



**AROWANA INTERNATIONAL**

## **ASX ANNOUNCEMENT**

21 November 2016

Company Announcements Office  
ASX Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

### **Arowana International Limited Shareholder Booklet – Initial Business Combination of VivoPower International PLC with Arowana Inc.**

Arowana International Limited (ASX: AWN) today released the shareholder booklet for the general meeting of AWN shareholders, on 21 December 2016, to approve the initial business combination between one of AWN's wholly owned subsidiaries, VivoPower International PLC ("VivoPower International") and Arowana Inc. ("ARWA"). This shareholder booklet is presently being mailed to AWN shareholders.

Approval at the shareholder meeting is a condition precedent to completion of the transactions anticipated in the contribution agreement entered into between AWN, VivoPower International and ARWA on 11 August 2016, as amended from time to time ("Contribution Agreement").

If the approvals are obtained and the transactions proceed, AWN and its subsidiaries will own between approximately 31% and 58% of VivoPower International shares, depending on the level of ARWA shareholder redemptions.

Further information about the impact of the initial business combination for AWN is set out in the shareholder booklet.

On behalf of the Board of AWN

**Tom Bloomfield**  
Company Secretary

#### **AROWANA INTERNATIONAL LIMITED**

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**Arowana International Limited**  
(ACN 103 472 751)  
(ASX Code AWN)

# **Shareholder Booklet**

## **Explanatory Memorandum**

### **Initial Business Combination of VivoPower International PLC with Arowana Inc.**

**A notice of meeting is included in Appendix 1 to this Booklet. A Proxy Form for the meeting accompanies this Booklet.**

**The independent expert has concluded that the Transaction is not fair but is reasonable to shareholders not associated with Arowana Inc.**

## **Extraordinary General Meeting**

**10:00am (Sydney time) on  
Wednesday 21 December 2016**

**Your vote is important in determining whether the Transaction proceeds. This is an important document and requires your urgent attention.**

If you are in any doubt as to how to deal with this Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

If you have recently sold all of your Shares, please disregard all enclosed documents.

# Important Notices

## General

You should read this Booklet in its entirety before making a decision on how to vote on the resolutions to be considered at the General Meeting. The notice convening the General Meeting is contained in Appendix 1. A proxy form for the meeting is enclosed.

## Defined terms

Capitalised terms in this Booklet are defined either in the Glossary in Section 9 of this Booklet or where the relevant term is first used.

References to **dollars**, **A\$** or **\$** are references to the lawful currency of Australia. References to **US\$** are references to the lawful currency of the United States of America. References to **£** or **GBP** are references to the lawful currency of the United Kingdom. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Booklet are due to rounding.

## Purpose of this Booklet

The purpose of this Booklet is to:

- explain the terms and effect of the Transaction to Shareholders; and
- provide such information as is prescribed by the Listing Rules.

## ASX

A copy of this Booklet has been lodged with ASX. None of ASX or any of its officers takes any responsibility for the contents of this Booklet.

## Input from other parties

Nexia Sydney Financial Solutions Pty Limited (ACN 077 764 222) (**Independent Expert**) has prepared the Independent Expert's Report in relation to the Transaction in Appendix 2 and takes responsibility for that Appendix. The Independent Expert is not responsible for any other information contained within this Booklet. Shareholders are urged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

Other than in respect of the information identified above, the information contained in the remainder of this Booklet has been prepared by AWN and is the responsibility of AWN. AWN does not assume responsibility for the accuracy or completeness of any other part of this Booklet and assumes responsibility only to the extent required by law.

## Investment decisions

This Booklet does not take into account the investment objectives, financial situation, tax position and requirements of any particular person. This Booklet should not be relied on as the sole basis for any investment decision in relation to Shares. Independent financial and taxation advice

should be sought before making any decision to invest in AWN or in relation to the Transaction. It is important that you read the entire Booklet before making any voting or investment decision. In particular, it is important that Shareholders consider the possible disadvantages of the Transaction and the risk factors identified in Section 5.

Shareholders should carefully consider these factors in light of their particular investment objectives, financial situation, tax position and requirements. If Shareholders are in any doubt on these matters, they should consult their legal, financial, taxation or other professional adviser before deciding how to vote on the Transaction. Past performance is no indication of future performance.

## Forward looking statements

This Booklet includes certain prospective financial information which has been based on current expectations about future events. The prospective financial information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. Factors which may affect future financial performance include, among other things, those identified in Section 5. The assumptions on which prospective financial information is based may prove to be incorrect or may be affected by matters not currently known to, or considered material by, AWN.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of AWN, the officers of AWN or any person named in this Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statement in this Booklet reflects views held only as at the date of this Booklet.

## Electronic document

This Booklet may be viewed online at [www.arowanainternational.com/asx-announcement-archive](http://www.arowanainternational.com/asx-announcement-archive). A paper copy of this Booklet will be provided free of charge to any person who requests a copy by contacting AWN.

## Important dates and times

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Date of this Booklet	21 November 2016
Last time and date by which the proxy form for the General Meeting can be lodged	10:00am (Sydney time) on 19 December 2016
Time and date for determining eligibility to vote at the General Meeting	7:00 pm (Sydney time) on 19 December 2016
General Meeting* to vote on the Transaction	10:00 am (Sydney time) on Wednesday, 21 December 2016

\* The General Meeting will be held at Level 11, 153 Walker Street, North Sydney NSW 2060.

You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

## Table of Contents

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Important dates and times .....	2
Table of Contents .....	2
Chairman's letter .....	3
5 reasons why you should vote in favour of the Transaction.....	6
Reasons why Shareholders might vote against the Transaction .....	7
1. Summary of the Transaction .....	8
2. The Transaction .....	13
3. Relevant considerations for Shareholders .....	17
4. Impact on AWN.....	20
5. Risk Factors.....	24
6. VivoPower International .....	27
7. Summary of Transaction Documents.....	42
8. Additional information.....	48
9. Glossary .....	55
Appendix 1 – Notice of General Meeting.....	59
Appendix 2 – Independent Expert's Report .....	64

## Chairman's letter

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21 November 2016

Dear Shareholder

We are pleased to present the information in this Booklet regarding an important development for Arowana International Limited (**AWN**).

### The Transaction

On 12 August 2016, the board announced that it had entered into a contribution agreement, as subsequently amended, to effect a transaction involving AWN's wholly owned subsidiary, VivoPower International PLC (**VivoPower International**). VivoPower International is a global solar power company with offices and personnel in the United Kingdom, the United States, Australia and Asia. This transaction would be undertaken by way of an initial business combination (**Business Combination**) with NASDAQ listed Arowana Inc. (**ARWA**). If implemented, the Business Combination will result in VivoPower International contemporaneously acquiring a number of complementary businesses and being listed on NASDAQ with AWN retaining a significant interest in VivoPower International (the **Transaction**). On 19 October 2016, the board announced that AWN, VivoPower International and ARWA had agreed amendments to the Transaction that were aimed at reducing the cash requirements of the Transaction. A further ancillary amendment to the Contribution Agreement was made on 15 November 2016.

ARWA is a special purpose acquisition company (**SPAC**) that was listed on NASDAQ in May 2015. ARWA is a cash-box entity, being established in order to serve as a vehicle for the acquisition of a target business; NASDAQ permits a SPAC to be listed pending completion of an initial business combination. It has no substantive business operations and presently holds approximately US\$83m cash in trust. At the date of this Booklet, of the approximately 10,717,248 outstanding ARWA ordinary shares, 1,749,944 shares (or approximately 16.3%) are beneficially owned by entities associated with AWN's officers and directors and 556,010 shares (or approximately 5.2%) are beneficially owned by AWN and its Controlled Entities.

If the Transaction proceeds VivoPower International will issue shares to some of the vendors selling the complementary businesses being acquired by it in preparation for the Business Combination and will separately issue shares representing approximately 45% – 71% of the post-Transaction capital to ARWA for a cash contribution of between approximately US\$22m and US\$83m (less certain transaction costs and expenses). Depending on the cash contribution being made by ARWA, VivoPower International may also buy back some of the shares in it held by AWN. After the Transaction, ARWA will then be liquidated and its VivoPower International shares will be distributed *in specie* to ARWA's securityholders.

The Transaction requires the approval of securityholders of AWN, ARWA and one of the businesses being acquired by VivoPower International, Aevitas Group Limited (**Aevitas**). As part of the Business Combination, holders of ARWA ordinary shares issued in ARWA's initial public offering (**ARWA Public Shareholders**) have the right to elect to redeem their ARWA shares at a minimum of US\$10.20 per share rather than to participate in the Transaction. Amongst other conditions precedent that must be satisfied in order for completion of the Transaction to occur, the Transaction is conditional on ARWA Public Shareholders holding at least 26% of the issued capital of ARWA electing not to exercise these redemption rights, with approximately 1.3% of the issued capital of ARWA having been redeemed at the date of this Booklet.

### Shareholder approval

The structure of the Transaction precludes AWN from providing Shareholders with the opportunity to themselves subscribe for VivoPower International shares. As a result, Listing Rule 11.4 requires AWN to obtain Shareholder approval for the Transaction. Given the role that AWN has played in the establishment of ARWA and formulation of the Transaction, it is open to the ASX to determine that

Shareholder approval should be sought under Listing Rule 10.1. Rather than await ASX to make this determination, AWN will seek approval under this Listing Rule for the whole of the Transaction.

Consistent with Listing Rule 10.1, AWN has engaged Nexia Sydney Financial Solutions Pty Limited (ACN 077 764 222) as an independent expert to report on whether the Transaction is fair and reasonable to Shareholders other than ARWA and its Associates. The Independent Expert has concluded that the transaction is not fair but is reasonable to Shareholders not associated with Arowana Inc. See Appendix 2 for a complete copy of this report.

### **Impact of the Transaction on AWN**

The Transaction will provide VivoPower International with an international shareholder base, consistent with its global aspirations and will give it access to the remaining cash held by ARWA (after payments to redeeming ARWA Public Shareholders and for other transactional expenses). It provides VivoPower International with independent access to international capital markets to enable the funding of future growth opportunities.

In conjunction with completion of the Transaction, VivoPower International will be contemporaneously acquiring a number of complementary businesses. It will do this by acquiring more than 99.9% of the ordinary shares issued by Aevitas and by separately acquiring the shares in VivoPower Pty Ltd (**VivoPower Australia**) not otherwise held by Aevitas. Some of these shares are being acquired from AWN or its Controlled Entities or from entities associated with some of the Directors, myself included. See Section 7.3 for more information on these ancillary acquisitions that will only occur in conjunction with the Transaction.

VivoPower International will remain AWN's largest investment post-Transaction, with AWN and its Controlled Entities retaining an interest of between approximately 31% and 58% of the post-Transaction issued capital of VivoPower International based on AWN's interests in ARWA at the date of this Booklet. This will allow Shareholders to continue to participate indirectly in the benefits to be derived from the ongoing growth of the business.

Through its Controlled Entities, AWN will also retain notes and convertible shares issued by Aevitas (**Aevitas Exchangeable Securities**). As part of the preparations for the Transaction, the terms of these notes and convertible shares will be amended. Key aspects of these amendments include a reduction of the interest rate payable or dividend entitlement on the Aevitas Exchangeable Securities, changes to the circumstances that will allow redemption and a requirement that the proceeds of redemption will be automatically reinvested into new VivoPower International shares, subject to obtaining any additional shareholder approvals required at the time of reinvestment. If the Transaction proceeds, VivoPower International will also guarantee the obligations of Aevitas under the Aevitas Exchangeable Securities.

The Transaction is consistent with AWN's conglomerate structure and stated strategy of building enduring enterprises that play in growing global addressable markets but in a capital efficient, lean and agile manner. Subject to the level of ARWA Public Shareholder redemptions, the Transaction could provide an opportunity for AWN to reduce the concentration in its portfolio of businesses, which is consistent with its diversified conglomerate model. See Section 4 for more information.

See Section 4 for more information on the impact of the Transaction on AWN.

### **Recommendation**

Entities with which I am associated have an approximate 15.6% interest in the issued capital of ARWA as well as interests in Aevitas that will be impacted by the Transaction. Given this, while I think it is in the best interests of Shareholders to approve the Transaction, I do not think it is appropriate to make a recommendation to Shareholders.

Entities with which the Honourable John Moore is associated have an approximate 0.4% interest in ARWA as well as interests in Aevitas that will be impacted by the Transaction. Given this, while Mr Moore thinks it is in the best interests of the Shareholders to approve the Transaction, he does not think it is appropriate to make a recommendation to Shareholders.

Entities with which Tony Kinnear is associated have an approximate 0.3% interest in ARWA that will be impacted by the Transaction. Given this, while Mr Kinnear thinks it is in the best interests of the Shareholders to approve the Transaction, he does not think it is appropriate to make a recommendation to Shareholders.

**Rob McKelvey, being the sole Director who does not own shares in ARWA, recommends that you vote FOR the Transaction.** See Section 3.2 for further information on why Mr McKelvey considers you should vote in favour of the Transaction. Reasons why you might choose to vote against the Transaction are set out in Section 3.3.

#### **Next steps**

I urge you to consider the contents of the Booklet carefully in determining whether to vote in favour of the Transaction. You should consider in particular Section 3.5 which sets out the key implications for AWN if the Transaction is not approved.

I would like to express my gratitude to Shareholders for supporting AWN to date and we look forward to your continued support through a positive vote for the Transaction.

Yours sincerely

**Kevin Chin**  
**Executive Chairman**  
**Arowana International Limited**

## 5 reasons why you should vote in favour of the Transaction

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1	The Transaction will combine a number of complementary businesses and provide funds to enhance VivoPower International's continued global expansion
2	The Transaction will broaden the VivoPower International investor base and provide independent access to capital, which is beneficial for the long term sustainability and future growth of VivoPower International
3	AWN will maintain exposure to VivoPower International and hence participate in the benefits to be derived from the ongoing growth of VivoPower International
4	The Transaction may enable AWN to reduce portfolio concentration and diversify its earnings profile
5	The Transaction may enable AWN to realise a return on investment and redeploy financial and human capital in other growth areas



## Reasons why Shareholders might vote against the Transaction

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1	You may consider that a greater portion of the benefits of the growth in VivoPower International should be funded and retained by AWN for the benefit of Shareholders
2	You may consider it premature to partially realise the investment in VivoPower International given the strong earnings growth forecast by VivoPower International management
3	You may consider there is a risk that the Transaction does not fairly value VivoPower International
4	You may consider that the disadvantages to AWN of the amendments to the terms of the Aevitas Exchangeable Securities outweigh the benefits of the Transaction
5	You may consider that AWN may face unnecessary regulatory burdens as a result of the Transaction
6	The independent expert has concluded that the transaction is not fair but is reasonable to Shareholders not associated with ARWA

## 1. Summary of the Transaction

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### 1.1. Introduction

On 12 August 2016 Arowana International Limited (**AWN**) announced that AWN and one of its wholly owned subsidiaries, VivoPower International PLC (**VivoPower International**), signed a contribution agreement (**Contribution Agreement**) with Arowana Inc. (**ARWA**) to effect an initial business combination with ARWA (**Business Combination**).

Contemporaneously with the Business Combination, VivoPower International will combine a number of complementary businesses with its existing operations. It will do this by acquiring Aevitas O Holdings Pty Ltd (**OptionCo**), an entity that holds options to acquire more than 99.9% of the ordinary shares issued by Aevitas Group Limited (**Aevitas**) and by separately acquiring the shares in VivoPower Pty Ltd (**VivoPower Australia**) not otherwise held by Aevitas (**Preparatory Acquisitions**). The acquisition of OptionCo will trigger the exercise of the options held by OptionCo over Aevitas ordinary shares and will result in those shares being acquired by OptionCo.

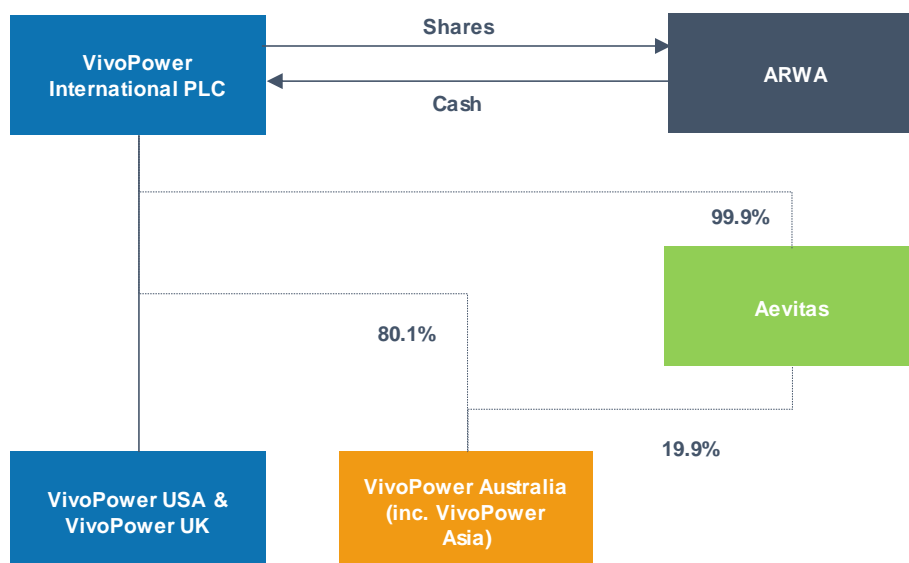
As a result of the conditions precedent contained in the relevant transaction documents, the Preparatory Acquisitions and the Business Combination (**Transaction**) will only complete in conjunction with one another.

On 19 October 2016, AWN announced certain amendments had been made to the Contribution Agreement. In the views of the parties, these amendments are expected to increase the likelihood of successfully completing the Transaction by increasing the number of ARWA Public Shareholders who can elect not to participate in the Business Combination (in which case their initial cash investment in ARWA is returned to them). A further ancillary amendment to the Contribution Agreement was made on 15 November 2016.

As a result of these amendments, it is now also a condition precedent to completion of the Transaction that the terms of the notes and preference shares issued by Aevitas (**Aevitas Exchangeable Securities**) are amended, with the Aevitas Exchangeable Securities to remain on issue until redeemed in accordance with their amended terms. Key aspects of these amendments include a reduction of the interest rate payable or dividend entitlement on the Aevitas Exchangeable Securities, changes to the circumstances that will allow redemption and a requirement that the proceeds of redemption will be automatically reinvested into new fully paid ordinary shares in the capital of VivoPower International (**VivoPower International Shares**), subject to obtaining any additional shareholder approvals required at the time of reinvestment. If the Transaction proceeds, VivoPower International will also guarantee the obligations of Aevitas under the Aevitas Exchangeable Securities.

If implemented, the Transaction will result in VivoPower International contemporaneously acquiring a number of complementary businesses and being listed on NASDAQ. Based on AWN's interests in ARWA at the date of this Booklet, AWN will retain an interest of between approximately 31% and 58% in VivoPower International.

*Simplified diagrammatic representation of the Transaction*



Notes

1. VivoPower International PLC is the company entering the Business Combination with ARWA
2. VivoPower USA and VivoPower UK are currently wholly owned subsidiaries of VivoPower International PLC
3. VivoPower Australia includes VivoPower Asia and operates in Australia and Asia
4. Aevitas is an Australian based energy services business. Aevitas currently owns 19.9% of VivoPower Australia. Therefore, VivoPower International PLC's ownership of VivoPower Australia will be 100% including the shareholding held by Aevitas.

The Transaction is subject to a number of conditions precedent including approval by Shareholders in general meeting for the purposes of Listing Rules 11.4 and 10.1.

