; (a) a component for using the facility, and (b) an embedded theoretical "financing" component which imputes a theoretical financing charge that the acquirer of the facility will bear (to finance the initial purchase) and will pass this charge onto the user of the asset as a component of

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the future lease costs. The SFRS(I) 16 Lease standard requires the Group to adjust the profit on sale calculation by including a deduction for this theoretical “financing” component.

- (5) Under the SFRS (I) 16 Lease accounting standard an ROU asset is a right of use (“ROU”) asset which is the accounting term to recognise that the Property is being leased for a ten (10) year term so for the next ten (10) years the Company has a ‘right to use’ this asset and under SFRS(I) 16 there is a value attributed to this right of use asset even though the legal owner of the asset will be another party. The SFRS(I) 16 standard introduces a concept that as the Company will have a ten (10) year lease and a right over the ten (10) years to use the Property it retains a portion of “theoretical ownership” over this ten (10) year period.

The Group’s incremental borrowing rate is a theoretical incremental borrowing rate that the Group would be charged to acquire assets. It is assessed based on the theoretical incremental current cost of debt to the Group and the theoretical incremental cost of equity to the Group. This rate is used for financial reporting purposes and is used in the calculation to assess the value of the right-of-use asset and its associated lease liability.

7.2. Share capital

The Proposed Sale and Leaseback will not have any impact on the issued and paid-up share capital of the Company.

8. RELATIVE FIGURES UNDER RULE 1006 THE LISTING MANUAL

8.1. Relative figures for the Proposed Sale

Based on the unaudited financial results of the Group for 3Q2022 (being the latest announced consolidated accounts of the Group), the relative figures for the Proposed Sale computed on the bases set out in Rule 1006 of the Listing Manual are set out below:

Rule 1006	Bases of computation	Relative figure
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value.	14.94% ⁽¹⁾
(b)	Net profit / (loss) attributable to the assets disposed of, compared with the Group’s net profit.	N.A. ⁽²⁾
(c)	Aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares ⁽³⁾ .	25.55% ⁽⁴⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	N.A. ⁽⁶⁾

Notes:

- (1) Computed based on the net asset value of the Property amounting to approximately AU\$6.3 million as at 31 March 2022, compared to the net asset value of the Group of approximately AU\$42.2 million as at 31 March 2022.

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- (2) The Group does not receive any rental income from the Property as the Property is fully utilised internally in the Group as a fabrication and assembly facility by the other Group subsidiaries without charge. Accordingly, there is no net profit or loss directly attributable the assets to be disposed of being the Property.
- (3) Based on the market capitalisation of the Company of AU\$63.4 million (based on the exchange rate of AU\$1.00 to SGD\$0.97), which is computed based on 3,073,230,431 ordinary shares in the capital of the Company (excluding treasury shares) in issue and the weighted average price of S\$0.02, as at 16 June 2022, being the last full market day preceding the date of the Agreement.
- (4) Computed based on the Consideration of AU\$16.2 million compared to the market capitalisation of the Company of AU\$63.4 million as at the date of the Agreement.
- (5) This basis is not applicable as there will be no issuance of equity securities by the Company in relation to the Proposed Sale.
- (6) This basis is not applicable as the Proposed Sale is not of mineral, oil or gas assets by a mineral, oil and gas company.

8.2. Approvals for the Proposed Sale

Rule 1014 of the Listing Manual states, *inter alia*, that where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, the transaction would be classified as a major transaction and shareholders' approval will be required to be sought. Accordingly, the Company will be seeking Shareholders' approval at the EGM to be convened for the Proposed Sale.

8.3. Irrevocable undertaking

Asdew Acquisitions Pte. Ltd., Poh Boon Kher Melvin and Bernard Toh Bee Yong, each a Substantial Shareholder and who collectively are interested (directly or indirectly) in not less than 38.33% of the issued share capital of the Company, and Shane Francis Kimpton, a Director of the Company who is interested in not less than 0.81% of the issued share capital of the Company, have on 17 June 2022 provided an irrevocable undertaking to vote (or procure to be voted) all the Shares in which they are directly and/or deemed interested in favour of the resolution for the Proposed Sale to be tabled at the EGM.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date, based on the Company's register of interests of Directors and register of Substantial Shareholders respectively, are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Mr. Wu Yu Liang	-	-	-	-
Mr. Shane Francis Kimpton	25,000,000	0.81	-	-
Mr. Eng Chiaw Koon	-	-	-	-
Mr. Chew Heng Ching	-	-	-	-
Ms. Ooi Chee Kar	-	-	-	-
Mr. Melvin Poh Boon Kher	299,799,712	9.76	-	-
Mr. Wang Yu Huei ⁽²⁾	-	-	522,076,974	16.99
Mr. Toh Shi Jie	-	-	-	-
Substantial Shareholders (who are not Directors)				
Ezion Holdings Limited	409,232,604	13.32	-	-
Asdew Acquisitions Pte. Ltd.	522,076,974	16.99	-	-