This booklet includes a notice of meeting and other information necessary to enable Shareholders to make an informed decision whether or not to vote in favour of the Resolutions to approve the Transaction.

## 1.2. Shareholder approvals

The Transaction will only proceed if all of the conditions precedent in the Transaction Documents are satisfied. This will require each of the resolutions to be considered at the General Meeting (**Resolutions**) to be approved by Shareholders. Shareholder approval is required under Listing Rules 11.4 and 10.1.

The Resolutions require approval by a simple majority of votes cast by eligible Shareholders at the General Meeting. ARWA and its Associates may not vote on the Resolutions.

For a full explanation of the nature, purpose and effect of the Resolutions and the voting restrictions applying to them, please refer to Section 8 of this Booklet.

## 1.3. Director recommendations

Rob McKelvey, being the sole Director who does not own shares in ARWA, considers that the Transaction is in the best interests of Shareholders and recommends that Non-Associated Shareholders vote in favour of the Resolutions for the following reasons:

- The Transaction unlocks significant value for the combined business by creating a pure play solar platform with global reach, a strong pipeline of opportunities, a highly experienced team and sufficient scale to access technology and deploy best practice across the combined business.

- The Transaction will broaden the VivoPower International investor base and provide VivoPower International with independent access to capital, facilitating its long term future growth and sustainability.
- AWN will maintain exposure to VivoPower International via a significant shareholding and therefore be able to participate in its ongoing future growth.
- Depending on the level of ARWA Public Shareholder redemptions, the Transaction may enable AWN to realise a partial return on its investment and redeploy financial and human capital in other growth areas.
- Depending on the level of ARWA Public Shareholder redemptions, the Transaction may enable AWN to reduce portfolio concentration and diversify its earnings profile.

Entities associated with Kevin Chin, Tony Kinnear and John Moore are ARWA Shareholders and will benefit from the Transaction proceeding. Entities associated with Kevin Chin and John Moore also hold interests in Aevitas that will be impacted if the Transaction proceeds. Accordingly even though Mr Chin, Mr Moore and Mr Kinnear are supportive of the Transaction, they do not consider it appropriate to make a recommendation in relation to the Resolutions. For more information about these interests, see Section 2.1 of this Booklet.

#### 1.4. Independent Expert's Report

AWN engaged the Independent Expert to prepare an Independent Expert's Report expressing an opinion on whether or not the Transaction is fair and reasonable to Shareholders who are not associated with ARWA.

The Independent Expert concludes that:

*"in our opinion, the Proposed Transaction is not fair but reasonable to the AWN shareholders not associated with Arowana Inc."*

The Independent Expert's Report is set out in Appendix 2 to this Booklet and you should read it as part of your assessment of the Transaction.

#### 1.5. Implementation and timetable

If all necessary approvals and conditions precedent for the Transaction are satisfied or waived (as applicable), it is expected that the Transaction will be fully implemented by the end of 2016.

On completion of the Transaction, VivoPower International will be listed on NASDAQ. As part of the Transaction, VivoPower International Shares will be issued to Hadouken, AEH and AASSF-1 (collectively the **VivoPower Aus Ordinary Share Vendors**) and ARWA. After completion of the Transaction, the VivoPower International Shares issued to ARWA will be distributed by ARWA to its shareholders and warrant holders under a registration statement (**Registration Statement**) filed with the US Securities Exchange Commission (**SEC**) and ARWA will then be wound up and liquidated in accordance with the laws of its place of incorporation.

On completion of the Transaction, based on AWN's interests in ARWA at the date of this Booklet, AWN and its Controlled Entities are expected to own between approximately 31% and 58% of VivoPower International Shares depending on the level of ARWA Public Shareholder redemptions and transaction costs. Consistent with this shareholding, AWN will be represented on the board of VivoPower International by Kevin Chin who will be Non-Executive Chairman of VivoPower International and by Gary Hui who is AWN's Chief Investment Officer and who will be a non-executive director of VivoPower International.

#### 1.6. What to do next

(a) *Read the remainder of this Booklet*

You should read and consider the remainder of this Booklet in full before making any decision on the Transaction.

*(b) Consider your options*

Shareholders should refer to Section 3 of this Booklet for further guidance on the expected advantages and possible disadvantages of the Transaction. However, this Booklet does not take into account the financial situation, investment objectives and particular needs of any particular Shareholder.

*(c) Vote at the General Meeting*

Rob McKelvey, being the sole Director who does not own shares in ARWA, urges all Shareholders to vote on the Transaction at the General Meeting. The Transaction affects your investment in AWN and your vote at the General Meeting is important in determining whether the Transaction proceeds.

**1.7. Summary of how to vote***(a) General*

The General Meeting will be held at Level 11, 153 Walker Street, North Sydney NSW 2060, on Wednesday, 21 December 2016, commencing at 10:00am (Sydney time).

The notice convening the General Meeting (**Notice of Meeting**) is contained in Appendix 1 to this Booklet. Your vote at the General Meeting is important. If you are registered as a Shareholder by the Registry at the voting entitlement time (7.00 pm Sydney time, 19 December 2016), you will be entitled to vote at the General Meeting, subject to the voting restrictions and exclusions set out in the Notice of Meeting in Appendix 1 to this Booklet. These voting restrictions and exclusions are summarised in Section 8 of this Booklet.

*(b) Voting in person*

Shareholders wishing to vote in person on the Transaction should attend the General Meeting on Wednesday, 21 December 2016 and bring a suitable form of personal identification (such as a driver's licence).

Please arrive at the venue at least 15 minutes prior to the time designated for the commencement of the General Meeting (10:00am Sydney time), if possible, so that your shareholding may be checked against the Shareholders Register and attendance noted. Attorneys (see also paragraph (d) below) should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

*(c) Voting by proxy*

Shareholders wishing to vote by proxy at the General Meeting must complete and sign or validly authenticate the personalised proxy form which is enclosed with this Booklet.

A person appointed as a proxy may be an individual or a body corporate. Completed proxy forms must be delivered to the Registry by 10:00am, 19 December 2016, in any of the following ways:

By post to the Registry:

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001  
AUSTRALIA

By hand delivery to the Registry at:

Boardroom Pty Limited  
Level 12, 225 George Street  
SYDNEY NSW 2001  
AUSTRALIA

By fax to the Registry on:

(02) 9290 9655 from within Australia, or +61 2 9290 9655 from outside Australia

Note: proxies may not be returned by email nor is internet voting available.

*(d) Voting by attorney*

If a Shareholder executes or proposes to execute any document, or do any act, by or through an attorney which is relevant to their shareholding in AWN, that Shareholder must deliver the instrument appointing the attorney to the Registry for notation.

Shareholders wishing to vote by attorney at the General Meeting must, if they have not already presented an appropriate power of attorney to AWN for notation, deliver to the Registry (at the address or facsimile number specified in this Section 1.7 of this Booklet) the original instrument appointing the attorney or a certified copy of it by 10:00am (Sydney time) on 19 December 2016.

*(e) Voting by corporate representative*

To vote in person at the General Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.

To vote by corporate representative at the General Meeting, a corporate Shareholder or proxy should obtain a Certificate of Appointment of Corporate Representative form from the Registry, and complete and sign the form in accordance with the instructions on it. The appointment form should be lodged at the registration desk on the day of the General Meeting.

*(f) Further information*

Please refer to the Notice of Meeting in Appendix 1 to this Booklet for further information on voting procedures and details of the resolution to be voted on at the General Meeting.

## 2. The Transaction

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### 2.1. Background

#### *About VivoPower International*

VivoPower International is a next generation solar power company with offices and personnel in the United Kingdom, the United States, Australia and Asia.

Following initial investigations into solar investment opportunities across Australia and Asia, AWN saw the potential to create a global solar energy business and has been building a pipeline of investment opportunities in various jurisdictions. During 2015 and 2016 AWN therefore expanded its focus globally to encompass the US, UK and other OECD nations, which led to the accelerated scaling up of AWN's involvement in the solar energy sector and the establishment of VivoPower International. The solar energy sector is growing rapidly globally and VivoPower International, with the assistance of AWN, has an opportunity to become a market leader by continuing to grow and expand its presence in the sector.

VivoPower International is a next generation solar power company that currently operates a Build, Transfer, Operate (**BTO**) model to establish and grow a Power Purchase Agreement (**PPA**) backed solar power asset base in a capital efficient manner.

VivoPower International aggregates small and medium sized solar photovoltaic (**Solar PV**) projects underpinned by long term PPAs and then arranges corporate and project financing, engineering design, equipment procurement and project manages the build of such Solar PV projects for asset owners. VivoPower International also provides power support services (encompassing operations, maintenance and optimisation) under long term contracts with the asset owners so as to maximise the performance and value of Solar PV assets. This will enable it to sell Distributed Generation (**DG**) power and big data driven energy services to Commercial, Industrial and Government (**CIG**) customers.

Consistent with its BTO model, AWN has, through VivoPower International, invested in and arranged finance for the NC-31 solar project, being a 43 megawatt (**MW**) utility scale Solar PV project in North Carolina, US and the NC-47 project, being a 48MW utility scale Solar PV project also in North Carolina, US. As announced on 1 August 2016, and 26 October 2016 respectively, AWN has achieved contractual close to finance and manage the build of the projects, including entering into binding agreements for a third party to acquire a majority stake in each of these project upon achievement of their respective commercial operations dates.

#### *About VivoPower Australia*

AWN initially established VivoPower Australia in 2014 as a solar power company focussed on Australia and Asia. VivoPower Australia invests in the origination, financing, build, transfer, operation, maintenance and optimisation of solar electricity generation facilities in Australia and Asia. AWN, directly through a wholly owned subsidiary and through its shareholding in AASSF-1, is currently the majority shareholder of VivoPower Australia. Other shareholders include Aevitas, and VivoPower Australia management.

As part of the Preparatory Acquisitions occurring in conjunction with the Transaction, VivoPower International will acquire all of the equity interests in VivoPower Australia other than those held by Aevitas. As a consequence of the Preparatory Acquisitions, VivoPower International will therefore directly, and through its shareholding in Aevitas, own 100% of VivoPower Australia. See Sections 6.3 and 7.3 for further details.

#### *About Aevitas*

Aevitas provides energy and power generation solutions including design, supply, installation and maintenance of power systems, control systems, with an increasing focus on solar and renewable energy, and energy efficiency products and strategies.

Upon completion of the Transaction, VivoPower International will acquire approximately 99.9% of the Aevitas ordinary shares from their current holders. These include entities with which Kevin Chin is associated (holding a 2.9% interest in Aevitas ordinary shares) and entities with which John Moore is associated (holding a 0.5% interest in Aevitas ordinary shares). See Sections 6.3 and 7.3 for further details.

It is also a condition precedent to completion of the Transaction that the terms of the Aevitas Exchangeable Securities are amended. Key aspects of these amendments include a reduction of the interest rate payable or dividend entitlement on the Aevitas Exchangeable Securities, changes to the circumstances that will allow redemption and a requirement that the proceeds of redemption will be automatically reinvested into new VivoPower International Shares, subject to obtaining any additional shareholder approvals required at the time of reinvestment. If the Transaction proceeds, VivoPower International will also guarantee the obligations of Aevitas under the Aevitas Exchangeable Securities.

AWN, via AASSF-1, holds approximately 80.9% of the Aevitas Exchangeable Securities while entities associated with Kevin Chin hold approximately 0.2% of the Aevitas Exchangeable Securities as well as a 5.5% interest in AASSF-1.

Based on current holdings of the Aevitas Exchangeable Securities, it is anticipated that this reinvestment would have the impact of increasing VivoPower International's ordinary equity by A\$31.5m had such reinvestment occurred at 30 June 2016.

See Section 7.4 for further details of the Aevitas Amendments.

#### *About ARWA*

ARWA is a special purpose acquisition company (**SPAC**) that was listed on NASDAQ in May 2015 and holds approximately US\$83m cash in trust. ARWA was established in order to enter into a merger, share exchange, asset acquisition, share purchase, recapitalisation, reorganisation or similar business combination with one or more businesses or entities. ARWA's efforts to identify a prospective target business is not limited to a particular industry or geographic region of the world although it has focused on target businesses located in the Asia Pacific region (with a particular emphasis on South East Asia and Australia) operating in the energy (including solar and alternative energy) industry. The majority of the proceeds of the ARWA initial public offer are being held in an independent trust company based in New York to be used to consummate an initial business combination, subject to all necessary approvals from ARWA Securityholders and certain other conditions being met.

ARWA's shareholders include:

- AASSF-1, which at the date of this Booklet holds approximately 5.2% of the ordinary share capital of the company;
- entities associated with Kevin Chin, which at the date of this Booklet hold approximately 15.6% of the ordinary share capital of the company;
- entities associated with John Moore, which at the date of this Booklet hold approximately 0.4% of the ordinary share capital of the company; and
- entities associated with Tony Kinnear, which at the date of this Booklet hold approximately 0.3% of the ordinary share capital of the company.

After the date of this Booklet, AWN may buy additional ARWA Ordinary Shares on NASDAQ. If AWN does so, this may impact on the figures presented in this Booklet. AWN will release updates on the ASX if any of these changes are material.

## **2.2. Rationale for Transaction**

The Transaction has the benefit of allowing AWN and its Controlled Entities to combine their interests in VivoPower International, VivoPower Australia, Aevitas and ARWA into a single investment in a newly listed next generation solar power company. AWN has invested significant capital into the entities which will be combined in the Transaction. Depending on the level of ARWA Public



Shareholder redemptions, the Transaction may also release some of the capital invested into the various businesses by AWN to be redeployed into other investment opportunities, whilst maintaining a significant shareholding in VivoPower International and its subsidiaries, enabling AWN, and indirectly Shareholders, to benefit from the growth and future success of the combined business.

Combining VivoPower International, VivoPower Australia and Aevitas will unlock significant benefits to each business and as a whole including:

- Creating a pure play solar platform with global reach, a strong pipeline of investment opportunities and a highly experienced team;
- Access to cash held by ARWA to invest in VivoPower International's strong pipeline of investment opportunities thereby enabling continued growth of the combined business;
- Providing the business with sufficient scale to access technology and growth, including greater access to capital as a NASDAQ listed entity;
- Realigning existing management and shareholders across a single capital structure and global VivoPower International incentive plan; and
- Providing operating scale for continued best practice system rollout.

### **2.3. Key terms of the Transaction**

Under the terms of the Contribution Agreement and the other transaction documents and subject to the satisfaction of certain conditions (as further outlined elsewhere in this booklet):

- ARWA will undertake a cash subscription of between approximately US\$22m and up to US\$83m (less certain transaction costs and expenses) to VivoPower International in exchange for VivoPower International Shares. The amount of the ARWA cash subscription will depend on the level of ARWA Public Shareholder redemptions and certain transaction costs and expenses. At a minimum, 6,050,150 VivoPower International Shares being subscribed for by ARWA will be acquired for a total of US\$21,958,560 (plus some residual amounts depending on the level of ARWA Public Shareholder redemptions and less certain transaction costs and expenses) with up to an additional 5,985,448 VivoPower International Shares (based on the level of ARWA Public Shareholder redemptions at the date of this Booklet) being subscribed for at a subscription price of US\$10.20 per share.
- VivoPower International will, via the purchase of OptionCo, acquire in excess of 99.9% of the Aevitas ordinary shares. The consideration paid to the holders of the Aevitas ordinary shares for this acquisition will be approximately A\$12.7 million funded by the cash subscription made by ARWA. An overview of Aevitas' operations is set out in Section 6.3 below.
- It is also a condition precedent to completion of the Transaction that the terms of the Aevitas Exchangeable Securities are amended, with the Aevitas Exchangeable Securities to remain on issue until redeemed, at which time the proceeds of redemption will be reinvested into VivoPower International Shares in accordance with their amended terms. See Section 7.4 for further details of the Aevitas Amendments.
- VivoPower International will acquire 80.1% of the ordinary shares in VivoPower Australia from the VivoPower Aus Ordinary Share Vendors (including AASSF-1 and AEH, a wholly owned AWN subsidiary) in consideration for the issue of VivoPower International Shares representing approximately 10% to 13% (depending on the level of ARWA Public Shareholder redemptions) of the post-Transaction issued capital of VivoPower International. VivoPower International will also acquire the special class of management shares from existing VivoPower Australia management for cash consideration of A\$750,000. Aevitas owns the remaining 19.9% of the ordinary shares in VivoPower Australia not being directly acquired by VivoPower International. VivoPower International will therefore directly, and through its shareholding in Aevitas, own 100% of VivoPower Australia. An overview of VivoPower Australia is set out in Section 6.3 below.

- VivoPower International will list on NASDAQ. AWN and the VivoPower Aus Ordinary Share Vendors have entered into Lockup Agreements that place customary restrictions on the relevant party's ability to deal in some of their VivoPower International Shares during the period after listing.
- After the Transaction, ARWA will distribute its VivoPower International Shares to ARWA Securityholders who do not redeem their ARWA Ordinary Shares in accordance with the terms of ARWA's constituent documents and will be wound up and liquidated in accordance with the laws of its place of incorporation.
- Subject to the level of ARWA Public Shareholder redemptions being less than 33% of the number of ARWA Ordinary Shares on issue immediately after ARWA's initial public offer, AWN will sell a portion of its VivoPower International Shares to VivoPower International via a buyback at a buyback price of US\$10.20 per share. This portion will be between 0 and up to 2,590,648 VivoPower International Shares and will depend on the level of ARWA Public Shareholder redemptions.
- ARWA Public Shareholders who do not wish to participate in the Transaction and do not wish to participate in the distribution of VivoPower International Shares that will be made by ARWA after completion of the Transaction may redeem their ARWA Ordinary Shares in accordance with the terms of ARWA's constituent documents. At the date of this Booklet, approximately 1.3% of the ARWA Ordinary Shares on issue immediately after ARWA's initial public offer have been redeemed by holders. The Transaction is conditional on holders of no more than 74% of the ARWA Ordinary Shares on issue immediately after ARWA's initial public offer exercising their redemption rights.
- On completion of the Transaction, Vivo USA, a wholly owned subsidiary of VivoPower International, will pay a US\$5,800,000 fee to AWN for project management and ancillary services that AWN has and will continue to provide to Vivo USA and its related entities in relation to and as preparation for the Transaction.
- On completion of the Transaction, ARWA and VivoPower International and their Controlled Entities will repay certain amounts owed by them to AWN and its Controlled Entities and to entities associated with Kevin Chin. These amounts do not include amounts owed under the Aevitas Exchangeable Securities which will remain on issue after completion of the Transaction.
- On 3 November 2016, ARWA Shareholders approved an extension to the deadline for ARWA to complete its initial business combination. ARWA will now need to complete its initial business combination before 9 January 2017 (unless a further extension is approved). In order to obtain this extension, certain parties, which may include AWN and entities associated with Kevin Chin will lend ARWA up to US\$434,040. The amount lent is calculated based on the number of holders of ARWA Ordinary Shares who do not exercise redemption rights in conjunction with this extension and the period of the extension that is actually required until ARWA's initial business combination is completed. If an initial business combination does not complete before the deadline for ARWA to complete its initial business combination, these loans must be forgiven by the lenders and the lenders will not receive any return on their loans. If an initial business combination does complete before the deadline, the loans will be repaid with no interest.

### **3. Relevant considerations for Shareholders**

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#### **3.1. Introduction**

The purpose of this Section 3 is to identify significant issues for Shareholders to consider in relation to the Transaction.

Before deciding how to vote at the General Meeting, Shareholders should carefully consider the factors discussed below, as well as the other information contained in this Booklet.

#### **3.2. Why you should vote in favour of the Resolutions**

Reasons why Shareholders may decide to vote in favour of the Resolutions include the following:

- The Transaction will combine a number of complementary businesses and provide funds to enhance VivoPower International's continued global expansion. As noted in Section 3.5 below, in the absence of the Transaction, AWN would need to activate other sources of debt and/or equity funding in order to further the expansion of VivoPower International.
- The Transaction will broaden the VivoPower International investor base and provide VivoPower International with independent access to capital, which is beneficial for the long term sustainability and future growth of VivoPower International. VivoPower International will also benefit from an increased standing and profile in the United States and United Kingdom markets by virtue of the Business Combination, which will enhance its brand and therefore its ability to attract staff, financing and investment opportunities in the future.
- AWN will maintain exposure to VivoPower International and hence participate in the benefits to be derived from the ongoing growth of VivoPower International. As noted above, based on AWN's interests in ARWA at the date of this Booklet AWN and its Controlled Entities expect to own between approximately 31% and 58% of VivoPower International Shares, providing material exposure to future upside in the business.
- Depending on the level of ARWA Public Shareholder redemptions, the Transaction could allow AWN to reduce the concentration of its portfolio of businesses, which is consistent with its diversified conglomerate model. While VivoPower International and the entities that it will acquire in the Transaction contributed less than 1% of AWN's net income in the period to 30 June 2016, they represented almost 50% of the total assets of AWN as at 30 June 2016.
- Depending on the level of ARWA Public Shareholder redemptions, AWN could receive a return on its investment in VivoPower International and be able to redeploy capital into other investment opportunities, thereby diversifying its earnings base.

#### **3.3. Why you may vote against the Transaction**

Shareholders may decline to approve the Resolutions for a number of reasons. These may include the following:

- The Independent Expert has concluded that the Transaction is not fair but is reasonable to Shareholders not associated with ARWA. You are not obliged to follow that recommendation.
- You may consider that a greater portion of the benefits of the growth in VivoPower International should be funded and retained by AWN for the benefit of Shareholders. However, as noted elsewhere, in order to capture these benefits AWN would need to fund this growth from additional debt or equity funding, including the potential issue of Shares.
- You may consider it premature to partially realise the investment in VivoPower International given the strong forecast earnings growth forecast by VivoPower International management. As detailed in its presentation released to the ASX on 12 August 2016 (as updated on 19 October 2016), the management of VivoPower International has prepared forecasts (based on assumptions including that the Transaction proceeds and that VivoPower International has greater access to capital as a result). See sections 7.1.4, 7.1.5 and 7.1.6 of the Independent

Expert's Report for more information. In addition, you should note that even if the Transaction proceeds, AWN will continue to maintain a material shareholding in VivoPower International and therefore benefit from its expected future growth and success.

- You may consider there is a risk that the Transaction will not result in a valuation for VivoPower International which is fair having regard to its financial profile as forecast by VivoPower International management, earnings visibility and long term growth outlook. However, as outlined above, the forecast financial profile and other factors are based on the Transaction proceeding. Should the Transaction not proceed, there is no certainty that the forecast earnings could be achieved even if other sources of funding are secured.
- As part of the preparations for the Transaction, the terms of the Aevitas Exchangeable Securities will be amended. Key aspects of these amendments include a reduction of the interest rate payable or dividend entitlement on the Aevitas Exchangeable Securities, changes to the circumstances that will allow redemption and a requirement that the proceeds of redemption will be automatically reinvested into new VivoPower International Shares, subject to obtaining any additional shareholder approvals required at the time of reinvestment. If the Transaction proceeds, VivoPower International will also guarantee the obligations of Aevitas under the Aevitas Exchangeable Securities.
- On completion of the Transaction, AWN will have a significant interest in VivoPower International which is a UK incorporated, public limited company that will be listed on NASDAQ. AWN, through AASSF-1, will also hold Aevitas Exchangeable Securities. This may result in additional regulatory burdens and accounting complexities and may increase the administrative costs faced by AWN.

### **3.4. Risks of Transaction**

While AWN considers the benefits for Shareholders far outweigh the risks, there are a number of risks to Shareholders associated with the Transaction. Additionally, there are a number of risks regarding the business operated by VivoPower International and risks associated with AWN owning a significant interest in VivoPower International while it is listed on NASDAQ. See Section 5 for details.

### **3.5. Key implications if the Transaction does not proceed**

If Shareholders do not pass the Resolutions or if any other condition to the Transaction is not satisfied and the Transaction does not proceed:

- The Contribution Agreement will be terminated in accordance with its terms.
- VivoPower International will remain a wholly owned subsidiary of AWN and its securities will not be quoted on NASDAQ.
- The Preparatory Acquisitions will not be completed.
- The terms of the Aevitas Exchangeable Securities will not be amended and will remain on issue in their current form until redeemed in accordance with their current terms.
- AWN will not receive the project management fee of US\$5.8 million.
- AWN will be required to itself fund or procure that VivoPower International and its other Controlled Entities fund the proposed expansion of operations of VivoPower International. VivoPower International will not have access to the cash from ARWA to be provided to it under the Transaction, anticipated to be in the range of US\$22m to up to US\$83m depending on the number of ARWA Public Shareholder redemptions and less certain transaction costs and expenses.

- If ARWA is unable to complete an alternate initial business combination before its deadline to complete an initial business combination (currently 9 January 2017), it will trigger ARWA's automatic winding up, dissolution and liquidation in accordance with its constituent documents. If this occurs:
  - the ARWA Ordinary Shares issued in ARWA's initial public offering (**ARWA Public Shares**) will entitle the holder to participate in the liquidation and receive up to US\$10.253 for each of those ARWA Ordinary Share;
  - the ARWA Ordinary Shares that were not issued in ARWA's initial public offering (**ARWA Founder Shares**) will not entitle the holder to participate in the liquidation; and
  - the entities who provided loans to ARWA to obtain the extension of time to complete an initial business combination will not receive any repayment of those loans.

At the date of this Booklet:

- AWN, through AASSF-1, holds 556,010 ARWA Founder Shares;
- entities associated with Kevin Chin hold 144,000 ARWA Public Shares and 1,529,347 ARWA Founder Shares;
- entities associated with John Moore hold 10,000 ARWA Public Shares and 31,597 ARWA Founder Shares; and
- entities associated with Tony Kinnear hold 35,000 ARWA Public Shares.

### **3.6. Independent Expert**

The Independent Expert has concluded that:

*“in our opinion, the Proposed Transaction is not fair but reasonable to the AWN shareholders not associated with Arowana Inc.”*

The Independent Expert's Report is set out in full in Appendix 2 of this Booklet and you are strongly encouraged to read that report as part of your assessment of the Transaction.

## **4. Impact on AWN**

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### **4.1. Implication of the Transaction**

Unless expressly stated otherwise, the information regarding AWN and VivoPower International set out in this Booklet and the other information publicly released by AWN, VivoPower International and ARWA about this Transaction and VivoPower International's expected financial performance is based on the assumption that the Transaction is completed in accordance with the terms of the Contribution Agreement and the associated transaction documents.

At the date of this Booklet, AWN is the sole shareholder of VivoPower International. At the date of this Booklet, AWN also owns approximately 5.2% of the ordinary share capital of ARWA through AASSF-1, approximately 70.0% of VivoPower Australia's ordinary shares through AASSF-1 and AEH and approximately 80.9% of the Aevitas Exchangeable Securities through AASSF-1.

AWN may also buy additional ARWA Ordinary Shares on NASDAQ prior to completion of the Transaction. If AWN does so, this may impact on the figures presented in this Booklet. AWN will release updates on the ASX if any of these changes are material.

If the Transaction does not complete, VivoPower International, VivoPower Australia, OptionCo and Aevitas will continue to be owned by their current owners. In the case of VivoPower International and VivoPower Australia, AWN would need to fund any proposed expansion of operations. Additionally, the Aevitas Amendments will not come into effect and the current terms of the Aevitas Exchangeable Securities will continue to apply. As a result, AWN's financial position and financial performance may differ materially from that set out below.

### **4.2. Impact on AWN's financial position**

VivoPower International and the entities that will be its Controlled Entities from completion of the Transaction contributed approximately 48.6% (approximately A\$50,465,456) of AWN's total assets at 30 June 2016.

The impact of the Transaction on AWN's financial position is largely dependent on the level of ARWA Public Shareholder redemptions. At the date of this Booklet, approximately 1.3% of the number of ARWA Ordinary Shares on issue immediately after ARWA's initial public offer have been redeemed and as such this is the minimum redemption level achievable.

At the potential maximum 74% ARWA Public Shareholder redemption level, AWN will own more than 50% of VivoPower International and will therefore consolidate its results for accounting purposes. It will therefore not recognise any increase in its assets for the uplift in the value of the entity by virtue of the Transaction. However, at an ARWA Public Shareholder redemption level of between 33% and 1%, AWN will own less than 50% of VivoPower International and will therefore account for the entity as an investment on balance sheet. At a 1% redemption level, the transaction is expected to result in an increase to AWN's total assets of approximately A\$55.1m.

The other key accounting impact of the Transaction relates to whether AWN will sell down any of its VivoPower International Shares in the transaction. Where the ARWA Public Shareholder redemptions total 33% or more, AWN will not be selling down any of its shares in VivoPower International. However, at a 1% redemption level, AWN will sell down a 15% shareholding in VivoPower International at a price of US\$10.20 per share. From an AWN perspective, the sell down will result in an increase in AWN's cash balance as a result of the Transaction.

Further details on the impact of the Transaction on AWN's financial position, had it taken place at 30 June 2016, are set out in the following unaudited consolidated pro forma AWN statement of financial position. Depending on the level of ARWA Public Shareholder redemptions, the Transaction may have an impact on AWN's consolidated cash and debt balance.

A\$(‘000s)	Audited 30 June 2016	74% redemptions	33% redemptions	1% redemptions
<b>Current assets</b>				
Cash and cash equivalents	20,304,671	30,709,708	20,213,545	54,693,679
Trade and other receivables	1,780,520	7,720,649	9,348,646	9,348,646
Other current assets	219,275	17,904,238	187,491	187,491
Current tax assets	-	-	-	-
Current assets classified as held-for-sale	50,465,456	-	-	-
<b>Total current assets</b>	<b>72,769,922</b>	<b>56,334,595</b>	<b>29,749,681</b>	<b>64,229,816</b>
<b>Non-current assets</b>				
Investments accounted for using cost method	-	-	-	-
Investments in available for sale financial assets	7,560,082	-	-	-
Investments accounted for using equity method	8,629,822	8,629,822	35,815,895	36,060,588
Other financial assets	3,492,010	2,728,950	27,090,583	27,090,583
Other non-current asset	497,350	497,350	497,350	497,350
Related party loans - non current assets	-	-	20,156,569	20,156,569
Property, plant & equipment	328,631	3,274,490	328,631	328,631
Deferred tax asset	8,282,003	8,753,111	8,282,003	8,282,003
Intangible assets	2,201,040	45,080,785	2,201,040	2,201,040
<b>Total non-current assets</b>	<b>30,990,938</b>	<b>68,964,508</b>	<b>94,372,071</b>	<b>94,616,764</b>
<b>Total assets</b>	<b>103,760,860</b>	<b>125,299,103</b>	<b>124,121,753</b>	<b>158,846,580</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables - current liabilities	1,807,693	6,577,709	2,395,661	2,395,661
Deferred income	-	-	-	-
Current tax liabilities	66,933	87,183	66,933	66,933
Current provisions	168,500	1,907,989	168,500	168,500
Interest bearing liabilities - current liabilities	45,818	2,186,373	45,818	45,818
Current liabilities classified as held-for-sale	2,202,269	-	-	-
<b>Total current liabilities</b>	<b>4,291,213</b>	<b>10,759,254</b>	<b>2,676,912</b>	<b>2,676,912</b>

A\$('000s)	Audited 30 June 2016	74% redemptions	33% redemptions	1% redemptions
<b>Non-current liabilities</b>				
Trade and other payables - non current liabilities	-	-	-	-
Non-current provision	33,894	305,464	33,894	33,894
Interest bearing liabilities - non current liabilities	30,610	4,309,935	30,610	30,610
Deferred tax liability	-	-	-	-
Related party loans - non current liabilities	-	-	-	-
<b>Total non-current liabilities</b>	<b>64,504</b>	<b>4,615,399</b>	<b>64,504</b>	<b>64,504</b>
<b>Total liabilities</b>	<b>4,355,717</b>	<b>15,374,653</b>	<b>2,741,416</b>	<b>2,741,416</b>
<b>Net assets</b>	<b>99,405,143</b>	<b>109,924,450</b>	<b>121,380,337</b>	<b>156,105,164</b>
<b>EQUITY</b>				
Issued capital	59,948,004	59,948,004	59,948,004	59,948,004
Reserves	(12,695,607)	(12,695,607)	(12,711,751)	(12,742,947)
Retained earnings	49,304,286	41,748,460	72,788,172	107,544,195
<b>Equity attributable to parent interest</b>	<b>96,556,683</b>	<b>89,000,857</b>	<b>120,024,425</b>	<b>154,749,252</b>
Equity attributable to non-controlling interest	2,848,460	20,923,594	1,355,912	1,355,912
<b>Total Equity</b>	<b>99,405,143</b>	<b>109,924,450</b>	<b>121,380,337</b>	<b>156,105,164</b>

#### 4.3. Impact on AWN's financial performance

VivoPower International and the entities that will be its Controlled Entities from completion of the Transaction contributed approximately 0.9% (approximately \$271,283) of AWN's net loss for the year to 30 June 2016.

Had the Transaction been consummated on 30 June 2016, the impact on AWN's financial performance would again be dependent on the level of ARWA Public Shareholder redemptions. Details of the unaudited pro forma impact on AWN's FY16 key operating results (presented in summary form) have been set out below.

A\$('000s)	Audited 30 June 2016	74% redemptions	33% redemptions	1% redemptions
Revenue	4,377,116	4,491,290	11,945,242	11,945,242
EBITDA	(32,600,476)	(35,103,836)	(11,578,732)	23,146,095
EBIT	(32,781,422)	(35,311,636)	(11,759,678)	22,965,149
NPAT	(30,965,729)	(31,161,385)	(9,672,702)	25,052,125

#### 4.4. No impact on control of AWN

The Transaction will have no impact on the equity capital structure of AWN. Accordingly, the Transaction will have no impact on the control of AWN.



#### 4.5. Impact on future activities and direction of AWN

The AWN team will continue to focus on its strategic objective of investing in and operating businesses across a targeted range of industries that provide a high return on invested capital and a high return on invested time, meaning prioritisation of investment and operating decisions that maximise returns on capital and time spent.

As at 30 June 2016, AWN had approximately A\$20m cash on hand. If the Transaction proceeds, AWN could receive up to A\$34.4m in cash from the Transaction (based on the 1% redemption scenario – which unlocks the most cash of any achievable scenario). The AWN management team is actively reviewing a number of value accretive investment opportunities for AWN across Australia and Asia. In particular, the team has identified a number of attractive high growth opportunities in Australia and Asia where AWN can not only use its disciplined investment and operational processes to create shareholder value but leverage its strong networks. As always, the AWN team will continue to apply its disciplined forensic approach in assessing any investment opportunities and will continue to apply a long term mindset in all investment and operational activities.

In addition to the cash AWN receives from the Transaction and AWN's ongoing interest in VivoPower International, AWN, via AASSF-1, holds approximately 80.9% of the Aevitas Exchangeable Securities. As a result of the Aevitas Amendments that will be implemented if the Transaction proceeds, on redemption of these Aevitas Exchangeable Securities the proceeds of redemption will be automatically reinvested into new VivoPower International Shares, subject to obtaining any additional shareholder approvals required at the time of reinvestment. If the Transaction proceeds, VivoPower International will also guarantee the obligations of Aevitas under the Aevitas Exchangeable Securities.

Assuming all of the Aevitas Exchangeable Securities are redeemed at the same time, it is currently anticipated that this automatic reinvestment will increase VivoPower International's ordinary equity by A\$31.5m had such reinvestment occurred at 30 June 2016.

AWN has no current intention to sell-down its stake in VivoPower International, and is subject to customary lock-up provisions which would be expected for a transaction of this nature. For further information about these lock-up arrangements, see Section 7.3.

#### 4.6. Payment under LTVCP

AWN has in place a long term value creation plan (**LTVCP**) and the ability to make payments under that plan to Mr Kevin Chin, a Director or an entity controlled by Mr Chin, as well as to other qualifying members of the AWN team.

The LTVCP is an incentive plan whereby AWN enterprise office employees as a group will have the opportunity to acquire shares equal in value to 20% of any outperformance above an average 8% per annum of AWN's enterprise value (with relevant adjustments for any debt or equity raised or returned) calculated over a 5 year period from 17 November 2014 (the date the last payment was made under the prior LTVCP plan). The LTVCP's objective is to incentivise the AWN team to enhance fundamental value over the long term by improving the operational performance of its businesses and to compensate for the significantly lower than market base salaries that the team including Kevin Chin are paid. Whilst calculated over a 5 year period, it represents an important element of AWN's modus operandi in terms of attracting and retaining the right long term minded staff as well as to incentivise and energise them to maximise sustainable growth and value creation over the long term. AWN will however, make an early payment under the LTVCP if an 'Early Trigger Event' occurs. Implementation of the Transaction may constitute an Early Trigger Event.

If the Transaction is implemented, AWN may make a payment under the LTVCP to eligible AWN enterprise office employees. The precise amount that would be paid cannot presently be determined as it is contingent upon whether the Transaction proceeds, the exact date of completion as well as certain other factors used to calculate the LTVCP which cannot be quantified until the Transaction is completed. The amount payable will be announced to the market through the ASX when the precise payment under the LTVCP can be calculated.

Shareholders should note that Kevin Chin has confirmed he will donate a material portion of any LTVCP proceeds he receives to a charitable non-profit trust.

## 5. Risk Factors

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### 5.1. Overview

There are a number of factors, both specific to AWN and of a general nature, which may affect the future operating and financial performance of VivoPower International and the outcome of an investment in VivoPower International. There can be no guarantees that AWN or VivoPower International will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

Section 5.2 describes certain, but not all, risks associated with an investment in VivoPower International.

Additional information about some of these risks has been disclosed in the Registration Statement. A copy of that document can be obtained from the SEC filings website. VivoPower International's SEC filings can be obtained from the SEC filings website at <https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

### 5.2. Risks associated with VivoPower International's existing business

#### *General economic risks*

- Due to the general economic environment in various jurisdictions and other factors such as access to capital markets to enable continued growth in the business, VivoPower International may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund its operations.
- An increase in market interest rate levels could result in customers requiring higher rates of return and therefore impact on both demand for solar projects and VivoPower International's ability to sell them to its customers profitably.
- Changes in current and forecast electricity price expectations can potentially have a material impact on the profitability of solar projects and the level of demand from potential customers and financiers. While VivoPower International primarily targets solar projects backed by fixed price PPAs, they may acquire projects that sell electricity at wholesale market rates from commencement or that have PPAs expiring before the end of a project's useful life, thereby exposing the project to current and future market electricity prices.

#### *Transfer and financing risks*

- VivoPower International makes significant investments in building, acquiring and/or financing solar energy projects, and the delayed sale of its projects or the inability to sell or transfer projects to other long term funding vehicles would adversely impact on VivoPower International's cashflows and profitability.
- If VivoPower International is unable to enter into new financing agreements when needed, or upon desirable terms, for the construction and installation of its solar energy systems, or if any of its current financing partners discontinue or materially change their future financing terms, VivoPower International may be unable to finance projects or borrowing costs could increase.
- VivoPower International may be unable to obtain favourable financing from vendors and suppliers of key project equipment which could impact on its ability to invest in or build certain projects.