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Mr. Toh Bee Yong	356,093,525	11.59	-	-
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Notes:

- (1) The percentage of shareholdings is calculated based on the total issued share capital of the Company comprising 3,073,230,431 Shares as at the Latest Practicable Date. The Company does not have any treasury shares as at the Latest Practicable Date.
- (2) Mr. Wang Yu Hwei is the majority shareholder and director of Asdew Acquisitions Pte. Ltd. and is therefore deemed to have interest in the shares held by Asdew Acquisitions Pte. Ltd. by virtue of the provisions of Section 4 of the Securities and Futures Act 2001 of Singapore.

Save as disclosed in this Circular, none of the Directors or Substantial Shareholders of the Company have any interest, direct or indirect, in the Proposed Sale.

10. RECOMMENDATION BY THE DIRECTORS

After having considered and reviewed, *inter alia*, the terms, rationale for and benefits of the Proposed Sale, and the Valuation, the Directors are of the opinion that the Proposed Sale is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held by way of electronic means ("**Live EGM Webcast**") on 12 August 2022 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolution set out in the Notice of EGM.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

12.1. Notice of EGM

Printed copies of the Notice of EGM, this Circular and the Proxy Form will not be sent to Shareholders. Instead, the Notice of EGM, this Circular and the Proxy Form may be accessed via the Company's website at <https://www.ausgroupltd.com>. The Notice of EGM, this Circular and the Proxy Form are also available on SGXNet at <https://www.sgx.com/securities/company-announcements>.

12.2. Attendance at EGM

The EGM will be held by way of electronic means pursuant to the COVID-19 Order. Shareholders will not be allowed to attend the EGM in person and no Shareholders or their corporate representatives will be admitted. A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register, as certified by CDP, 72 hours before the time appointed for holding the EGM.

12.3. Alternative arrangements for participation at the EGM

Shareholders may participate at the EGM in the following manner:

- (a) observing and/or listening to the EGM proceedings via a "live" audio-visual webcast or the "live" audio-only stream;

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- (b) submitting questions in writing in advance of the EGM;
- (c) submitting text-based questions at the EGM via the “chat-box” during the Live EGM Webcast; and/or
- (d) voting at the EGM (i) “live” by shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM.

Further details on such alternative arrangements for participation at the EGM can be found in this Section 12 and the notes to the Notice of EGM.

12.3.1. “Live” audio-visual webcast and “live” audio-only stream

Shareholders (including CPF and SRS investors) or their duly appointed proxies will be able to observe and/or listen to the EGM proceedings through the “live” audio-visual webcast or live audio-only stream. To do so, Shareholders will need to pre-register at <https://conveneagm.com/sg/ausgroupegm> (the “**Registration Link**”) by 3.00 p.m. on 9 August 2022 (the “**Registration Deadline**”) to enable the Company to verify their status.

Following verification, authenticated Shareholders or their duly appointed proxies will receive an email by 3.00 p.m. on 11 August 2022 containing instructions on how to access the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings.

Shareholders must not forward the abovementioned instructions to persons who are not shareholders of the Company and who are not entitled to attend the EGM.

Shareholders, or where applicable, appointed proxy(ies), who register by the Registration Deadline but do not receive an email confirmation by 3.00 p.m. on 11 August 2022, should email support@conveneagm.com.

12.3.2. Voting at the EGM

Voting for the resolution will be conducted by a poll. Shareholders who wish to exercise their voting rights at the EGM may:

- (a) (where the member is an individual) vote “live” via electronic means at the EGM;
- (b) (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the EGM) to vote “live” via electronic means at the EGM on his/her/its behalf; or
- (c) (where the member is an individual or a corporate) submit a Proxy Form (in advance of the EGM) appointing the Chairman of the EGM to cast votes, or abstain from voting, on their behalf. Please note that the proxy must be directed, i.e., the shareholder must indicate for the resolution whether the Chairman of the EGM is directed to vote “for” or “against” or “abstain” from voting.

CPF or SRS investors:

- (a) may vote “live” via electronic means at the EGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their

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appointment as proxies; or

- (b) may appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 3.00 p.m. on 2 August 2022, being at least seven (7) working days before the EGM.

For “live” voting at the EGM, Shareholders (including CPF and SRS investors) or, if applicable, their appointed proxy(ies), are required to pre-register to attend the EGM remotely as per Section 12.3.1 above. Shareholders (including CPF and SRS investors) or, if applicable, their appointed proxy(ies) must access the EGM proceedings via the “live” audio-visual webcast in order to vote “live” at the EGM. Instructions on the “live” voting process will be covered during the EGM proceedings, prior to the commencement of the “live” voting.

12.3.3. Submission of Proxy Forms

Shareholders who wish to submit instruments appointing a proxy(ies) must do so by downloading, completing and signing the Proxy Form in accordance with the instructions printed thereon, which have been uploaded together with the Notice of EGM and this Circular on SGXNet and the Company’s website at <https://www.ausgrouppltd.com>.

The Proxy Form can be submitted to the Company in the following manner:

- (a) if sent by post, to the office of the Company’s Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902; or
- (b) if submitted electronically, be submitted via email to the Company’s Share Registrar, M & C Services Private Limited, at gpb@mncsingapore.com, or via the online process through the Registration Link,

in either case by 3.00 p.m. on 9 August 2022, being 72 hours before the time fixed for the holding of the EGM.

Shareholders are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email or via the Registration Link.

12.3.4. Submission of questions

Shareholders (including CPF and SRS investors) and, where applicable, appointed proxy(ies), who participate by way of observing the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings may ask text-based questions relating to the Ordinary Resolution proposed as set out in the Notice of EGM live and online (in real time) during the EGM, by typing in and submitting their questions via the “live” chat function via the online platform hosting the audio-visual webcast.

Shareholders (including CPF and SRS investors) and, where applicable, appointed proxy(ies), who wish to ask text-based questions “live” at the EGM **must first pre-register** at the Registration Link.

The Directors will endeavour to address as many substantial and relevant questions submitted online as possible during the EGM. However, Shareholders should note that there may not be sufficient time available at the EGM to address all questions raised. Please note that questions individual responses will not be sent to Shareholders.

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Alternatively, Shareholders (including CPF and SRS investors) may pre-submit questions relating to the Ordinary Resolution proposed as set out in the Notice of EGM by (a) email to egm@ausgrouppltd.com, or (b) submitting by post to the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902, or (c) the Registration Link, by 3.00 p.m. on 5 August 2022 ("**Question Submission Deadline**"). When submitting questions in advance of the EGM, please provide the Company with the following details:

- (a) your full name (shareholder);
- (b) your address; and
- (c) the manner in which you hold shares in the Company (e.g., via CDP, CPF, SRS, nominee bank/agent, and/or scrip).

For questions submitted in advance of the EGM, the Company will provide responses ("**Written Response**") to all questions which are substantial and relevant to the Ordinary Resolution by publication on the SGXNET and the Company's website at <https://www.ausgrouppltd.com> by 3.00 p.m. on 7 August 2022, which is at least 48 hours prior to the closing date and time for the lodgment of the proxy forms to facilitate Shareholders' votes and to allow Shareholders to make an informed decision on the Ordinary Resolution to be tabled at the EGM.

Shareholders are encouraged to submit their questions early i.e., well before the Question Submission Deadline. The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the Question Submission Deadline through the Written Response indicated above. If we are unable to do so, we will address those substantial and relevant text-based questions related to the Ordinary Resolution to be tabled for approval at the EGM, which have not already been addressed prior to the EGM, during the EGM proceedings itself through the Live EGM Webcast.

The Company will also publish the minutes of the EGM (which will include all responses to questions which are substantial and relevant to the agenda of the EGM, whether submitted via email in advance of the EGM or live and online during the EGM) on the SGXNET and the Company's website within one month after the date of the EGM.

12.3.5. Key dates and times

Key dates and times	Action to be taken by Shareholders
28 July 2022	Shareholders and, where applicable, their appointed proxy(ies), may begin to pre-register to attend the EGM at the Registration Link.
3.00 p.m. on 2 August 2022	Deadline for CPF and SRS investors who wish to appoint the Chairman of the EGM as their proxy to vote on their behalf at the EGM to instruct their respective CPF agent banks or SRS operators to submit their votes.
3.00 p.m. on 5 August 2022	Deadline for Shareholders who may wish to submit text-based questions in advance for the Board to respond in written form prior to the EGM. This is particularly so for shareholders who are not attending the Live EGM Webcast and may be appointing proxy(ies) or the Chairman of the EGM as proxy so as to address