#### *Market and regulatory risks*

- VivoPower International has a strong pipeline of investment opportunities currently being assessed. However, if a number of projects in its pipeline are not acquired or completed, its ability to deliver financial results and growth in line with its forecasts would be compromised.

- VivoPower International's business depends on the solar industry, which is impacted by the availability and size of government and economic incentives that may ultimately be reduced or eliminated, especially as solar panel prices continue to fall and the market matures.
- The profitability of VivoPower International's Australian business is impacted by the market price of Large Scale Generation Certificates, which have historically been highly volatile and impacted by government policies which are subject to change.
- VivoPower International operates in a highly regulated industry. Both existing regulations and policies governing the electric utility industry, as well as changes to these regulations and policies, may adversely affect VivoPower International's ability to execute its business plan and offering to customers.
- Certain PPAs signed in connection with government regulated counterparties may be subject to regulatory approval. There is no certainty that this regulatory approval will be obtained and/or regulatory approvals could be delayed.
- Although VivoPower International is not currently regulated as a utility in the UK, Australia or under U.S. federal or state law, or the laws and regulations of its foreign markets, it could become regulated as a utility company in the future.
- VivoPower International's operations span multiple markets and jurisdictions, exposing it to numerous legal, political, operational and other risks that could negatively affect its operations and profitability.

#### *Operational risks*

- Larger scale solar projects involve concentrated project development risks that may cause significant changes to VivoPower International's financial results. These include revenue recognition policies whereby revenue is recognised for a project within a given fiscal period upon completion and sale of a project. If there is delay to a project, periodic financial results may be materially impacted. In addition, large projects involve significant capital commitments which can materially impact cash flow. In large scale projects, delays to regulatory approval, construction, equipment delivery or other operational issues can all have a relatively large impact on VivoPower International's financial results.
- If VivoPower International does not respond to rapid market changes in the solar energy industry, including identification of new technologies and their inclusion in the services offered by VivoPower International, it could impact VivoPower International's ability to compete with other market participants.
- As part of the Transaction, VivoPower International will be merging three separate businesses with distinct project pipelines, products and technologies. In the future, VivoPower International may also undertake further acquisitions or enter into joint ventures or other strategic initiatives. VivoPower International may not realise the anticipated benefits of these acquisitions and each acquisition has numerous risks. These risks include the following:
  - difficulty integrating the operations of the businesses and their staff;
  - disruption to day-to-day activity and operations;
  - inability to achieve the financial and strategic objectives for the acquired and combined businesses due to insufficient capital or poor execution of strategy; and
  - potential delay in customer decisions pending certainty about the future of the business within the context of the group.
- VivoPower International may not be able to locate and acquire interests in additional, attractive clean energy power generation facilities from unaffiliated third parties at favourable prices.

- VivoPower International may incur additional costs or delays in completing the construction of the projects in its portfolio which could adversely affect cashflows and its profitability.
- Integration of the Aevitas business carries with it various risks. These include the need to retain a specialised workforce, risk of injuries from electrical and mechanical operations and the use of short term and fixed price contracts which are vulnerable to cost overruns.
- The accounting treatment for many aspects of the VivoPower International business is complex, and changes to accounting interpretations or rules applying to the VivoPower International business could have a material adverse effect on reported results.
- If VivoPower International loses its 'Foreign Private Issuer' status under NASDAQ rules, it could incur significant additional cost and expense given the less onerous requirements for foreign private issues in respect of reporting, disclosure and accounting requirements.
- Certain elements of VivoPower International's structure, including the Incentive Plan and provisions in its articles of association may frustrate or prevent an attempted change of control or takeover offer being consummated.

### **5.3. Risks associated with AWN retaining a significant shareholding in VivoPower international**

If the Transaction proceeds, AWN will retain a significant shareholding in VivoPower International. Depending on the level of ARWA Public Shareholder redemptions, this significant shareholding may be a majority shareholding. In addition to this significant shareholding in VivoPower International, through its Controlled Entities AWN will also hold Aevitas Exchangeable Securities. Some of the key risks associated with these positions are set out below:

- Under the Transaction, AWN's interest in VivoPower International will be reduced. There is a risk that the Transaction does not fairly value VivoPower International.
- VivoPower International will need to comply with ongoing compliance and reporting requirements including in relation to NASDAQ, SEC and UK corporate law. As the largest shareholder of VivoPower International (including potentially the majority shareholder), this may increase the regulatory burdens placed on AWN.
- VivoPower International will have a number of minority shareholders and the board of VivoPower International will need to act in the best interests of all shareholders as a whole. UK company law requires VivoPower International to act fairly between its shareholders rather than just in the interests of the majority shareholders.
- VivoPower International will have its own separately administered executive remuneration plan that is different and in addition to AWN's remuneration arrangements and which is aimed at aligning the interests of participants with the interests of VivoPower International. Even though AWN will be the majority shareholder of VivoPower International on completion of the Transaction, these interests may not completely align with AWN's interests.
- AWN and some of its Controlled Entities will be subject to customary lock-up arrangements in relation to their VivoPower International Shares. This will place certain restrictions on the ability of AWN and its Controlled Entities to deal in their VivoPower International Shares for a period of time even though VivoPower International will be listed on NASDAQ. This means that even if AWN wanted to sell down its interest in VivoPower International, it would be restricted from doing so for a period of time after completion of the Transaction.
- AWN will continue to hold the Aevitas Exchangeable Securities after completion of the Transaction. As a condition precedent to completion of the Transaction, the terms of the Aevitas Exchangeable Securities are being amended. These amended terms may result in a reduced potential return on the Aevitas Exchangeable Securities.

## 6. VivoPower International

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### 6.1. Basis of preparation

Unless otherwise expressly stated, this Section 6 sets out information regarding VivoPower International on the assumptions that the Resolutions are passed, each other condition precedent contained in the Transaction Documents is satisfied and the Transaction is completed in accordance with the terms of the Contribution Agreement and associated transaction documents. It does not necessarily reflect the position of VivoPower International and its Controlled Entities as at the date of this Booklet or the position of VivoPower International, VivoPower Australia, Aevitas or AWN if the Transaction does not proceed.

### 6.2. Overview

Solar power is the world's largest potential energy source and is the fastest-growing form of renewable energy. According to the International Energy Agency, cumulative installed solar capacity increased at an average annual growth rate of 49% between 2003 and 2014. Yet, today, solar energy's contribution to global energy generation is insignificant, contributing *less than 1% globally*; even as the costs of solar panels has dropped more than 75% over the same time period.

As a result, this is a pivotal moment in the acceleration of massive energy industry change. Enabled by strong capital availability and "smart" technology penetration, the solar industry is growing at exponential levels. VivoPower International's platform sits at what its management team sees as the nexus of that industry value chain.

VivoPower International is a global next generation solar power company that operates a BTO model to establish an installed solar power asset base in a capital efficient manner. VivoPower International intends to leverage this asset base to sell DG power and manage data driven energy services for CIG customers.

VivoPower International is building a comprehensive solar business platform focused on optimising outcomes for all of its stakeholders. VivoPower International will provide capital and development and structuring solutions for solar project developers and asset owners to enable them to efficiently develop projects in an expedited manner. Leveraging this installed asset base, VivoPower International will then deliver green energy to its customers. In addition to its asset development strategy, VivoPower International invests in financial and technology assets in a strategically coordinated way, leading to an increasingly optimised energy service experience for its customers.

The global energy architecture is increasingly becoming decentralized and digitized as today's internet connected devices are able to measure, monitor and analyse energy supply and demand in real time. The management of VivoPower International believe that VivoPower International's capabilities in data analytics and emerging technologies will allow it to capitalise on these trends and become a leader in energy efficiency, storage, demand management, remote energy and grid design.

#### *VivoPower International's current service offering*

The current services offered by VivoPower International are:

- Service and asset optimisation - Ongoing asset monitoring, performance management and production optimisation using next generation solar analytics technology.
- Rooftop CIG – Provision of financing, structuring, advisory and other asset development services for developers of rooftop CIG solar projects.
- Groundmount - Provision of financing, structuring, advisory and other asset development services for developers of groundmount solar projects.
- Power generation solutions - Following the integration of Aevitas, VivoPower International will also provide power generation solutions including the design, supply, installation and maintenance of power systems and control systems for a range of clients.

### *Future service offerings*

It is currently intended that in the future, VivoPower International's services may include:

- Energy efficiency and storage - Financing and delivery of LED solutions and battery and other energy storage solutions.
- Smart Power- Holistic energy solutions, energy audits, demand management and renewable energy credit trading.
- Technology and new energy - Development and ownership of proprietary energy technology, off-grid and remote energy solutions.

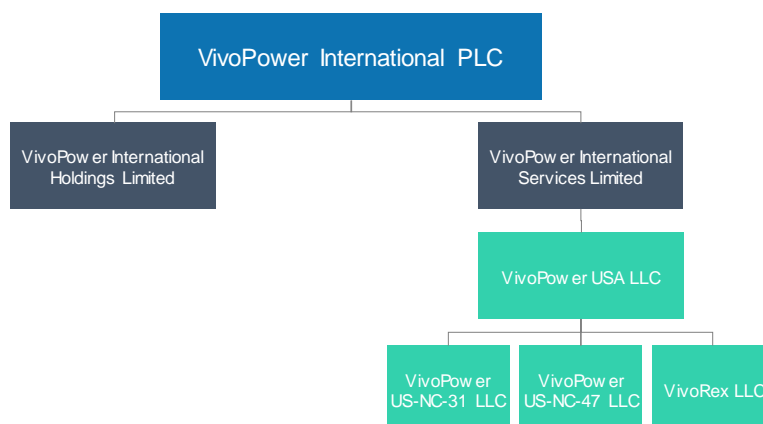
VivoPower International has identified core geographies and industry sectors to focus on. VivoPower International's primary strategy is centered on OECD countries and countries making up the Association of Southeast Asian Nations where grid parity currently exists (or where VivoPower International's management believes it will soon exist) for utility and CIG customers. Additionally, VivoPower International will take an opportunistic approach in select other markets if opportunities arise.

### **6.3. History and Corporate Structure**

VivoPower International was formed as a wholly owned subsidiary of AWN on 1 February 2016 as a UK incorporated, public limited company. It has subsidiaries in the US and UK.

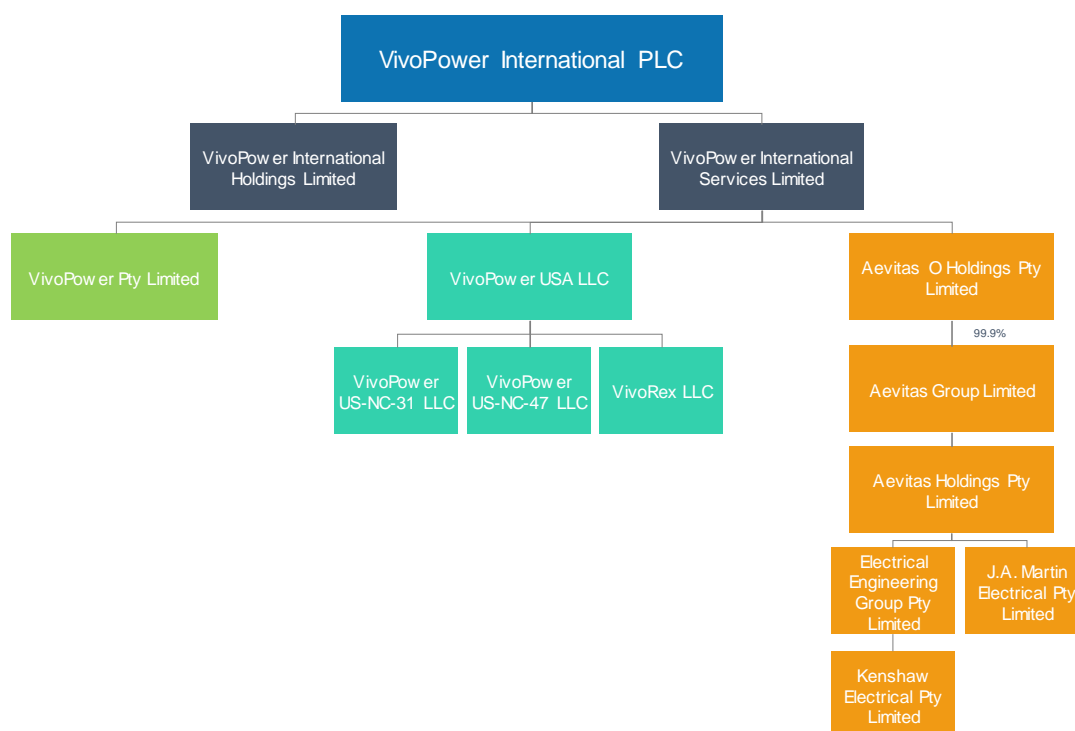
The current simplified corporate structure of VivoPower International and its key subsidiaries is set out below.

#### *Current simplified group structure of VivoPower International*



Following completion of the Transaction, the VivoPower International group will include VivoPower Australia and Aevitas. The simplified corporate structure of VivoPower International and its key subsidiaries following completion of the Transaction is set out below.

*Simplified group structure of VivoPower International following the Transaction*



*VivoPower International Services Limited (“Midco”)*

Midco is a 100% owned subsidiary of VivoPower International and is the holding company for VivoPower International’s current operating subsidiary in the United States, VivoPower USA, LLC.

At the date of this Booklet, MidCo is a wholly owned subsidiary of VivoPower International. Following completion of the Transaction and adoption of the Incentive Plan, certain eligible employees, consultants and directors of VivoPower International and its subsidiaries (if approved by VivoPower International’s Remuneration Committee) may hold a class of non-voting shares in MidCo. See Section 6.13 for details of the Incentive Plan.

*VivoPower Australia*

VivoPower Australia was established on 8 August 2014 as a proprietary limited company in Australia. VivoPower Australia is a next generation renewable energy company investing in the origination, financing, build, transfer, operation, maintenance and optimization of solar electricity generation facilities in Australia and Asia. Its initial majority shareholder was Hadouken, with AWN subsequently acquiring an initial interest in VivoPower Australia on or around 29 August 2014 through its shareholding in the AASSF-1. Other current shareholders include Aevitas, VivoPower Australia management as well as AEH, a wholly owned AWN subsidiary.

Following the Transaction, 80.1% of VivoPower Australia’s ordinary shares will be held by MidCo, a wholly owned subsidiary of VivoPower International and 19.9% will be held by Aevitas. MidCo will also own all of the Series B redeemable preference shares in VivoPower Australia which will be converted into ordinary shares in VivoPower Australia after completion of the Transaction.

*Aevitas*

OptionCo was established on 1 June 2016 and is an Australian proprietary limited company. It holds options to acquire more than 99.9% of the Aevitas ordinary shares, an Australian unlisted public company established on 28 February 2013.

Aevitas provides energy and power generation solutions including design, supply, installation and maintenance of power systems, control systems, with an increasing focus on solar and renewable energy, and energy efficiency products and strategies.

Aevitas' operating subsidiaries are J.A. Martin Electrical Pty Limited (**JA Martin**) and Electrical Engineering Group Pty Limited, which in turn owns Kenshaw Electrical Pty Limited (**Kenshaw**).

JA Martin has been operating primarily in Tomago in Newcastle, New South Wales, Mount Thorley in the Hunter Valley, New South Wales and Gunnedah in western New South Wales for over 40 years. JA Martin's three main product and service channels relate to its switchboards control rooms, electrical maintenance and service and electrical contracting projects divisions.

Kenshaw has been operating from Cardiff in Newcastle, New South Wales, for over 20 years. Kenshaw provides power generator sales and servicing, electrical motors installation and servicing, motor management services and non-destructive preventative maintenance testing. Customers include hospitals, data centres, and a range of government departments and industrial businesses.

Aevitas' mission is to be its customers trusted integrated power expert. Aevitas' website is at [www.aevitas.com.au](http://www.aevitas.com.au).

#### **6.4. Anticipated capital structure**

The pro forma capital structure of VivoPower International prepared on the basis that the Transaction completed on 31 March 2016 is set out in section 1 of the Independent Expert's Report.

#### **6.5. Industry Background**

##### *Energy markets*

Energy is one of the world's largest industries. In the United States expenditure on energy comprises approximately 8.0% of GDP.

Over the last 20 years, global primary energy consumption has grown at a rate of approximately 2.0% per annum. By fuel mix, approximately 90% of global primary energy consumption is sourced from fossil fuels such as oil, coal and natural gas. These three fossil fuels are responsible for almost all carbon dioxide emissions from primary energy consumption.

##### *Electrification of energy markets and economic energy storage*

One of the key long term trends in energy markets has been the electrification of society. For example, in the United States consumption of electricity had increased from 16% of total energy consumption in 1955 to 39% in 2015. When the increasing use of electricity is examined by sector, the same pattern is evident, with transport being the only major energy consumption sector not having shown this pattern of electrification.

To date the key barrier for electrification of the transport sector has been economic energy storage. Yet the cost of lithium ion batteries has declined more than 50% since 2010. Given Solar PV's intermittency, whereby electricity is only generated in daylight hours, economic energy storage may greatly expand the addressable market of Solar PV.

##### *Solar Photovoltaic electricity generation*

Whilst there are several alternative solar power production technologies such as Solar Thermal and Concentrating Solar Production, Solar Photovoltaics (**Solar PV**) is the dominant form of solar power production in the world today.

The dominant form of Solar PV today is silicon based, which accounts for over 90% of the Solar PV market. Silicon is the second most abundant material in the earth's crust and is typically produced and cut as wafer form polysilicon or monosilicon.

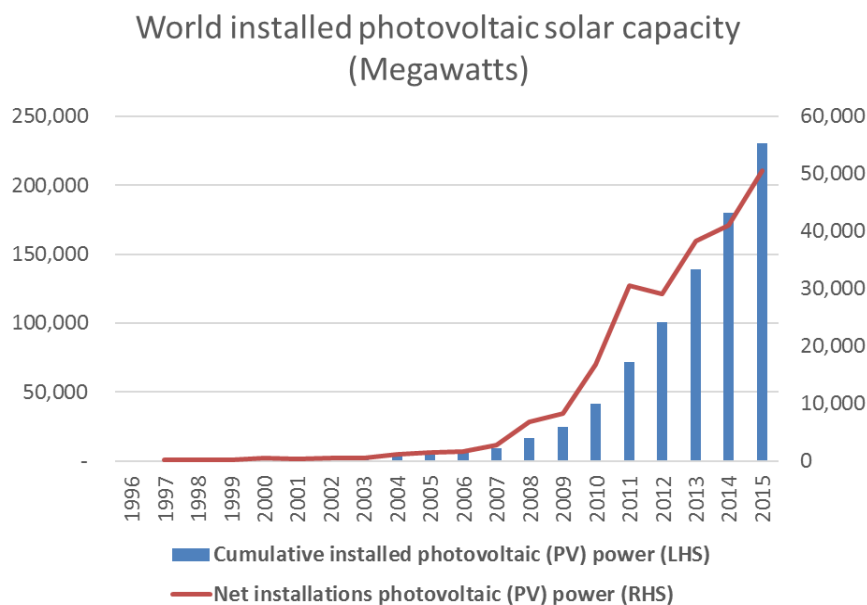
##### *Solar PV – increases in efficiency and reductions in cost*

Solar energy's share of primary energy production has historically been negligible. Key reasons for very low historical solar energy usage rates were its high cost and low energy conversion efficiency.