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	<p>any questions they may have prior to casting their votes.</p> <p>For the avoidance of doubt, this deadline does not preclude Shareholders, or their appointed proxy(ies), who have pre-registered for “live” audio-visual webcast and audio only stream to ask text-based questions during the EGM.</p>
3.00 p.m. on 7 August 2022	Board to issue Written Response to substantial and relevant questions received before the Question Submission Deadline of 3.00 p.m. on 5 August 2022.
3.00 p.m. on 9 August 2022	<p>Deadline for Shareholders to:</p> <p>(a) Pre-register for “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings; and</p> <p>(b) Submit instruments appointing a proxy(ies).</p> <p>Shareholders who wish to appoint third party proxy(ies) are encouraged to <i>submit their proxy forms early</i>, and should request their proxy(ies) to pre-register for “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings by this deadline.</p>
3.00 p.m. on 9 August 2022	<p>Deadline for Shareholders who wish to submit instruments appointing a proxy(ies) to submit to the Company the completed and signed Proxy Form in the following manner:</p> <p>(a) if sent by post, to the office of the Company’s Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902; or</p> <p>(b) if submitted electronically, be submitted via email to the Company’s Share Registrar, M & C Services Private Limited, at gpb@mncsingapore.com, or via the online process through the Registration Link.</p> <p>Shareholders are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email or via the Registration Link.</p>
3.00 p.m. on 11 August 2022	<p>Authenticated Shareholders and, where applicable, their appointed proxy(ies), who have pre-registered via the Registration Link will have received a confirmation email by 3.00 p.m. on 11 August 2022 via the email address provided on pre-registration.</p> <p>Shareholders and, where applicable, their appointed proxy(ies), who DO NOT receive the confirmation email* by 3.00 p.m. on 11 August 2022, but have registered by the Registration Deadline, should email support@conveneagm.com.</p> <p><i>* As a note, Shareholders and, where applicable, their appointed proxy(ies), may wish to check their Junk Folders of their email</i></p>

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	<i>that was provided on the pre-registration for the confirmation email.</i>
Date and time of EGM: 3.00 p.m. on 12 August 2022	Use the login credentials created during pre-registration to access the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Sale and Leaseback, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

14. CONSENTS

14.1. Independent Valuer, CBRE Valuations Pty Limited

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the Valuation Summary Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular. The Independent Valuer and the Company are bound by the executed Terms of Engagement dated 31 March 2022 and 7 July 2022.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on Mondays to Fridays during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 3 Shenton Way, #21-04 Shenton House, Singapore 068805 for three (3) months from the date of this Circular:

- (a) the Agreement;
- (b) the Valuation Summary Letter;
- (c) the letters of consent referred to in Section 14 of this Circular; and
- (d) the Constitution of the Company.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, such physical inspection may be restricted. Please write in to egm@ausgroupltd.com prior to making any visits to arrange for a suitable time slot for the inspection.

LETTER TO SHAREHOLDERS

Yours faithfully

For and on behalf of the Board of Directors of
AUSGROUP LIMITED

Shane Francis Kimpton
Managing Director and Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

AUSGROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200413014R)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) of AusGroup Limited (the “**Company**”) will be held by way of electronic means on 12 August 2022 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the following ordinary resolution:

*All capitalised terms in this Notice which are not defined herein shall have the same meaning as ascribed to them in the Company's circular dated 28 July 2022 (the “**Circular**”).*

ORDINARY RESOLUTION:

THE PROPOSED SALE AND LEASEBACK

That:

- (a) approval be and is hereby given for the Proposed Sale and Leaseback, on the terms and subject to the conditions set out in the Agreement, and any other transactions and/or ancillary documents contemplated under the Agreement;
- (b) the directors of the Company (the “**Directors**”) or any of them be and are hereby authorised to complete and do all acts and things (including, without limitation, enter into all transactions, arrangements and agreements and approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they or each of them deem desirable, necessary or expedient to give effect to the matters contemplated by this resolution and the Proposed Sale and Leaseback as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company; and
- (c) any acts and things done or performed, and/or any agreements and documents signed, executed, sealed and/or delivered by a Director in connection with this resolution and the Proposed Sale and Leaseback be and are hereby approved, confirmed and ratified.

BY ORDER OF THE BOARD
AUSGROUP LIMITED

Shane Francis Kimpton
Managing Director and Chief Executive Officer

28 July 2022

Notes:

1. The EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice will not be sent to members. Instead, this notice will be sent to members by electronic means via publication on the Company's website at the URL <https://www.ausgrouppltd.com> and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Please refer to Section 12 of the Circular for further details on the alternative arrangements and actions to be taken by Shareholders for participation at the EGM.

“Live” audio-visual and “live” audio-only stream:

2. Shareholders (including CPF and SRS investors) or their duly appointed proxies will be able to observe and/or listen to the EGM proceedings through the “live” audio-visual webcast or “live” audio-only stream. To do so, Shareholders

NOTICE OF EXTRAORDINARY GENERAL MEETING

will need to register at <https://conveneagm.com/sg/ausgroupegm> (the “**Registration Link**”) by 3.00 p.m. on 9 August 2022 (the “**Registration Deadline**”) to enable the Company to verify their status.

3. Following verification, authenticated Shareholders or their duly appointed proxies will receive an email by 3.00 p.m. on 11 August 2022 containing instructions on how to access the live audio-visual webcast or live audio-only stream of the EGM proceedings.
4. Shareholders must not forward the abovementioned instructions to persons who are not shareholders of the Company and who are not entitled to attend the EGM.
5. Shareholders who register by the Registration Deadline but do not receive an email response by 3.00 p.m. on 11 August 2022, should email support@conveneagm.com.