Rapid improvement in energy conversion efficiency and reduced costs of Solar PV cells are driving the increase in Solar PV installations globally.

Over the last 10 years, the average annual growth rate in global installed Solar PV capacity has run at 47.4% and the average annual growth in net annual installations has run at 50.0%<sup>1</sup>.



Source: BP Statistical Review of World Energy

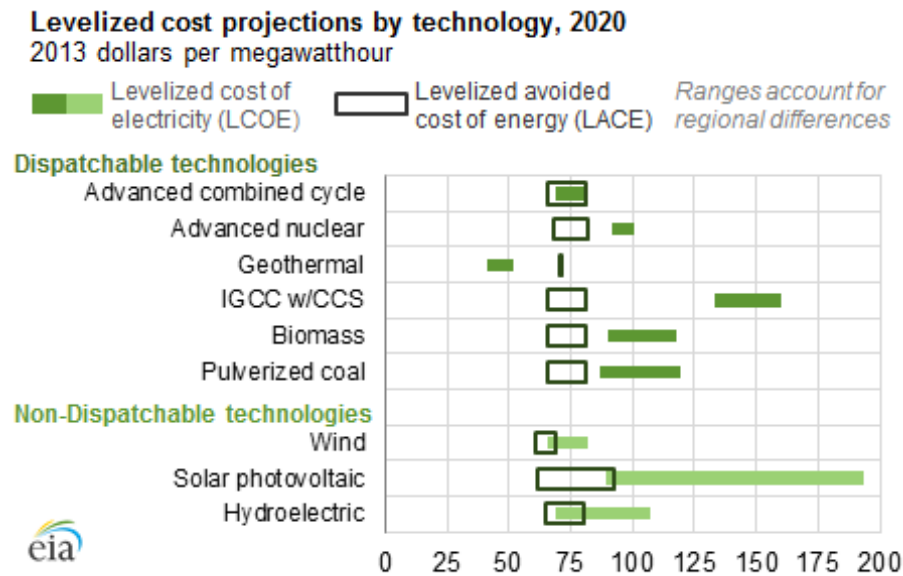
#### *Key drivers of demand for Solar PV*

Solar PV is largely a capital expenditure item, in that the fuel (sunlight) is free. Conventional electricity is typically bought from a utility company on a usage basis. Typically, a utility would charge on a dollar per kilowatt hour basis (\$/kWh).

In order to compare the cost of Solar PV to the costs of other electricity sources, a levelized cost of energy (**LCOE**) calculation is performed. The LCOE calculation takes variables such as capital cost, energy output, cost of finance and operating costs and converts them to a usage basis such as \$/kWh.

<sup>1</sup> BP Statistical Review of World Energy 2016, dataset, tab "Solar Capacity"

### Levelized Cost of Electricity - US Dollars per Megawatt Hour



Source: U.S. Energy Information Administration, Levelized Cost and Levelized Avoided Cost of New Generation Technologies in the Annual Energy Outlook 2015 (AEO2015). IGCC is integrated gasification combined cycle; CCS is carbon capture and sequestration.

In the early years of solar, subsidies and incentives were critical factors in stimulating demand, due to the fact that for many end users, solar power was more expensive than the alternative energy sources.

However, the confluence of increasing efficiency and the falling cost of Solar PV on a dollar per Watt (\$/W) basis has led to the phenomenon of grid parity, which describes the situation where solar is at least as cheap as grid power on a life cycle basis. Grid parity conditions exist in an increasing number of electricity markets globally.

#### 6.6. Investment rationale

VivoPower International's strategy is to build a high growth next generation green energy company that is based on distributed energy, intelligence, data and information with lower capital intensity than traditional players and increasing recurring income and free cash flows.

VivoPower International's key investment merits include:

- **Strong industry tailwinds:** VivoPower International believes that a confluence of declining costs, political support in key markets and a groundswell of boardroom and community support for clean power will accelerate the take-up of solar PV, driving sustainable growth;
- **Large global addressable market:** VivoPower International's business model and product and service offering is easily scalable and relevant to a diverse range of customers and across geographies;
- **Recurring contracted revenues:** As the installed asset base grows, VivoPower International's management expects that an increasing share of revenue base will be derived from power support services under long term contracts, delivering an increasing stream of recurring cashflows;
- **Capital efficient business model:** a BTO business model is capital efficient and aimed at ensuring VivoPower International delivers a superior return on invested capital relative to other renewable energy players;

- **Diversified, coherent offering:** Diverse yet complementary segments strategically position VivoPower International to take advantage of the 3 phases of energy industry disruption: (i) mass solar & storage adoption; (ii) DG proliferation; (iii) digitization of power; and
- **Diverse team composition:** VivoPower International's team comprises a diverse mix of project and corporate finance professionals, engineers, technologists and project management executives with deep renewables sector experience.

#### 6.7. VivoPower International's growth outlook

Information about VivoPower International's growth outlook has been disclosed by VivoPower International in the Registration Statement. A copy of that document can be obtained from the SEC filings website. VivoPower International's SEC filings can be accessed at <https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

The Independent Expert's Report also contains information about VivoPower International's growth outlook and pro forma balance sheet and income statement on both a historic and forecast basis.

#### 6.8. Pro forma Statement of Financial Position

The unaudited pro forma combined statement of financial position outlined in section 7.3 of the Independent Expert's Report (**Unaudited Pro Forma**) gives effect to the Transaction as if it had occurred on 31 March 2016 and accounts for:

- The standalone financial statements of VivoPower International as at 31 March 2016.
- The standalone financial statements of Aevitas as at 31 March 2016.
- The standalone financial statements of VivoPower Australia as at 31 March 2016.
- The effect to changes in the Aevitas investment prior to the Transaction as if such changes had occurred at 31 March 2016.
- VivoPower International's investment in NC-31 and NC-47 as if such investments had occurred at 31 March 2016.
- The proposed subscription for new shares in VivoPower International by ARWA as per the terms of the executed Contribution Agreement.
- The effect to the purchase price adjustments (**PP Adjustments**) and eliminations related to VivoPower International's purchase of VivoPower Australia and Aevitas. The PP Adjustments have been prepared in accordance with the recognition and measurement principles of business combination accounting under IFRS.

#### 6.9. Pro Forma Statements of Financial Performance

A summary of the unaudited historical consolidated pro forma financial performance of VivoPower International and VivoPower Australia and their Controlled Entities and excluding Aevitas and its Controlled Entities on a pro forma historic and forecast basis has been set out in section 7.1.4 of the Independent Expert's Report.

A summary of the unaudited historical consolidated pro forma financial performance of Aevitas and its Controlled Entities on a pro forma historic and forecast basis has been set out in section 7.2.4 of the Independent Expert's Report.

The pro forma statements of financial performance are based on a combination of the historic and forecast results of VivoPower International, VivoPower Australia and Aevitas assuming the Business Combination and investment of capital from ARWA occurred on the first day of the respective financial years.

## **6.10. Board of VivoPower International**

As at the date of this Booklet, there are 5 directors proposed to be appointed to the board of VivoPower International prior to completion of the Transaction. Details of these directors are set out below. It is also anticipated that an additional director will be appointed to the VivoPower International board prior to completion of the Transaction.

### **Kevin Chin – Chairman**

Kevin currently serves as the Executive Chairman of AWN. Kevin has extensive experience in “hands on” strategic and operational management having served as CEO, CFO and COO of various companies across a range of industries, including solar energy, software, traffic management, education, funds management and vocational education.

He also has significant international experience in private equity, buyouts of public companies, mergers and acquisitions and capital raisings as well as funds management, accounting, litigation support and valuations.

Kevin is the founder of Arowana & Co., a diversified investment group with operations across Australia, NZ and South East Asia. Arowana & Co. has listed companies on the Australian Stock Exchange and NASDAQ and manages a number of unlisted companies.

Over his twenty year career, Kevin has held a number of strategic and operational leadership roles and was also previously with Lowy Family Group, J.P. Morgan, Ord Minnett, PWC and Deloitte.

Kevin holds a Bachelor of Commerce degree from the University of New South Wales where he was one of the inaugural University Co-Op Scholars with the School of Banking and Finance. He is also a qualified Chartered Accountant and a Fellow of FINSIA, where he was a lecturer in the Masters of Applied Finance programme.

### **Dr Philip Comberg – Executive Director and Chief Executive Officer**

Philip brings over twenty years of experience as CEO, board member, investor, investment banker and attorney in Europe, the US and Asia.

In the past ten years, he has taken different roles in the solar industry which most recently include non-executive Chairman of Solarcentury Holdings in London as well as investing in more than 300 MW of solar power assets in the UK. From 2011 to 2014 he was Chairman and CEO of Germany’s foremost solar company Conergy leading its restructuring and sale to Kawa Capital. Prior to that, he served on the board of Chinese NASDAQ listed solar manufacturer Solarfun Power Holdings (now Hanwha QCells).

Previously, Philip co-founded Alcosa Capital, a Frankfurt based special situation investment and advisory firm, in 2004 focusing on investments in the German SME sector, advising companies on M&A, debt and equity transactions as well as operational issues and serving as their board member.

Before, Philip worked as an investment banker at Deutsche Bank and as an M&A lawyer with Freshfield Bruckhaus Deringer in Germany and China.

He studied law and Chinese at the University of Heidelberg and Zhong Shan University in China, subsequently completing his Master’s degree at New York University and a Doctor of Law at the University of Düsseldorf. He speaks English, French, Chinese and German.

### **Gary Hui – Non-executive Director**

Gary has over twenty years of investment experience in the Asia Pacific region.

He currently serves as the Chief Investment Officer for AWN and the Arowana Australasian Value Opportunities Fund Limited, a listed investment company that has significantly outperformed its benchmarks since inception.

Prior to this, he was with Indus Capital, a hedge fund founded by former Soros Fund Management Partners. Mr. Hui joined Indus as a senior analyst, before becoming Managing Director and Chief Representative of Indus' Singapore office in December 2011, prior to relocating to San Francisco in July 2013.

From 1999 to 2007, Mr. Hui was with J.P. Morgan, including as an equity capital and derivatives banker responsible for the origination, structuring and execution of mandates in the Asian region. Prior to this, he worked at Deloitte in audit, business consulting and corporate finance.

Mr. Hui qualified as a Chartered Accountant and completed the Securities Institute of Australia (now FINSIA) program. He holds a Bachelor of Commerce degree from the University of New South Wales.

#### **Peter Sermol – Non-executive Director**

Peter has over thirty years' experience in institutional finance.

Mr. Sermol is the co-founder of North Star Solar Ltd, a company focused on installing UK rooftop solar PV and battery storage which developed a model to install renewable technologies without any need for government subsidies.

Prior to this, Mr. Sermol ran the Toronto office of Amstel Securities, a Dutch regulated brokerage firm from August 2004 to September 2012. During this period he also served as CEO of an online media distribution company.

Previously, Mr. Sermol worked with specialist brokerage and advisory firms including Anca Capital Partners and Amstel as well as co-founding his own brokerage firm, Global Markets Ltd trading Asian Convertible Bonds and GDRs.

Mr. Sermol studied marine electronics at the Merchant Naval College, Greenhithe.

#### **Edward Hyams – Non-executive Director**

Edward has over forty years' experience in Power Engineering, Renewables and in Energy Efficiency as an Executive, Private Equity Partner and as a Non-Executive Director.

As a Partner at Englefield Capital, he co-led the Renewable Energy Fund, investing in Solar, Wind and Biomass developments in Europe. He joined Englefield having led the management team which Englefield and another PE firm backed to invest in Zephyr, the first structured financing of a portfolio of renewables assets in the UK.

Prior to Englefield, Edward held senior executive roles as CEO of BizzEnergy, Managing Director of Eastern Group PLC and Director of Engineering at Southern Electric Plc. Edward was a non-executive Director of the UK Energy Saving Trust following the electricity and gas privatisations in the early 1990's. He re-joined the Trust as Non-Executive Chairman in 2005.

Edward is a Chartered Engineer, graduating with a degree in Electrical Engineering from Imperial College, London and holds a Diploma in Accounting and Finance from the Association of Certified Chartered Accountants. He has completed executive programs in finance at Harvard Business School and in strategy and organisation at Stanford.

### **6.11. Management Team**

#### **David Pilotte – Group CFO**

David brings more than twenty-five years of experience leading public companies as CFO, COO, Corporate Controller, Treasurer, CRO, and interim executive.

Most recently, David has served as CFO and Secretary of Principal Solar. Prior to this, David served as CFO of Calpian, CFO of Omniflight Helicopters, CFO and COO of Digital Recorders, Inc. and has held other executive level positions with Axtive Corporation, American Pad & Paper, Cyrix/National Semiconductor, and Baldor Electric Company. David started his career with Arthur Andersen & Company.

In 1996, David formed an independent consulting practice, DNP Financial, LLC, through which he has advised companies ranging from start-up to \$700 million revenue on matters of accounting, corporate finance, M&A, public reporting, due diligence, debt restructuring, and profit improvement.

David holds a bachelor's degree in finance from the University of Florida, an MBA with concentrations in management and accounting from the University of Houston and has been a CPA in Texas since 1986.

David is a member of the Institute for Excellence in Corporate Governance, CEO Netweavers, and Financial Executives International. He serves as an accounting and reporting expert for investor information groups including Evaluserve's Circle of Experts and the Gerson Lehrman Group, and is qualified as an "audit committee financial expert" as defined by the SEC.

### **Carl Weatherley White – Group Finance Director**

Carl brings over twenty-five years of renewable energy transactional experience to VivoPower International, with a particular focus on acquisitions, project and corporate finance, private equity and joint ventures.

Previously, he was President of Lightbeam Electric Company, which aggregated a diversified, international portfolio of renewable energy projects to support an initial public offering. Previously, he was CFO of K Road Power Holdings, a private solar development company and portfolio company of Barclays. At K Road, Carl spearheaded acquisition activities, capital raising and risk management for over 400 MW of PV solar projects developed and divested over 2 years.

Prior to this, Carl was Managing Director and head of project finance at Lehman Brothers and Barclays with global energy infrastructure transaction experience for a wide variety of private equity and strategic clients. He also led renewable energy tax equity investing at Credit Suisse and Lehman Brothers. Carl graduated with a bachelor of science with honors from Brown University, and a Graduate Fellowship in economics and political science at the University of Cape Town. He is a Chartered Financial Analyst.

## **6.12. Employees**

VivoPower International has 128 employees<sup>1</sup> located in 9 offices globally.

## **6.13. Incentive Plan**

### *General*

As part of the Transaction, an Incentive Plan will be approved by ARWA Shareholders and implemented by MidCo. The Incentive Plan is contained in the articles of association of MidCo. A copy of the articles of association of MidCo is included in the Registration Statement and can be obtained from the SEC filings website. VivoPower International's SEC filings can be accessed at <https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

The purpose of the Incentive Plan is to assist in attracting, retaining, motivating, and rewarding certain key employees, directors and consultants of VivoPower International and its subsidiaries and promoting the creation of long-term value for shareholders of VivoPower International by closely aligning the interests of such individuals with those of such shareholders. The Incentive Plan authorises the award of non-voting 'Ordinary A Shares' issued by MidCo to eligible participants to encourage these eligible participants to expend maximum effort in the creation of shareholder value. These 'Ordinary A Shares' entitle the holder to VivoPower International Shares in certain circumstances.

Information on the principal features of the Incentive Plan are summarised below. This information is included in this Booklet because the Incentive Plan will not be adopted unless completion of the Transaction occurs. The Incentive Plan is intended to incentivise the participants to act in the

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<sup>1</sup> Management estimate of pro forma full time equivalent employees had the business combination occurred on March 31, 2016.

interests of VivoPower International and its subsidiaries rather than in the interests of any specific shareholder of VivoPower International (including AWN). At the date of this Booklet, decisions have not been made about which eligible participants will participate in the Incentive Plan or the specific grants to be made to participants. Decisions as to who will participate in the Incentive Plan will be taken by VivoPower International's Remuneration Committee and subject to all necessary shareholder approvals.

#### *Status*

It is expected that the Incentive Plan will be adopted by VivoPower International following completion of the Transaction. Under the Incentive Plan, MidCo may issue non-voting Ordinary A Shares to eligible participants. If completion of the Transaction does not occur, the Incentive Plan will not be adopted.

#### *Eligibility*

All employees, directors and consultants of VivoPower International and its subsidiaries are eligible for selection to participate in the Incentive Plan at the discretion of VivoPower International's board of directors, although it is currently intended that the main participants in the Incentive Plan will be VivoPower International's senior management.

Participation in the Incentive Plan by the directors of VivoPower International and the terms of their participation will be determined by VivoPower International's Remuneration Committee and will be subject to all necessary shareholder approvals being obtained at that time.

#### *Award, vesting and realisation of incentive*

Unvested Ordinary A Shares are awarded to eligible participants from time to time. At the end of each financial year (ending 31 March), if VivoPower International and its Controlled Entities have met certain performance hurdles, some of the unvested Ordinary A Shares owned by each Incentive Plan Participant will vest.

If the Incentive Plan Participant is not in possession of material nonpublic information in relation to VivoPower International, Incentive Plan Participants can realise the value of their vested Ordinary A Shares for cash and/or VivoPower International Shares (at the election of VivoPower International) in specified periods in the financial year that the Ordinary A Shares vested. The Incentive Plan Participant does this by exercising a put option over those Ordinary A Shares.

#### *Cessation of employment*

Upon an Incentive Plan Participant ceasing to be employed or otherwise engaged by VivoPower International or its subsidiaries, their Ordinary A Shares will be transferred to VivoPower International. The consideration for these Ordinary A Shares will depend on whether the Incentive Plan Participant is a "Bad Leaver" or a "Good Leaver".

If the Incentive Plan Participant is a "Bad Leaver," they will receive 80% of the value of any vested Ordinary A Shares in relation to which the Incentive Plan Participant has not exercised the put option. If the Incentive Plan Participant is a "Good Leaver," they will receive 100% of the value of any vested Ordinary A Shares in relation to which the Incentive Plan Participant has not exercised the put option. In either case, unvested Ordinary A Shares will be bought by VivoPower International for nominal consideration.

An Incentive Plan Participant is a "Bad Leaver" if they are dismissed for fraud, gross misconduct, any criminal conviction involving their moral turpitude, use of alcohol or substances which inhibit their ability to perform their role, or if the participant (who is a resident in the USA) pleads guilty or no contest in relation to an alleged criminal offence or any other conduct which has brought the leaver, MidCo or VivoPower International into disrepute. An Incentive Plan Participant is also a Bad Leaver if they voluntarily resign and within 6 months begin employment with a competitor or starts a business which competes with VivoPower International.

An Incentive Plan Participant is a Good Leaver if the participant is neither a Bad Leaver, nor declared bankrupt, nor had a receiver holding a power of sale appointed. For the avoidance of doubt, any

Incentive Plan Participant who is declared bankrupt or had a receiver in relation to their affairs appointed shall transfer all of their Ordinary A Shares to VivoPower International for nominal value.

#### *Corporate events*

If, outside the ordinary course of business, there is either a return on capital on any shares in MidCo on a liquidation or winding up, or any amount is received on a disposal of assets or shares in MidCo or a member of MidCo's group, capital shall be distributed to VivoPower International until VivoPower International has received an amount equal to US\$175 million compounded at 8% annually for each subsequent calendar year (**Market Hurdle**), then for the amount over the Market Hurdle, on the basis of 80% to VivoPower International and 20% to Incentive Plan Participants.

#### *Dividends*

Unless the MidCo board passes a resolution authorising their participation, Incentive Plan Participants will have no right to participate in any dividends declared by MidCo.