Voting at the EGM:

6. Voting for the resolution will be conducted by a poll. Voting at the EGM may be carried out in one of the two ways as set out below:
 - (a) (where the member is an individual) vote “live” via electronic means at the EGM, or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the EGM) to vote “live” via electronic means at the EGM on his/her/its behalf; or
 - (b) (where the member is an individual or a corporate) submit a Proxy Form (in advance of the EGM) appointing the Chairman of the EGM to cast votes, or abstain from voting, on their behalf. Please note that the proxy must be directed, i.e., the shareholder must indicate for the resolution whether the Chairman of the EGM is directed to vote “for” or “against” or “abstain” from voting.
7. The Chairman of the EGM, as proxy, need not be a member of the Company.
8. Shareholders who wish to submit instruments appointing a proxy(ies) must do so by downloading, completing and signing the Proxy Form in accordance with the instructions printed thereon, which have been uploaded together with the Notice of EGM and this Circular on SGXNet and the Company’s website at <https://www.ausgrouppltd.com>. The Proxy Form can be submitted to the Company in the following manner:
 - (a) if sent by post, to the office of the Company’s Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902; or
 - (b) if submitted electronically, be submitted via email to the Company’s Share Registrar, M & C Services Private Limited, at gpb@mncsingapore.com, or via the online process through the Registration Link,

in either case by 3.00 p.m. on 9 August 2022, being 72 hours before the time fixed for the holding of the EGM. **Shareholders are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email or via the Registration Link.**

9. CPF or SRS investors:
 - (a) may vote live and online (in real time) at the EGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 3.00 p.m. on 2 August 2022, being at least seven (7) working days before the EGM.

Submission of questions:

10. Shareholders (including CPF and SRS investors) and, where applicable, appointed proxy(ies), who participate by way of observing the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings may ask text-based questions live and online (in real time) during the EGM, by typing in and submitting their questions via the “live” chat function via the online platform hosting the audio-visual webcast.
11. The Directors will endeavour to address as many substantial and relevant questions submitted online as possible during the EGM. However, Shareholders should note that there may not be sufficient time available at the EGM to address all questions raised. Please note that questions individual responses will not be sent to Shareholders.

NOTICE OF EXTRAORDINARY GENERAL MEETING

12. Alternatively, Shareholders (including CPF and SRS investors) may pre-submit questions relating to the Ordinary Resolution proposed as set out in the Notice of EGM by (a) email to egm@ausgrouppltd.com, or (b) submitting by post to the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902, or (c) the Registration Link, by 3.00 p.m. on 5 August 2022.
13. For questions submitted in advance of the EGM, the Company will provide responses to all questions which are substantial and relevant to the Ordinary Resolution by publication on the SGXNET and the Company's website at <https://www.ausgrouppltd.com> by 3.00 p.m. on 7 August 2022, which at least 48 hours prior to the closing date and time for the lodgment of the proxy forms to facilitate Shareholders' votes and to allow Shareholders to make an informed decision on the Ordinary Resolution to be tabled at the EGM.
14. The Company will also publish the minutes of the EGM (which will include all responses to questions which are substantial and relevant to the agenda of the EGM, whether submitted via email in advance of the EGM or live and online during the EGM) on the SGXNET and the Company's website within one month after the date of the EGM.

Relevant intermediaries:

15. Investors who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act), including CPF and SRS investors, and who wish to participate in the EGM by (a) observing or listening to the EGM proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions live and online (in real time) during the EGM or in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF agent banks and SRS operators) through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the EGM.

Personal data privacy:

16. By (a) submitting the Proxy Form appointing the Chairman of the EGM to attend, speak and vote at the EGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with this notice, or (c) submitting any question prior to the EGM in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the following purposes:
 - (i) processing, administration and analysis by the Company (or its agents or service providers) of Proxy Forms appointing the Chairman of the EGM as proxy for the EGM (including any adjournment thereof);
 - (ii) processing of the pre-registration for purposes of granting access to members to the "live" audio-visual webcast or "live" audio-only stream of the EGM proceedings and providing them with any technical assistance where necessary;
 - (iii) addressing substantial and relevant questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions;
 - (iv) preparation and compilation of the attendance lists, proxy lists, minutes (including questions and answers) and other documents relating to the EGM (including any adjournment thereof); and
 - (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

PROXY FORM

AUSGROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200413014R)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT

1. The EGM will be held by way of electronic means pursuant to the COVID-19 Order. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may:
 - (a) (where the member is an individual) vote "live" via electronic means at the EGM, or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the EGM) to vote "live" via electronic means at the EGM on his/her/its behalf; or
 - (b) (where the member is an individual or a corporate) appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM.
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF agent banks or SRS operators to submit their votes at least seven (7) working days before the date of the EGM.