#### *Rights attaching to Shares*

Ordinary A Shares do not have any voting rights, other than in relation to matters affecting MidCo's share capital.

Unless prior written approval from the directors of MidCo has been received, Incentive Plan Participants only have limited rights to transfer Ordinary A Shares.

#### *Drag along and tag along on change of control*

Drag along and tag along rights are activated for Incentive Plan Participants if, through a transaction or series of related transactions, either (i) the shareholders of VivoPower International propose to sell more than 50% of VivoPower International Shares; or (ii) VivoPower International proposes to sell more than 50% of MidCo's ordinary share capital. If this occurs, Incentive Plan Participants can be required to sell their Ordinary A Shares to the proposed acquirer or may require the proposed acquirer to buy their Ordinary A Shares as part of that transaction. In these circumstances, the consideration to be paid to the selling Incentive Plan Participants is 20% of the amount by which the consideration payable to the relevant vendors exceeds the Market Hurdle (or a pro-rated amount if less than 100% of MidCo or VivoPower International, as the case may be, is sold) which shall be paid to each Incentive Plan Participant on a pro rata basis. This may limit the ability of AWN to achieve a return on its investment in VivoPower International.

#### *New Plan Benefits*

The benefits or amounts that will be received by or allocated to any executive officers or employees under the Incentive Plan are not currently determinable since no specific grants have been decided upon and no grants will be made prior to completion of the Transaction.

## **6.14. US regulatory regime**

#### *Registration Statement*

As a foreign company involved in a business combination, VivoPower International was required by the U.S. Securities Act of 1933, as amended (**US Securities Act**), to lodge the Registration Statement with the SEC.

The Registration Statement is both a proxy statement to provide information relevant to the decisions of ARWA Securityholders on how to vote in approving the Transaction and other related matters and a registration statement in connection with the distribution of VivoPower International Shares to be distributed to ARWA Securityholders following completion of the Transaction.

The Registration Statement has not yet been declared effective by the SEC. A copy of the initial draft of the Registration Statement and all subsequent amendments thereto can be obtained from the SEC's filings website. VivoPower International's SEC filings can be accessed at



<https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

#### *NASDAQ listing and trading*

Upon the closing of the Transaction, VivoPower International Shares will be listed on NASDAQ and VivoPower International will be subject to NASDAQ's continued listing requirements.

NASDAQ will generally consider suspension and delisting proceedings for listed issuers if the issuer is judged deficient under any of the following standards:

##### *1. The Distribution Standard:*

- less than 500,000 publicly held shares,
- less than \$1 million in market value of publicly held shares;
- less than 300 public stockholders; and
- less than two registered and active market makers with respect to its shares.

##### *2. The Pricing Standard:* The bid price per share of ordinary shares is less than \$1.00.

##### *3. Market Capitalization and Financial Standard:*

- Stockholders' equity is less than \$2.5 million;
- Net income is less than \$500,000 in either (a) the last fiscal year or (b) two of the last three fiscal years; and
- Market value of its listed securities is less than \$35 million.

#### *US securities laws*

The following is a brief summary of certain disclosure requirements to which VivoPower International, an England and Wales public limited company listed company on NASDAQ, will be subject to on completion of the Transaction. Following completion of the Transaction, VivoPower International will be a "foreign private issuer" subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (**Exchange Act**), and VivoPower International Shares will be listed for trading on NASDAQ. The Exchange Act and the SEC rules and regulations will require VivoPower International to file reports and make other filings with the SEC through the SEC's EDGAR public filing system. VivoPower International's SEC filings can be obtained from the SEC filings website at <https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

#### *Annual reports - Form 20-F*

As a foreign private issuer, VivoPower International will be required to file an annual report on Form 20-F after the end of each fiscal year. VivoPower International's fiscal year ends on 31 March. The Form 20-F will provide comprehensive information about VivoPower International's business, management and operational and financial status during the year. The information required to be disclosed in a Form 20-F is similar to the information required to be disclosed in a prospectus for an US initial public offering.

VivoPower International's Form 20-F will contain the following information, among other things:

- A description of the VivoPower International's business.
- Selected financial information.
- A discussion of material risk factors.

- A summary of material legal proceedings.
- Full annual audited financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.
- Management's discussion and analysis of financial condition and results of operations.
- Information about VivoPower International's directors, senior management and employees, including certain disclosure about executive compensation and share ownership.
- A description of related person transactions.
- VivoPower International's disclosure regarding market risk.
- Disclosure regarding certain corporate governance issues, including:
  - a report by management describing its assessment of the effectiveness of the company's internal control over financial reporting; and
  - the conclusions of the company's chief executive officer and chief financial officer regarding the effectiveness of disclosure controls and procedures.

#### *Form 6-K*

VivoPower International will also be required to furnish reports to the SEC on Form 6-K, which are required to include any information that is material to VivoPower International and its subsidiaries and which VivoPower International:

- makes or is required to make public according to UK law (including any quarterly reports required under UK law);
- files or is required to file with NASDAQ, and which is made public by NASDAQ; or
- distributes or is required to distribute to its security holders.

As a result of its listing on NASDAQ, VivoPower International will also be required to submit a Form 6-K containing its interim balance sheet and income statement as of the end of its second fiscal quarter. VivoPower International's second fiscal quarter ends 30 September, with the filing required no later than six months after that date.

A report on Form 6-K must be furnished to the SEC promptly after the information required to be included in the report has been disclosed in the UK or distributed to its security holders. VivoPower International may also choose to use a Form 6-K to voluntarily disclose information even if it is not required to do so if the information is material to VivoPower International and its subsidiaries.

#### *Additional Disclosure Required by NASDAQ*

In addition to the disclosure requirements set out in the Exchange Act, under NASDAQ rules VivoPower International will be required to publicly disclose any material information that might affect the market for its securities, without waiting until a periodic report or other SEC filing is required. Some examples of material information that NASDAQ expects to be disclosed promptly and publicly include:

- new material transactions;
- developments involving customers or suppliers;
- financial disclosures, such as earnings guidance, announcements and restatements; and
- anything relating to VivoPower International's securities, such as calls for redemption, stock splits or repurchase plans.

There is an exception to this requirement if VivoPower International needs to maintain the confidentiality of the information and it ensures that no one has any unfair trading advantage. These determinations will be made by VivoPower International, but if NASDAQ finds any suspicious or unusual trading activity in VivoPower International's securities, they may require the company to disclose the information or halt trading until the market can absorb the information.

*Lock up arrangements*

AWN and the VivoPower Aus Ordinary Share Vendors have entered into Lockup Agreements in relation to some of their VivoPower International Shares. The Lockup Agreements contain customary restrictions on the relevant party's ability to deal in those VivoPower International Shares during their respective lockup periods. See Section 7.3 below for further details about the Lockup Agreements.

## 7. Summary of Transaction Documents

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### 7.1. Contribution Agreement

AWN, VivoPower International and ARWA entered into the Contribution Agreement on 11 August 2016. This agreement was amended by the parties on 18 October 2016 and on 15 November 2016. A copy of the Contribution Agreement and the amendment documents can be obtained from the SEC filings website. VivoPower International's SEC filings can be accessed at <https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

Under the Contribution Agreement:

- ARWA will undertake a cash subscription of between approximately US\$22m and US\$83m (less certain transaction costs and expenses) to VivoPower International in exchange for VivoPower International Shares. The amount of the ARWA cash subscription will depend on the level of ARWA Public Shareholder redemptions (noting that at the date of this Booklet, approximately 1.3% of the ARWA Ordinary Shares on issue immediately after ARWA's initial public offer have been redeemed by holders) and certain transaction costs and expenses. At a minimum, 6,050,150 VivoPower International Shares being subscribed for by ARWA will be acquired for a total of US\$21,958,560 (plus some residual amounts depending on the level of ARWA Public Shareholder redemptions and less certain transaction costs and expenses) with up to an additional 5,985,448 VivoPower International Shares being subscribed for at a subscription price of US\$10.20 per share if no further ARWA Public Shareholder redemptions occur.
- AWN will, subject to the level of ARWA Public Shareholder redemptions being less than 33% (based on the number of ARWA Ordinary Shares on issue immediately after ARWA's initial public offer), sell a portion of its VivoPower International Shares to VivoPower International via a buyback at a buyback price of US\$10.20 per share.
- ARWA will distribute its VivoPower International Shares to ARWA Securityholders who do not redeem their ARWA Ordinary Shares in accordance with the terms of ARWA's constituent documents and will be wound up and liquidated in accordance with the laws of its place of incorporation.

The Contribution Agreement contains usual restrictions on the parties pending completion of the Transaction. The Contribution Agreement also includes obligations relating to, among other matters, the adoption of the Incentive Plan by MidCo referred to in Section 6.13 and for the execution of the fee and loan agreement and lockup agreements summarised below.

The obligations of the parties under the Contribution Agreement to complete the Transaction is subject to satisfaction of a number of conditions precedent. These include obtaining all necessary approvals for the Transaction and the Preparatory Acquisitions from Shareholders and ARWA Securityholders as well as obtaining approvals from Aevitas securityholders for the Aevitas Amendments. Additional conditions precedent that must be satisfied include the Registration Statement being declared effective by the SEC, VivoPower International Shares being approved for listing on NASDAQ and holders of no more than 74% of ARWA Ordinary Shares (based on the number of ARWA Ordinary Shares on issue immediately after ARWA's initial public offer) exercising their redemption rights.

The Contribution Agreement also contains separate conditions precedent in favour of either AWN and VivoPower International, on the one hand, and ARWA, on the other. These conditions precedent can be waived by the parties that they are in favour of.

The conditions precedent in favour of ARWA which must be satisfied by AWN and VivoPower International or otherwise waived by ARWA include the satisfaction of relevant conditions precedent to the Preparatory Acquisitions and the parties to the Preparatory Acquisitions being ready, willing and able to complete those transactions in conjunction with completion of the Transaction. The effect of this condition precedent gives ARWA comfort that the Preparatory Acquisitions will be effected in conjunction with completion of the Transaction.

## 7.2. Registration Statement

VivoPower International lodged the initial draft Registration Statement with the SEC on 24 August 2016. As a result of enquiries by the SEC, VivoPower International updated the Registration Statement by lodging Amendment No. 1 to the Registration Statement on 3 October 2016. As a result of the changes to the Transaction and certain further enquiries by the SEC, VivoPower International lodged Amendment No. 2 to the Registration Statement on 25 October 2016 and Amendment No. 3 to the Registration Statement on 15 November 2016 to further update the information contained in the Registration Statement. The Registration Statement has not yet been declared effective by the SEC. A copy of the initial draft of the Registration Statement and all subsequent amendments thereto can be obtained from the SEC filings website. VivoPower International's SEC filings can be accessed at <https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

As set out in the Registration Statement, ARWA is seeking approval of the ARWA Shareholders at an extraordinary general meeting in relation to:

- the entry and adoption of the Contribution Agreement;
- the voluntary winding up of ARWA proposed to occur after completion of the Transaction;
- the adoption of the Incentive Plan; and
- a possible adjournment of the extraordinary general meeting if necessary to continue the proxy solicitation process in relation to these approvals.

As set out in the Registration Statement, ARWA is also seeking approval of the ARWA Warranholders at an extraordinary general meeting in relation to:

- an amendment to the terms of the ARWA Warrants so that on completion of the Transaction each ARWA Warrant will receive 1/20th of a VivoPower International Share via a special distribution from ARWA; and
- a possible adjournment of the extraordinary general meeting if necessary to continue the proxy solicitation process in relation to these approvals.

It is a condition precedent to completion of the transactions set out in the Contribution Agreement that all necessary approvals for the Transaction and the Preparatory Acquisitions are obtained from the ARWA Securityholders. With the exception of the approvals for possible adjournment, each of the approvals being sought from ARWA Securityholders will need to be obtained in order to satisfy this condition precedent.

The Registration Statement provides information relevant to the decisions of ARWA Securityholders on how to vote in approving the Transaction. If completion of the Transaction occurs, ARWA Securityholders who do not redeem their ARWA Ordinary Shares in accordance with the terms of ARWA's constituent documents will receive VivoPower International Shares as a result of the Transaction.

The Registration Statement contains additional information about VivoPower International and its business and some of the key regulations that will apply to VivoPower International as a NASDAQ listed company that may be relevant to ARWA Securityholders as potential holders of VivoPower International Shares. It contains additional information about ARWA, VivoPower International, VivoPower Australia, Aevitas, the process of negotiating the Transaction and summaries of the interests of various individuals associated with ARWA, VivoPower International and AWN in the Transaction. It also contains an unaudited pro forma combined statement of financial position at 31 March 2016 and an unaudited pro forma combined statement of income for the year ended 31 March 2016 for VivoPower International (assuming completion of the Transaction), as well as audited consolidated financial statements for VivoPower International, VivoPower Australia and Aevitas and their respective Controlled Entities and management discussion and analysis of that material.

The Registration Statement also contains an opinion by Cassel Salpeter & Co, LLC (**Cassel Salpeter**) to the board of ARWA in relation to the fairness (from a financial point of view) to ARWA of the amounts to be paid by ARWA to VivoPower International under the Contribution Agreement in exchange for the VivoPower International Shares issued to ARWA in the Business Combination and whether VivoPower International had a fair market value equal to at least 80% of the value of ARWA's cash held in trust. Details of the process carried out by Cassel Salpeter to form their opinion and their findings are contained in the Registration Statement.

AWN is of the view that this information is not directly relevant to Shareholders because Shareholders will not become shareholders of VivoPower International on completion of the Transaction and because of the information contained in the Independent Experts Report. However, if Shareholders wish to consider the information presented to ARWA Shareholders in the Registration Statement, a copy of the Registration Statement can be obtained from the SEC filings website at <https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

The date of the extraordinary general meetings of the ARWA Securityholders has not yet been set. However, these extraordinary general meetings may be adjourned as described in the Registration Statement.

### 7.3. Ancillary Transaction Documents

#### *Share Sale Agreements – VivoPower Australia*

VivoPower International has entered into the VivoPower Aus Ordinary Share Sale Agreements with the VivoPower Aus Ordinary Share Vendors. The VivoPower Aus Ordinary Share Vendors constitute all of the holders of ordinary shares in VivoPower Australia other than Aevitas. They include AEH, a wholly owned subsidiary of AWN, and AASSF-1.

Under the VivoPower Aus Ordinary Share Sale Agreements, on satisfaction of the conditions precedent contained in this agreement VivoPower International will acquire:

- 3,201,243 ordinary shares in VivoPower Australia from AEH with the consideration for these shares being the issue of 942,287 VivoPower International Shares;
- 1,995,000 ordinary shares in VivoPower Australia from AASSF-1 with the consideration for these shares being the issue of 587,229 VivoPower International Shares; and
- 750,100 ordinary shares in VivoPower Australia from Hadouken with the consideration for these shares being the issue of 220,792 VivoPower International Shares.

The VivoPower International Shares issued to the VivoPower Aus Ordinary Share Vendors will represent between approximately 10.3% to 12.9% of the post-Transaction issued capital of VivoPower International based on the level of ARWA Public Shareholder redemptions. This represents a post-Transaction value of US\$18.2m for 80.1% of the ordinary shares in VivoPower Australia.

One of VivoPower International's wholly owned subsidiaries, MidCo, has also entered into the VivoPower International Management Share Sale Agreement with Hadouken. Under this agreement, on satisfaction of the conditions precedent contained in this agreement MidCo will acquire all of the Series B redeemable preference shares in VivoPower Australia for A\$750,000. These Series B redeemable preference shares will be converted into ordinary shares in VivoPower Australia after completion of the Transaction.

The VivoPower Aus Sale Agreements were entered into on 11 August 2016. If the conditions precedent contained in that agreement are not satisfied by 30 June 2017, the VivoPower Aus Sale Agreements will automatically terminate.

#### *Share Sale Agreement – Aevitas O Holdings Pty Ltd*

One of VivoPower International's wholly owned subsidiaries, MidCo, has entered into this agreement with the current owners of all of the shares in OptionCo. OptionCo was incorporated by two of the

directors of Aevitas as a non-operating, special purpose entity to enter into options with the holders of the Aevitas ordinary shares and take other steps to facilitate any potential sale of Aevitas. OptionCo has entered into options over more than 99.9% of the Aevitas ordinary shares.

On satisfaction of the conditions precedent contained in this agreement, MidCo will acquire all of the shares in OptionCo for nominal consideration. This acquisition will result in the exercise of the options over the Aevitas ordinary shares to create binding agreements for the current holders of the Aevitas ordinary shares who have entered into options to sell their Aevitas ordinary shares to OptionCo for \$1.00 per share, with the total consideration payable to the holders of Aevitas ordinary shares being approximately \$12.7m. VivoPower International intends to use part of the proceeds of the Transaction to fund these payments.

The OptionCo Sale Agreement was entered into on 11 August 2016. If the conditions precedent contained in that agreement are not satisfied by 30 June 2017, the OptionCo Sale Agreement will automatically terminate.

#### *Subscription and Guarantee Agreement*

VivoPower International, Aevitas and OptionCo have agreed to support the proposed Aevitas Amendments by VivoPower International agreeing to provide a guarantee of Aevitas' obligations under the Aevitas Exchangeable Securities in favour of the holders of the Aevitas Exchangeable Securities.

Under this arrangement, VivoPower International has also agreed to, on request, subscribe for shares in Aevitas to allow Aevitas to redeem the Aevitas Exchangeable Securities and to issue new VivoPower International Shares to effect the reinvestment of redemption proceeds of the Aevitas Exchangeable Securities pursuant to the Aevitas Amendments, subject to satisfaction of all requirements of any applicable law.

#### *Fee and Loan Agreement*

Under the Contribution Agreement, on completion of the Transaction AWN will enter into an agreement with Vivo USA, a wholly owned subsidiary of VivoPower International, setting out the fee payable by Vivo USA to AWN for project management and ancillary services that AWN has and will continue to provide to Vivo USA and its related entities in relation to and as preparation for the Transaction. This fee of US\$5,800,000 will be paid by Vivo USA on closing, with AWN having agreed to lend Vivo USA the funds to make this payment. Under this agreement, the loan is required to be repaid in full on the earlier of 31 March 2017 and on demand after an event of default.

#### *Lockup Agreements*

AWN and the VivoPower Aus Ordinary Share Vendors have entered into Lockup Agreements in relation to some of their VivoPower International Shares. The Lockup Agreements contain customary restrictions on the relevant party's ability to deal in those VivoPower International Shares during their respective lockup periods.

AWN's Lockup Agreement relates to all VivoPower International Shares held by AWN following the Business Combination. The lockup period is the period from completion of the Transaction until the date of the 2019 Financial Results Announcement, provided that the lockup period in relation to half of these VivoPower International Shares ends on the date that the Trading Price Hurdle is satisfied if this occurs any time at least 365 days following completion of the Transaction but before the 2019 Financial Results Announcement.

The Lockup Agreements for the VivoPower Aus Ordinary Share Vendors relate to all VivoPower International Shares acquired by that VivoPower Aus Ordinary Share Vendor under their respective VivoPower Aus Ordinary Share Sale Agreements. The lockup period is:

- in relation to 20% of these VivoPower International Shares, the period from completion of the Transaction until the date 365 days following completion of the Transaction; and
- in relation to 80% of these VivoPower International Shares, the period from completion of the Transaction until the date of the 2019 Financial Results Announcement, provided that that the

lockup period in relation to half of this 80% ends on the date that the Trading Price Hurdle is satisfied if this occurs occurring any time at least 365 days following completion of the Transaction but before the 2019 Financial Results Announcement.

Each lockup period will also end immediately if VivoPower International consummates certain transactions that result in all holders of VivoPower International Shares having the right to exchange their VivoPower International Shares for cash, securities or other property.

#### **7.4. Aevitas Amendments**

It is a condition precedent to completion of the Transaction that amendments to terms of the Aevitas Exchangeable Securities and a new constitution for Aevitas be approved by Aevitas securityholders for adoption.

AWN, via AASSF-1, holds approximately 80.9% of the Aevitas Exchangeable Securities. The amended terms of the Aevitas Exchangeable Shares may therefore impact on AWN.

##### *Amended terms of the Aevitas Exchangeable Shares*

The material aspects of the amended terms for the Aevitas Exchangeable Shares are as follows:

- The Aevitas Exchangeable Shares were issued at an issue price of A\$3.00 each.
- From 1 January 2017, the six monthly dividend entitlement for each Aevitas Exchangeable Share will be calculated at a rate of 7.0% per annum of the issue price, with previous dividend entitlements not affected. Dividends are payable at the discretion of the directors of Aevitas and are non-cumulative. However, at any time while Aevitas Exchangeable Shares are on issue and the dividend entitlement for Aevitas Exchangeable Shares has not been paid in full, certain restrictions are placed on Aevitas' ability to carry out transactions in relation to its own share capital.
- The Aevitas Exchangeable Shares are subordinated to all creditors of Aevitas but rank in priority to Aevitas ordinary shares for the payment of dividends or for a return of capital on winding up of Aevitas. On a winding up, Aevitas Exchangeable Shares are entitled to participate in the return of capital only to the extent of the issue price.
- In the event that VivoPower International effects a dual listing on the ASX or a group of affiliated persons other than AWN or one of its subsidiaries becomes the holder of more than 50% of VivoPower International Shares, any holder may redeem all of their Aevitas Exchangeable Shares. Aevitas may also require the redemption of all Aevitas Exchangeable Shares.
- In the event that there is a change of control of Aevitas, or a sale of substantially all of Aevitas' business undertakings or assets or none of the events in this or the preceding paragraph occur before 9am Sydney time on 30 June 2021, each holder is deemed to redeem all of their Aevitas Exchangeable Shares.
- On redemption of an Aevitas Exchangeable Share, the holder is entitled to an amount equal to the issue price for that Aevitas Exchangeable Share plus all accrued but unpaid dividend entitlements. Subject to obtaining any additional shareholder approvals required at the time of reinvestment and compliance with all other applicable laws, these proceeds of redemption will be automatically reinvested by the holder in new VivoPower International Shares at a subscription price of US\$10.20 per share (adjusted for reconstructions and alterations of capital by VivoPower International).

##### *Amended terms of the Aevitas Exchangeable Notes*

The material aspects of the amended terms for the Aevitas Exchangeable Notes are as follows:

- The Aevitas Exchangeable Notes were issued at an issue price of A\$7.00 each.
- From 1 January 2017, the six monthly interest entitlement for each Aevitas Exchangeable Note will be calculated at a coupon rate of 7.0% per annum, with previous coupon rates not affected.



Aevitas may elect to not pay an interest entitlement in cash when due and instead account for this unpaid entitlement towards the redemption sum of the Aevitas Exchangeable Note.

- The Aevitas Exchangeable Notes are unsecured debt obligations of Aevitas.
- In the event that VivoPower International effects a dual listing on the ASX or a group of affiliated persons other than AWN or one of its subsidiaries becomes the holder of more than 50% of VivoPower International Shares, any holder may redeem all of their Aevitas Exchangeable Notes. Aevitas may also require the redemption of all Aevitas Exchangeable Notes.
- In the event that there is a change of control of Aevitas, or a sale of substantially all of Aevitas' business undertakings or assets or none of the events in this or the preceding paragraph occur before 9am Sydney time on 30 June 2021, each holder is deemed to redeem all of their Aevitas Exchangeable Notes. Each holder is also deemed to redeem all of their Aevitas Exchangeable Notes if the holders of Aevitas Exchangeable Notes trigger the redemption of the Aevitas Exchangeable Notes after the occurrence of certain trigger events relating to Aevitas.
- On redemption of an Aevitas Exchangeable Notes, the holder is entitled to an amount equal to the issue price for that Aevitas Exchangeable Note plus all accrued but unpaid interest. Subject to obtaining any additional shareholder approvals required at the time of reinvestment and compliance with all other applicable laws, these proceeds of redemption will be automatically reinvested by the holder in new VivoPower International Shares at a subscription price of US\$10.20 per share (adjusted for reconstructions and alterations of capital by VivoPower International).

#### *Amended Aevitas constitution*

It is proposed that in conjunction with the amendments to the Aevitas Exchangeable Securities, the existing constitution of Aevitas will be repealed and replaced. The constitution contains usual provisions for a constitution for a public company.

## **8. Additional information**

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### **8.1. Introduction**

This Section includes additional information that AWN considers is material to the decision on how to vote on the Resolutions to be considered at the General Meeting. Unless otherwise expressly stated, this Section 8 sets out information prepared on the assumption that the Resolutions are passed, each other condition precedent contained in the Transaction Documents is satisfied and the Transaction is completed in accordance with the terms of the Contribution Agreement and associated transaction documents. It does not necessarily reflect the position of VivoPower International and its Controlled Entities as at the date of this Booklet or the position of VivoPower International, VivoPower Australia, Aevitas or AWN if the Transaction does not proceed.

### **8.2. Rights attaching to VivoPower International Shares**

#### *General*

VivoPower International is incorporated as a public company with limited liability and its affairs are governed by its articles of association and the laws of England.

If completion of the Transaction does not occur, AWN will continue to be the sole shareholder of VivoPower International which will be governed by its existing articles of association. If completion of the Transaction does occur, VivoPower International will adopt an amended and restated articles of association in connection with the Transaction. The following description summarises the most important terms of VivoPower International's share capital, as they are expected to be in effect on completion of the Transaction.

Additional information about VivoPower International's share capital has been disclosed in the Registration Statement. A copy of that document can be obtained from the SEC filings website. VivoPower International's SEC filings can be obtained from the SEC filings website at <https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

#### *General*

All VivoPower International Shares have the same rights and rank *pari passu* in all respects. Subject to the provisions of the Companies Act and any other relevant legislation, shares in VivoPower International may be issued with such preferred, deferred or other rights, or such restrictions, whether in relation to dividends, returns of capital, voting or otherwise, as may be determined by ordinary resolution (or, failing any such determination, as the directors may determine). VivoPower International may also issue shares which are, or are liable to be, redeemed at the option of VivoPower International or the holder. At the date of this Booklet, VivoPower International only has VivoPower International Shares on issue.

#### *Dividends*

The directors may pay interim and final dividends in accordance with the respective rights and restrictions attached to any share or class of share, if it appears to them that they are justified by the profits available for distribution. If the directors do not pay dividends, the only way for AWN to realise a return on its investment in VivoPower International will be for AWN to sell VivoPower International Shares.

#### *Variation of Rights*

The rights attached to any class may be varied, either while VivoPower International is a going concern or during or in contemplation of a winding up (a) in such manner (if any) as may be provided by those rights; or (b) in the absence of any such provision, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise.

*Transfer of Shares*

From completion of the Transaction, VivoPower International Shares will be listed on NASDAQ. AWN's ability to transfer its VivoPower International Shares will be restricted by the Lock-up Agreement entered into by AWN. See Section 7.3 for further information.

*Alteration of Capital*

VivoPower International may, by ordinary resolution, consolidate and divide all or any of its share capital into shares of larger amount than currently existing; and sub-divide its shares, or any of them, into shares of a smaller amount than its existing shares; and determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others.

*Pre-emption Rights*

There are no rights of pre-emption under the VivoPower International articles of association in respect of transfers of issued ordinary shares. In certain circumstances, its shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in VivoPower International. These statutory pre-emption rights, when applicable, would require VivoPower International to offer new shares for allotment to existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such ordinary shares would be offered to shareholders. These statutory pre-emption rights may be disapplied by a special resolution passed by shareholders in a general meeting or a specific provision in VivoPower International's articles of association. VivoPower International has passed a general authority allowing it to allot shares with a corresponding disapplication of the rights of pre-emption in relation to shares with up to £100,000,000 in nominal value (approximately 8,333,333,333 shares can be allotted under this authority). AWN intends to consider its response to any pre-emptive offering on a case by case basis.

**Directors***Number*

Subject to the provisions of the Companies Act, a majority of the directors may from time to time fix the maximum number of directors and unless so fixed the number of directors (other than alternate directors) shall not be subject to any maximum. The minimum number shall not be less than two.

*Classification*

Upon adoption of the amended and restated articles of association of VivoPower International, which will occur prior to or at Completion of the Transaction, the directors of VivoPower shall be divided into three classes, as nearly equal in number as possible and designated as Class A, Class B and Class C. The term of the initial Class A Directors, consisting of the additional director appointed to the VivoPower International board prior to completion of the Transaction (if appointed) and Peter Sermol, shall terminate at the first annual general meeting of VivoPower International held following adoption of the VivoPower International amended and restated articles of association; the term of the initial Class B Directors, consisting of Gary Hui and Philip Comberg, shall terminate at the second annual general meeting of VivoPower International held following adoption of the VivoPower International amended and restated articles of association; and the term of the initial Class C Directors, consisting of Kevin Chin and Edward Hyams, shall terminate at the third annual general meeting of VivoPower International held following adoption of the VivoPower International amended and restated articles of association. At each succeeding annual general meeting of VivoPower International thereafter, successors to the class of directors whose term expires at that annual general meeting shall be elected for a three-year term.

*Directors' Interests and Restrictions*

Subject to the provisions of the Companies Act, and provided that he has disclosed in accordance with English law the nature and extent of any material interests of his, a director notwithstanding his office:

- may be a party to, or otherwise interested in, any transaction or arrangement with VivoPower International or in which VivoPower International is otherwise interested; and
- may be a director or other officer of, or be employed by, or hold any position with, or be a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which VivoPower International is interested; and
- notwithstanding the fact that a proposed decision of the directors concerns or relates to any matter in which a director has, or may have, directly or indirectly, any kind of interest whatsoever, that director may participate in the decision-making process for both quorum and voting purposes although any director facing such a conflict is not to be counted as participating in the decision to authorise the conflict for quorum or voting purposes.

A director shall not, by reason of his office, be accountable to VivoPower International for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

#### *Remuneration*

Until otherwise determined by ordinary resolution, the directors may determine the amount of fees to be paid to the directors for their services provided that any fees paid to the directors shall not exceed the amounts set out in the then applicable directors' remuneration policy approved by members for the purposes of section 439A of the Companies Act.

Any director who holds any other office with VivoPower International, or who serves on any committee of the directors, or who performs, or undertakes to perform, services which the directors consider go beyond the ordinary duties of a director may be paid such additional remuneration as the directors may determine.

The directors may also be paid all reasonable expenses properly incurred by them in connection with the exercise of their powers and the discharge of their responsibilities as directors. If the Transaction proceeds, the non-executive directors will be entitled to receive total director fees of up to £349,000, with Kevin Chin to receive annual director fees of £165,000 to act as Non-Executive Chairman of VivoPower International and an additional annual fee of £30,000 to act as Chairman of the VivoPower International's Audit, Remuneration and Nominations Committees and with Gary Hui to receive annual director fees of £48,000 to act as a non-executive director and an additional annual fee of £5,000 to act as a member of VivoPower International's Audit, Remuneration and Nominations Committees. Kevin Chin may elect to forego all or a portion of his director fee or donate all or a material portion to a charitable non-profit trust. Directors' fees for VivoPower International were determined with reference to fees disclosed by comparable companies in the UK and the US.

Additional information about amounts being paid to the Philip Comberg and key executive officers is contained in the Registration Statement. A copy of that document can be obtained from the SEC filings website. VivoPower International's SEC filings can be obtained from the SEC filings website at <https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

#### *Indemnity of Officers*

Subject to the provisions of any relevant legislation, each of VivoPower International's directors and other officers (excluding an auditor) may be entitled to be indemnified against all liabilities incurred by him in the execution and discharge of his duties or in relation to those duties. The Companies Act renders void an indemnity for a director against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company of which he is a director.

## **Shareholders Meetings**

### *Calling of General Meetings*

A general meeting may be called by a majority of the directors, the chairman of the board of directors or the chief executive officer. The directors are also required to call a general meeting once VivoPower International has received requests to hold a general meeting from shareholders representing at least 5% of the paid up capital of the company entitled to vote at a general meeting. Although shareholders who do not own VivoPower International Shares will not receive notice of these general meetings, and are not eligible to attend, it is currently intended that a copy of any notice of general meeting issued by VivoPower International will be lodged with the SEC in a Form 6-K which can be obtained from the SEC filings website. VivoPower International's SEC filings can be accessed at <https://www.sec.gov/cgi-bin/browse-edgar?company=vivopower&owner=exclude&action=getcompany>.

### **8.3. Resolution 1 – Listing Rule 11.4**

#### *Purpose*

Resolution 1 approves the Transaction for the purposes of Listing Rule 11.4.

Listing Rule 11.4 provides that a listed entity must ensure that a Controlled Entity that holds a major asset does not issue securities with a view to becoming listed unless:

- the securities, except those to be retained by the listed entity, are offered pro-rata to holders of ordinary securities in the listed entity, or in another way that, in the opinion of ASX is fair in all the circumstances; or
- holders of ordinary securities in the listed entity approve of the disposal without the offer being made pro-rata to holders of ordinary shares.

The Transaction will result in VivoPower International becoming listed on NASDAQ. The structure of the Transaction precludes VivoPower International from undertaking a pro-rata offer of its shares to Shareholders. Accordingly, the Transaction can only proceed if Shareholders approve the Transaction proceeding without a pro-rata offer of VivoPower International Shares to Shareholders.

Resolution 1 approves the Transaction for the purposes of Listing Rule 11.4.

#### *Listing Rule 11.4 disclosure*

As required by Listing Rule 11.4 and ASX Guidance Note 13, the following additional information is provided in relation to Resolution 1:

1. Details of VivoPower International are set out in Section 6.
2. The value of VivoPower International and the entities that will be its Controlled Entities from completion of the Transaction, including their values as shown in AWN's latest financial statements, its current value and VivoPower International's contribution to AWN's recent past and current earnings is set out in Sections 4 and 6 as well as the Independent Expert's Report.
3. If the Transaction does proceed ARWA will undertake a cash subscription of between approximately US\$22m and US\$83m (less certain transaction costs and expenses) to VivoPower International in exchange for VivoPower International Shares. If the level of ARWA Public Shareholder redemptions results in VivoPower International receiving sufficient funds from ARWA's cash subscription to do so, VivoPower International will buy back some of AWN's VivoPower International Shares for US\$10.20 per share in cash in accordance with the Contribution Agreement. However, if AWN does not dispose of any of its residual shareholding in VivoPower International in accordance with the buyback component of the Transaction, AWN will receive no consideration for VivoPower International's issue of VivoPower International Shares to ARWA. In addition to this, in connection with the Transaction, AWN will receive a project management fee of US\$5.8 million and, through AEH and AASSF-1, will receive VivoPower

International Shares as consideration under the VivoPower Aus Ordinary Share Sale Agreements. See Sections 3.5, 7.1 and 7.3 for details.

4. Under the Contribution Agreement, the initial 6,050,150 VivoPower International Shares being subscribed for by ARWA will be acquired for a total of US\$21,958,560 (plus some residual amounts depending on the level of ARWA Public Shareholder redemptions and less certain transaction costs and expenses) with additional VivoPower International Shares being subscribed for at a subscription price of US\$10.20 per share. On this basis, the issue price for VivoPower International Securities is between approximately US\$3.63 and US\$6.90 per share (prior to transaction costs) dependent on the level of ARWA Public Shareholder redemptions. See Section 7.1 for details.
5. A summary of the material agreements relevant to the Transaction are set out in Section 7.
6. Rob McKelvey, being the sole Director who does not own shares in ARWA, considers that the Transaction is in the best interest of AWN. See Section 3.2 for details. Entities associated with Kevin Chin, Tony Kinnear and John Moore are ARWA Shareholders and will benefit from the Transaction proceeding. Entities associated with Kevin Chin and John Moore also hold interests in Aevitas that will be impacted if the Transaction proceeds. Accordingly, even though Mr Chin, Mr Moore and Mr Kinnear are supportive of the Transaction, they do not consider it appropriate to make a recommendation in relation to the Resolutions.
7. Details of AWN's future activities and directions following the Transaction are set out in Section 4.5.

#### *Voting restrictions*

AWN will disregard any votes cast on Resolution 1 by:

- ARWA; and
- the Associates of ARWA.

However, AWN will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

#### **8.4. Resolution 2 – Listing Rule 10.1**

##### *Purpose*

Resolution 2 approves the Transaction for the purposes of Listing Rule 10.1.

Listing Rule 10.1 provides that prior approval of shareholders is required for disposal by a listed entity of a substantial asset to certain parties. An asset is a substantial asset if its value, or the value of the consideration given for it, is 5% or more of the equity interests of the listed entity set out in the latest accounts given to ASX under the Listing Rules.

The latest audited financial statements for AWN for the financial year ended 30 June 2016 records AWN's equity interests attributable to the parent shareholders at A\$96.6m. The shareholding in VivoPower International is substantial for the purposes of Listing Rule 10.1 if its value, or the value of the consideration given for it, is greater than A\$4.8m.

The implied value of the VivoPower International Shares to be issued to ARWA (and in turn to be distributed to ARWA Shareholders) exceeds this amount. Accordingly, the issue of VivoPower International Shares in connection with the Transaction is a disposal of a substantial asset.

ARWA is not a party to whom Listing Rule 10.1 strictly applies. However, Listing Rule 10.1.5 provides that if a person whose relationship to a listed entity, or a person to whom otherwise Listing Rule 10.1 would apply is such that, in the opinion of ASX, the transaction should be approved by shareholders, shareholder approval for that transaction is required.

ARWA was initially established with two out of its five board members nominated by AWN being Kevin Chin and John Moore. AWN, through AASSF-1 made an initial investment of A\$1.45 million in ARWA and AWN has also received an initial monthly management fee of US\$10,000 per month from May 2015 to the date of completion of the Transactions. AWN also provided project management services and incurred transaction costs to facilitate implementation of the Transaction. In light of these circumstances, AWN determined that ASX was likely to apply Listing Rule 10.1 to the Transaction. In any event, the Directors of AWN considered it appropriate that Shareholders have the opportunity to consider the Transaction as a whole and to have the benefit of an independent report regarding the Transaction in deciding whether to approve its implementation.

As required by Listing Rule 10.10, a report on the Transaction from the Independent Expert Report is set out in Appendix 2.

#### *Voting restrictions*

AWN will disregard any votes cast on Resolution 2 by:

- ARWA; and
- the Associates of ARWA.

However, AWN will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

#### **8.5. Independent advice**

Shareholders should consult their legal, financial, taxation or other professional adviser if they have any queries regarding:

- the Transaction;
- the taxation implication for them if the Transaction is implemented; or
- any other aspects of this Booklet.

#### **8.6. Other Material Information**

AWN will issue a supplementary document to this Booklet if it becomes aware of any of the following between the date of despatch of this Booklet and the date of the General Meeting:

- a material statement in this Booklet is false or misleading in a material respect;
- a material omission from this Booklet;
- a significant change affecting a matter included in this Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Booklet if it had arisen before the date of lodgement of this Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, AWN may circulate and publish any supplementary document by:

- making an announcement to ASX; and/or
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia; and/or
- posting the supplementary document to Shareholders at their registered address as shown in AWN Register; and/or
- posting a statement on AWN's corporate website, as AWN in its absolute discretion considers appropriate.