I/We* _____ (Name), _____ (NRIC / Passport / Company Registration No.) of _____ (Address), being a member/members* of **AUSGROUP LIMITED** (the "Company") hereby appoint:

Name	Email Address	NRIC / Passport No.	Number of Shares/Proportion of Shareholdings (%)

and/or

Name	Email Address	NRIC / Passport No.	Number of Shares/Proportion of Shareholdings (%)

or failing whom, the Chairman of the EGM as my/our proxy to vote for me/us on my/our behalf at the EGM of the Company, to be held by electronic means on 12 August 2022 at 3.00 p.m. and at any adjournment thereof.

**Delete as appropriate.*

No.	Ordinary Resolution	Number of votes FOR	Number of votes AGAINST	Number of votes ABSTAIN
1.	To approve the Proposed Sale and Leaseback			

Note: Voting on the resolution will be conducted by poll. If you wish the Chairman of the EGM as your proxy to cast all your votes "For" or "Against" the resolution, please indicate with a tick "✓" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the EGM as your proxy to abstain from voting on the resolution, please indicate with a "✓" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the EGM as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the EGM as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2022.

Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Total Number of shares held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the Shares held by you.
2. The EGM will be held by way of electronic means pursuant to the COVID-19 Order. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may: (a) (where the member is an individual) vote "live" via electronic means at the EGM, or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the EGM) to vote "live" via electronic means at the EGM on his/her/its behalf; or (b) (where the member is an individual or a corporate) appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM.
3. This Proxy Form may be accessed on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and is also available on the Company's website at the URL <https://www.ausgrouppltd.com>. Where a member (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of the resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for the resolution will be treated as invalid.
4. Pursuant to Section 181 of the Companies Act 1967, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the EGM. Relevant intermediary is either:
 - (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953 (the "CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CPF/SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF agent banks or SRS operators to submit their votes at least seven (7) working days before the date of the EGM.
5. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his stead at the EGM. Such proxy need not be a member of the Company.
6. The duly completed Proxy Form can be submitted to the Company in the following manner:
 - (a) if sent by post, to the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar, M & C Services Private Limited, at gpb@mncsingapore.com, or via the online process through the Registration Link,

in either case, by 3.00 p.m. on 9 August 2022, being 72 hours before the time fixed for the EGM, and in default the Proxy Form shall not be treated as valid. **Shareholders are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email or via the Registration Link.**

A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
7. The instrument appointing a proxy(ies) must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.

PROXY FORM

8. Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:
 - (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
9. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment).
10. In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the EGM, as certified by CDP to the Company.
11. Any reference to a time of day is made by reference to Singapore time.
12. By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.

APPENDIX – VALUATION SUMMARY LETTER

07/07/2022

John Holland
General Manager-Finance
AusGroup Limited
Level 1, 18-32 Parliament Place
West Perth WA 6005

Via Email: John.Holland@ausgroup.com

Attention: The Directors, AusGroup Limited

Dear Directors

Valuation Summary Amended Valuation Report 15 Beach Street, Kwinana Beach, WA 6167

Instructions

CBRE Valuations Pty Limited ("CBRE") accepted instructions dated 31 March 2022 from AusGroup to prepare a market Valuation for the interest in the property listed above for Financial Reporting purposes.

CBRE have received revised instructions from AusGroup (dated the 6/7/2022) to issue an amended report for Singapore Stock Exchange Disclosure Purposes.

The Amended Valuation is to be relied upon for Singapore Stock Exchange Disclosure Purposes only and is specifically addressed for use and reliance upon by the parties named above. The Valuation is prepared in accordance with the Australian Property Institute Australia and New Zealand Valuation and Property Standards, having regard to ANZVGN 8 Valuations for use in Offer Documents. The instructions specifically request us to provide our opinion of the market value of the property as at the date of inspection being 10 June 2022 on the following basis:

Market Value	As Is – Subject to Vacant Possession
Date of Valuation	10th June 2022

CBRE has been instructed to provide a full Amended Valuation Report in addition to this Summary Letter which is included in the Disclosure document. In accordance with ANZVGN 8, our Amended Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed Property Risk Assessment and SWOT Analysis, plus the report details our Critical Assumptions, General Assumptions, Disclaimers, Limitations, Qualifications and Recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, it is considered prudent to consider the entire contents of our Amended Valuation Report. Therefore, we recommend that this Summary Letter be read and considered together with the Amended Valuation Report. We accept no responsibility for reliance upon the Summary Letter.

Instruction Summary:

Instructing Party	AusGroup Limited
Date of Original Instruction	31/03/2022
Date of Revised instructions to produce an amended report	6/7/2022
Report Copy	We refer the reader to AusGroup Ltd to obtain a copy of our Amended Valuation Report.

Brief Description of the Property and Tenancy Details

Property Details

Owner Name/s	AGC Australia Pty Ltd
Property Type	Industrial
RPD	Lot 11 on D65655
Land Area	31,258 sqm
Land Use	Occupied Industrial Premises
Zoning	Commercial 1A
Council	City of Kwinana

Brief Description

Overview	<p>Located in the near ocean side well established industrial location of Kwinana Beach situated some 35 kilometres southwest of the Perth CBD and some 8 kilometres north of the regional centre of Rockingham.</p> <p>The property is more specifically located just east of the intersection of Beach Street and Patterson Road.</p> <p>Kwinana Beach and the adjoining industrial area of Naval base is known as a location for larger scale industrial operations including refineries, fertiliser storage and distribution, fabrication, grain handling and the Kwinana Bulk Terminal.</p> <p>The subject property comprises a large size landholding located just off the intersection of Beach Street and Patterson Road which is well improved with numerous office and low and high bay workshop and factory buildings having a gross floor area of some 14,300 sqm excluding transportable and canopies plus hard standing.</p>
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Tenancy Details

Occupancy	The property is owner occupied
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Market Movement

The valuation referred to above represents the value of the property as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE is not liable for losses arising from any subsequent changes in value.

Critical Assumptions and Reliance on Information Provided

Our amended valuation is subject to the following critical assumptions:

- The site is free of contamination. We observe that the site has a fuel pump and below ground fuel tank. Our enquiries with the occupant have failed to confirm the contamination status of this facility.
- We have not been provided with any reports in respect of the structural integrity or condition of the property. Our approach to valuation by necessity assumes that no significant capital expenditure is required in respect of the building or facilities at the present time.
- Our valuation includes those items that form part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting, all fixed structures etc., that would normally pass with the sale of the property, but excludes all items of loose plant, machinery, equipment, partitions, furniture and other such items which may have been installed (by the occupant/operator) or are used in connection with the enterprise carried on within the property.
- That there are no side agreements.
- The property complies with all requirements of the relevant Local Authority and that there are no outstanding requisitions.
- The data provided to us in relation to the subject property is a true and accurate representation of the facts.
- That any objective information, data or calculations set out in this valuation report will be accurate so far as is reasonably expected from a qualified and experienced valuer, reflecting due skill, care and diligence.

Report Content

Our amended Valuation Report, in addition to the content noted earlier, contains detailed information and description pertaining to: Instructions; Use and Reliance; Site Details including Location, Legal, Environmental and Town Planning; and Building Improvements along with analysis of the asset's Occupational and Financial attributes. This is followed by a comprehensive Economic, Investment Market and details of the sales evidence regarded, along with our Investment Considerations. Finally, the report considers the value and marketability of the property. We again refer the reader of this letter to our Amended Valuation Report for detail in respect of the above items.

Valuation Methodology

Introduction

- Overview**
- In arriving at our opinion of value, we have employed industry recognized valuation methodologies. We have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties (as previously detailed).
- Valuation Approaches**
- Market Capitalisation Analysis
 - Direct Comparison

Capitalisation Analysis

- Capitalisation Analysis**
- The adopted fully leased market net income has been capitalized in perpetuity from the valuation date at a capitalization rate of 6.5% assuming a minimum lease period of 5 years which we feel reflects the nature, location, and tenancy profile of the property when compared with current market investment criteria. The higher rate adopted reflects the dated age of the facility, lack of hardstand and vehicle circulation.
 - As we are to value on a Vacant Possession basis we have made the following allowances:
 - Vacancy period of 12 months
 - Leasing fees at 12% on gross rent
 - Tenant incentive: 4 months' rent-free equivalent
 - Cap ex: \$100,000.
 - Our capitalization analysis calculations are detailed below.

CAPITALISATION ANALYSIS			Market Rent
FULLY LEASED NET INCOME (after vacancy allowance)			1,120,000
CAPITALISED VALUE		Capitalised In Perpetuity @	6.50%
			17,230,769
<u>Capital Adjustments</u>			
Vacancies	Letting Up Allowance	12 mths	(1,434,578)
	Leasing Commissions	12.00%	(172,149)
	Incentive Allowance	4 mths	(373,333)
Capital Works	P.V. of Capital Expenditure		(100,000)
Balance Land	Value of Balance Land		-
	Total Capital Adjustments		<u>(2,080,061)</u>
<u>Sensitivity Analysis</u>			15,150,709
	6.25%	12,580,000	
	6.50%	12,580,000	Adopt
	6.75%	12,580,000	15,150,000

Direct Comparison Approach

- Methodology**
- The market evidence detailed earlier has been compared with the subject property. We have analysed the sales evidence on a rate psm of land area basis and have considered the nature and condition of each property, location, and tenancy profile.

- The subject property has a landholding of 31,258 sqm and is improved with larger scale fabrication workshops plus administration offices, support workshop premises and hardstand.
- Overall, the property presents in mostly good condition.
- The adopted value rate range has regard to the prospect of a thin buyer market, what appears to be a more challenging market through Kwinana Beach and surrounds, higher price point and some of the support office buildings considered to add little value.
- On account of the level of improvement and standard of improvements we have adopted a value rate range of \$415 to \$445 per sqm across the land area improved.
- Our direct comparison analysis is summarized below.

DIRECT COMPARISON APPROACH

Site Area			31,258 sqm
	<u>Rate \$psm</u>	<u>Calculated Value</u>	
	415	12,972,070	
	430	13,440,940	
	445	13,909,810	
Adopt			13,440,000
Rate \$psm			430
ADOPT			13,400,000
Rate \$psm			429

Valuation Summary

Reconciliation

- We have reconciled the value as follows:

SUMMARY OF VALUES

Capitalisation Analysis	15,150,000
Direct Comparison Approach	13,400,000

Adopted for Valuation Purposes	13,900,000
Initial Yield (Fully Leased)	0.00%
Reversionary (Market) Yield	8.06%
Equivalent Yield	7.0%
Capital Value Rate (\$psm GLA)	\$972
Capital Value Rate (\$psm Improved Site Area)	\$445

- The assessed value by the Capitalisation of Income Approach is more aligned to the investor category buyer who then needs to find a tenant for the property while the value assessed by the Direct Comparison Approach is more aligned to the owner occupier who is the more likely buyer if the property was to be sold on a Vacant Possession basis.
- It is difficult to determine the depth of potential buyer for the property on a Vacant Possession however we believe that it is likely to have improved coinciding with an improvement in industrial market conditions. When considered in conjunction with the location attributes we believe that the property still needs to be competitively priced.
- The subject property is well credentialed to accommodate a larger scale engineering and fabrication facility and should on its merits hold reasonably well on its value during the currently strong performing industrial sector.

Consent

CBRE provides its consent for the inclusion of this Summary Letter within the disclosure document for AusGroup Limited subject to AusGroup Limited making recipients of the Prospectus aware of the following liability disclaimers.

Important Liability Disclaimer

We do not provide financial advice	CBRE is not operating under an Australian Financial Services Licence when providing the full Amended Valuation Report or this Summary Letter and those documents do not constitute financial product advice. Investors should strongly consider obtaining independent advice from their financial advisor before making any decision to invest in/with AusGroup Limited.
Offer/Disclosure Document Comment	The Amended Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the Disclosure Document. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

Limitations	<p>CBRE has prepared this summary letter for inclusion within the Disclosure Document but has not been involved in the preparation of the Disclosure Document. CBRE has not been required to approve or express any opinion about any part of the Disclosure Document other than this Summary Letter. CBRE disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the Disclosure Document.</p> <p>You and the investors acknowledge and agree that the information contained in this Summary Letter, is provided for information purposes only and cannot be relied upon when making an investment decision. You and the investors acknowledge and agree that CBRE who have prepared the Summary Letter accepts no responsibility for your reliance on this document.</p>
Information relied upon	<p>CBRE will prepare the (amended) full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information ("Information"). CBRE assumes that the Information is accurate, reliable and complete, and it has not tested the Information in that respect.</p>
Qualified to full Valuation Report	<p>References to the Property's value within this Summary Letter or the Disclosure Document have been extracted from CBRE's Amended Valuation Report. The Amended Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, CBRE recommends that this Summary Letter and any references to value within the Disclosure Documents must be read and considered together with the Amended Valuation Report. This Summary Letter is to be read in conjunction with our full Amended Valuation Report dated the 12/6/2022 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to AusGroup Limited to obtain a copy of the Full Valuation Report.</p>
No Responsibility	<p>No responsibility is accepted for any loss or damage arising as a result of reliance upon this Summary Letter and the Amended Full Valuation Report by any party.</p>
Restricted Use	<p>Neither this Summary Letter nor the full Amended Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.</p>
Report Fee	<p>CBRE charges a professional fee for producing valuation reports, and the fee paid by AusGroup Limited for the amended Valuation Report and this Summary Letter was \$1000.00 AUD exclusive of GST.</p>
Valuer's Interest	<p>We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.</p>
Reliance & Liability	<p>This document is for the sole use of persons directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named within the Amended Valuation Report is not authorised by CBRE and CBRE is not liable for any loss arising from such unauthorised use or reliance.</p>
Liability Limitation	<p>CBRE's liability is limited by a scheme approved under Professional Standards Legislation.</p>
Currency of Valuation	<p>We do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if the Reliant Party becomes aware of any factors that may have an effect on the valuation.</p>

Summary Letter

15 Beach Street, Kwinana Beach, WA 6167

Yours sincerely
CBRE Valuations Pty Limited



Patrick Matthews
Registered Valuer No.536
Director
Valuation & Advisory Services

Liability limited by a scheme approved under Professional Standards Legislation.