## 9. Glossary

The following terms used in this Booklet (including the Notice of Meeting in Appendix 1 to this Booklet) have the meanings given to them below, unless the context otherwise requires.

2019 Financial Results Announcement	VivoPower International publicly release of its financial results for the fiscal year ending 31 March 2019
AASSF-1	Arowana Australasian Special Situations Fund, comprising: <ul style="list-style-type: none"> <li>➤ Arowana Australasian Special Situations 1A Pty Limited (ACN 169 611 732);</li> <li>➤ Arowana Australasian Special Situations 1B Pty Limited (ACN 169 611 741); and</li> <li>➤ Arowana Australasian Special Situations 1C Pty Limited (ACN 169 611 750)</li> </ul>
AEH	Arowana Energy Holdings Pty Limited (ACN 607 293 354)
Aevitas	Aevitas Group Limited (ACN 162 624 599)
Aevitas Amendments	amendments to the terms of the Aevitas Exchangeable Notes, Aevitas Exchangeable Shares and constitution of Aevitas required to be approved by Aevitas securityholders as a condition precedent to the Transaction
Aevitas Exchangeable Notes	unsecured notes issued by Aevitas
Aevitas Exchangeable Securities	Aevitas Exchangeable Notes and Aevitas Exchangeable Shares
Aevitas Exchangeable Shares	securities issued by Aevitas initially described in their terms of issue as convertible non-cumulative preference shares
ARWA	Arowana Inc. a special purpose acquisition company that commenced trading on NASDAQ in May 2015
ARWA Founder Shares	ARWA Ordinary Shares that were not issued in ARWA's initial public offering
ARWA Ordinary Share	An outstanding ordinary share in ARWA
ARWA Public Shares	ARWA Ordinary Shares that were issued in ARWA's initial public offering
ARWA Public Shareholder	Holder of ARWA Public Shares
ARWA Securityholders	ARWA Shareholders and ARWA Warrantholders
ARWA Shareholders	holders of ARWA Ordinary Shares
ARWA Warrantholders	holders of outstanding warrants of ARWA to purchase one-half of one ARWA Ordinary Share
ASIC	Australian Securities & Investment Commission
Associate	has the meaning given in sections 12 and 15 of the Corporations Act
ASX	ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conduct by it
AWN	Arowana International Limited (ACN 103 472 751)
AWN Group	AWN and each of its Controlled Entities

Booklet	Shareholder booklet issued by AWN
Business Combination	the business combination that VivoPower International intends to carry out with ARWA undertaken in accordance with the Contribution Agreement
BTO	Build, Transfer, Operate
CIG	Commercial, Industrial and Government
Contribution Agreement	means the contribution agreement between ARWA, AWN and VivoPower International dated 11 August 2016, as amended by the parties on 18 October 2016 and on 15 November 2016
Companies Act	Companies Act 2006 (UK)
Controlled Entity	an entity under the control of another entity
Corporations Act	<i>Corporations Act, 2001 (Cth)</i>
DG	Distributed Generation
Exchange Act	U.S. Securities Exchange Act of 1934 (as amended)
Explanatory Memorandum	this explanatory memorandum dated 21 November 2016 in relation to the Transaction
General Meeting	the meeting of members to be convened in respect of the Transaction on Wednesday, 21 December 2016. The notice convening the General Meeting is contained in Appendix 1 of this Booklet
Hadouken	Hadouken Pty Ltd (ACN 163 450 208) as trustee for the Empire Holdings Trust
Incentive Plan	the incentive plan for key employees, directors and consultants of VivoPower International and its subsidiaries contained in the articles of association of MidCo
Incentive Plan Participant	a holder of Ordinary A Shares
Independent Expert	Nexia Sydney Financial Solutions Pty Limited (ACN 077 764 222)
Independent Expert's Report	the report of the Independent Expert expressing an opinion on the Transaction. The Independent Expert's Report is set out in Appendix 2 of this Booklet
JA Martin	J.A. Martin Electrical Pty Limited (ACN 146 308 063)
Kenshaw	Kenshaw Electrical Pty Limited (ACN 002 274 160)
LCOE	levelised cost of energy
Listing Rules	the listing rules of ASX
Lockup Agreements	the agreement between VivoPower International and various entities who will hold VivoPower International Shares following completion of the Transaction setting out restrictions on the holder's ability to deal in some of those VivoPower International Shares
LTVCP	The long term value creation plan implemented by AWN
MidCo	VivoPower International Services Limited, a wholly owned subsidiary of VivoPower International
MW	megawatt

NASDAQ	means the NASDAQ Capital Market
Non-Associated Shareholders	Shareholders who are not Associates of ARWA
Notice of Meeting	the notice for the General Meeting dated 21 November 2016, as set out in Appendix 1 of this Booklet
OptionCo	Aevitas O Holdings Pty Ltd (ACN 612 742 668)
OptionCo Sale Agreement	document entitled 'Share Sale Agreement' between MidCo, Stephen Bowhill and Michael John Hokin pursuant to which Stephen Bowhill and Michael John Hokin agree to sell and MidCo agrees to buy all of the shares in OptionCo
Ordinary A Share	ordinary A shares in the capital of MidCo issued under the Incentive Plan
Preparatory Acquisitions	the proposed acquisitions by VivoPower International of OptionCo and the shares in VivoPower Australia not held by Aevitas in preparation for the Business Combination
PPA	power purchase agreement
PV	photovoltaic
Registration Statement	a registration statement on Form F-4 initially filed with the SEC by VivoPower International on 24 August 2016, as amended from time to time
Registry	Boardroom Pty Limited
relevant interest	has the meaning given in section 9 of the Corporations Act
Resolutions	the resolution set out in the Notice of Meeting
SEC	means the United States Securities Exchange Commission
Shareholder	a registered holder of Shares
Shares	fully paid ordinary shares in the capital of AWN
Solar PV	Solar Photovoltaics
SPAC	special purpose acquisition company
Trading Price Hurdle	last sales price of VivoPower International Shares on NASDAQ (or such other principal exchange or trading market where the VivoPower International Shares are then traded) equals or exceeds US\$12.50 per share (as adjusted for certain corporate actions) for any 20 trading days within any 30 trading day period
Transaction	the Business Combination and the Preparatory Acquisitions
Transaction Documents	the Contribution Agreement, the VivoPower Aus Sale Agreements and the OptionCo Sale Agreement
UK	United Kingdom
Unaudited Pro Forma	unaudited pro forma combined statement of financial position outlined in section 7.3 of the Independent Expert's Report
US	United States of America
US Securities Act	U.S. Securities Act of 1933 as amended
VivoPower Aus Management	document entitled 'Share Sale Agreement' between MidCo and Hadouken pursuant to which Hadouken agrees to sell and MidCo

Share Sale Agreement	agrees to buy all of the Series B redeemable preference shares in VivoPower Australia
VivoPower Aus Ordinary Share Sale Agreements	Separate documents entitled 'Share Sale Agreement' between VivoPower International and each VivoPower Aus Ordinary Share Vendors pursuant to which each VivoPower Aus Ordinary Share Vendor agrees to sell and VivoPower International agrees to buy all of the VivoPower Aus Ordinary Share Vendor's ordinary shares in VivoPower Australia
VivoPower Aus Ordinary Share Vendors	Hadouken, AEH and AASSF-1
VivoPower Aus Sale Agreements	VivoPower Aus Management Share Sale Agreements and VivoPower Aus Ordinary Share Sale Agreements
VivoPower Australia	VivoPower Pty Ltd (ACN 601 157 680)
VivoPower International	VivoPower International PLC (company number 9978410) a wholly owned subsidiary of AWN prior to implementation of the Transaction.
VivoPower International Shares	fully paid ordinary shares in the capital of VivoPower International
Vivo USA	VivoPower USA, LLC (company number 595 4637)
voting power	has the meaning given in section 610 of the Corporations Act

## Appendix 1 – Notice of General Meeting

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# Arowana International Limited

(ACN 103 472 751)

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### Notice of Meeting for the General Meeting of Shareholders

To be held at 10:00am (Sydney time) on Wednesday, 21 December 2016 at Level 11, 153 Walker Street, North Sydney NSW 2060

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#### IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of Meeting is an appendix to an Explanatory Memorandum. An Independent Expert's Report is also an appendix to the Explanatory Memorandum. The Explanatory Memorandum and its appendices have been prepared to assist Shareholders in determining whether or not to vote in favour of the Resolutions set out in this Notice of Meeting.

The Explanatory Memorandum and its appendices should be read in conjunction with this Notice of Meeting.

**The independent expert has concluded that the Transaction is not fair but is reasonable to shareholders not associated with Arowana Inc.**

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You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed proxy form without delay:

by post to:

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2000  
AUSTRALIA

or by hand delivery to:

Boardroom Pty Limited  
Level 12, 225 George Street  
SYDNEY NSW 2000  
AUSTRALIA

or by facsimile to:

+61 2 9290 9655

The business of the meeting is to consider the following proposed resolutions.

### 1. Approval of Transaction under Listing Rule 11.4

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 11.4 and for all other purposes, the issue of up to 12,035,598 fully paid ordinary shares in the capital of VivoPower International with a view to VivoPower International becoming listed on NASDAQ as described in the Explanatory Memorandum without those shares being offered pro rata to Shareholders, is approved.”*

#### *Voting restrictions*

AWN will disregard any votes cast on Resolution 1 by:

- ARWA; and
- the Associates of ARWA;

However, AWN will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### 2. Approval of Transaction under Listing Rule 10.1

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 10.1 and for all other purposes, the implementation of the Transaction as described in the Explanatory Memorandum, is approved.”*

#### *Voting restrictions*

AWN will disregard any votes cast on Resolution 2 by:

- ARWA; and
- the Associates of ARWA;

However, AWN will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

#### *Explanatory Memorandum*

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

#### *Entitlement to vote*

The Directors have decided that for the purpose of determining entitlements to attend and vote at the General Meeting, shares will be taken to be held by the persons who are the registered holders at 7:00 pm (Sydney time) on 19 December 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting restrictions and exclusions in respect of the Resolutions are set out below for each resolution.

*How to vote*

Shareholders entitled to vote at the General Meeting may vote:

- by attending the meeting and voting in person; or
- by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate members or proxies, a corporate representative to attend the meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

*Voting in person (or by attorney)*

Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the General Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Registry before 10:00am (Sydney time) on 19 December 2016 any of the following ways:

By post to the Registry:

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2000  
AUSTRALIA

By hand delivery to the Registry at:

Boardroom Pty Limited  
Level 12, 225 George Street  
SYDNEY NSW 2000  
AUSTRALIA

By fax to the Registry on:

+61 2 9290 9655

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the General Meeting to be held at Level 11, 153 Walker Street, North Sydney NSW 2060 on Wednesday, 21 December 2016 commencing at 10:00am (Sydney time).

- A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:
  - died;
  - became mentally incapacitated;
  - revoked the proxy or power; or
  - transferred the Shares in respect of which the vote was cast,

unless AWN received written notification of the death, mental incapacity, revocation or transfer before the meeting or adjourned meeting.

*Voting by proxy*

- Shareholders wishing to vote by proxy at this meeting must:
  - complete and sign or validly authenticate the proxy form, which is enclosed with this Booklet; and
  - deliver the signed and completed proxy form to AWN by 10:00am (Sydney time) on 19 December 2016 in accordance with the instructions below.
- A person appointed as a proxy may be an individual or a body corporate.

*Submitting proxy votes*

- Shareholders wishing to submit proxy votes for the General Meeting must return the enclosed proxy form to AWN in any of the following ways:

By post to the Registry:

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2000  
AUSTRALIA

By hand delivery to the Registry at:

Boardroom Pty Limited  
Level 12, 225 George Street  
SYDNEY NSW 2000  
AUSTRALIA

By fax to the Registry on:

+61 2 9290 9655

**Note:** proxies may not be returned by email nor is internet voting available.

*Notes for proxies*

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote at the meeting on that Shareholder's behalf.
2. A proxy need not be a Shareholder.
3. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Shareholder's proxy.
4. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half the votes.
5. A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:
  - if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed; and
  - if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.



6. If a proxy appointment is signed or validly authenticated by the Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or AWN Secretary.

If:

- a Shareholder nominates the Chairman of the meeting as the Shareholder's proxy; or
- the Chairman is to act as proxy if a proxy appointment is signed by a Shareholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form,

then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.

7. Proxy appointments in favour of the Chairman of the meeting, AWN Secretary or any Director which do not contain a direction will be voted in support of the Transaction resolutions (in the absence of a superior proposal prior to the date of the meeting).

*Corporate representatives*

1. To vote in person at the General Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.
2. To vote by corporate representative at the meeting, a corporate Shareholder or proxy should obtain an Appointment of Corporate Representative Form from the Registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting.
3. The appointment of a representative may set out restrictions on the representative's powers.
4. The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.
5. The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the Board

**Tom Bloomfield**  
**Company Secretary**  
**Arowana International Limited**  
**21 November 2016**

**Appendix 2 – Independent Expert’s Report**

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## **Arowana International Limited**

Issue and sale of shares in VivoPower International PLC,  
a wholly owned subsidiary of Arowana International  
Limited, to Arowana Inc

Independent Expert's Report  
and Financial Services Guide

16 November 2016

**In our opinion the Proposed Transaction is not fair  
but reasonable to the shareholders not associated  
with Arowana Inc**



**the next solution**

## **FINANCIAL SERVICES GUIDE**

**Dated: 16 November 2016**

### **What is a Financial Services Guide (“FSG”)?**

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Nexia Sydney Financial Solutions Pty Ltd ABN 88 077 764 222 (“NSFS”), Australian Financial Services Licence Number 247300 (“AFSL”)

This FSG includes information about:

- NSFS and how they can be contacted
- the services NSFS is authorised to provide
- how NSFS are paid
- any relevant associations or relationships of NSFS
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that NSFS has in place.

Where you have engaged NSFS we act on your behalf when providing financial services. Where you have not engaged NSFS, NSFS acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a Report or other financial services from NSFS.

### **Financial Services that NSFS is authorised to provide**

NSFS holds an AFSL, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a Report in relation to a transaction relating to one of these types of financial products.

### **NSFS's responsibility to you**

NSFS has been engaged by the independent Directors of Arowana International Limited (“AWN” or the “Client”) to provide general financial product advice in the form of an independent expert’s report to be included in the Shareholder Booklet sent to AWN shareholders dated on or about 21 November 2016 (“Report”).

You have not engaged NSFS directly but have received a copy of the Report because you have been provided with a copy of the Document. NSFS or the employees of NSFS are not acting for any person other than the Client.

NSFS is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

### **General Advice**

As NSFS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Scheme.

### **Fees NSFS may receive**

NSFS charges fees for preparing Reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NSFS \$45,000 (excluding GST and out of pocket expenses) for preparing the Report. NSFS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

### **Referrals**

NSFS does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

### **Associations and Relationships**

Through a variety of corporate and trust structures NSFS is controlled by and operates as part of the Nexia Sydney Partnership. NSFS's directors and authorised representative may be partners in the Nexia Sydney Partnership. Mr Brent Goldman, authorised representative of NSFS and partner in the Nexia Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by NSFS and not by the Nexia Sydney Partnership.

From time to time NSFS, the Nexia Sydney Partnership and related entities (Nexia entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years \$62,500 (excluding GST) in professional fees has been received from the Client for the preparation of independent expert reports.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

### **Complaints Resolution**

If you have a complaint, please let NSFS know. Formal complaints should be sent in writing to:

Nexia Sydney Financial Solutions Pty Ltd  
Head of Compliance  
PO Box H195  
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing,

### **External Complaints Resolution Process**

If NSFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly at:

Financial Ombudsman Service Limited  
GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 56 55 62  
Facsimile (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

### **Compensation Arrangements**

NSFS has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

#### Contact Details

You may contact NSFS at:

**Nexia Sydney Financial Solutions Pty Ltd**  
**PO Box H195**  
**Australia Square NSW 1215**

16 November 2016

The Directors  
Arowana International Limited  
Level 11, 153 Walker Street  
North Sydney NSW 2060

Dear Sirs,

**Issue and sale of shares in VivoPower International PLC, a wholly owned subsidiary of Arowana International Limited, to Arowana Inc**

**1. OUTLINE OF THE TRANSACTION**

On 11 August 2016 Arowana International Limited (“AWN”) announced that it had entered into a Contribution Agreement with Arowana Inc (“ARWA”) whereby ARWA would subscribe for shares in VivoPower International PLC (“VivoPower International” or the “Company”), a wholly owned subsidiary of AWN. On 19 October 2016 AWN further announced that it had negotiated amended terms to the Contribution Agreement (the “Proposed Transaction”).

ARWA shareholders that do not wish to participate in the Proposed Transaction have the right to redeem their shares for a minimum of A\$13.30 (US\$10.20) in cash. On 3 November 2016 it was announced that 141,752 ARWA shares (1%) will be redeemed. The Proposed Transaction is conditional upon:

- A minimum of 26% of ARWA public ordinary shareholders waiving their right to redeem their ARWA shares for a minimum of A\$13.30 (US\$10.20) in cash; and
- ARWA shareholder and warrant holder approval.

Under the terms of the Proposed Transaction:

- VivoPower International will issue between 6,050,150 and 12,035,598 new shares to ARWA for cash, with the number of shares to be issued varying based on the level of ARWA shareholder redemptions.
- The total cash received for the shares issued will range from A\$28,629,153 (US\$21,958,560) to A\$108,227,027 (US\$83,010,130), at an average share price of A\$4.73 (US\$3.63) to A\$8.99 (US\$6.90) per share. The variation in the average price occurs as shares issued beyond the minimum level are issued at A\$13.30 (US\$10.20) per share.
- If ARWA shareholder redemptions are less than 33% of the total number of ARWA shares at the time of the IPO, VivoPower International will undertake a selective buyback of shares from AWN at a price of A\$13.30 (US\$10.20) per share, up to a maximum of 2,590,648 shares.
- All VivoPower International shares issued to ARWA will be distributed to its shareholders and warrant holders.
- ARWA will be wound up and VivoPower International will be listed on the NASDAQ.
- VivoPower International will issue 828,000 options to an advisor of ARWA. These options will vest on completion of the Proposed Transaction, have an exercise price of A\$11.34 (US\$8.70) and are exercisable on or before 30 April 2020.

To facilitate the Proposed Transaction the following transactions will occur to combine the operations of VivoPower International, VivoPower Pty Ltd (“VivoPower Australia”) and Aevitas Group Ltd (“Aevitas”) (together the “VivoPower Group”):

- AWN will undertake an internal restructure whereby VivoPower International will acquire 80.1% of the share capital of VivoPower Australia from various AWN subsidiaries and VivoPower Australia management through the issue of 1,750,308 VivoPower International shares.
- VivoPower International will acquire 99.9% of the ordinary shares of Aevitas for cash consideration of approximately A\$12.7 million (US\$9.7 million).
- In addition to the ordinary shares, Aevitas has convertible preference shares and notes on issue, of which 80.86% is owned by AWN and related entities. Under the amendments to the Contribution Agreement announced on 19 October 2016, the convertible preference shares and notes will both have their maturity amended to 30 June 2021 and the coupon rate adjusted to 7%. On redemption, the proceeds are required to be reinvested in VivoPower International shares at A\$13.30 (US\$10.20) per share, subject to obtaining shareholder approval at the time of redemption.

As Aevitas owns 19.9% of VivoPower Australia, the acquisition of Aevitas results in VivoPower International holding 100% of VivoPower Australia within the VivoPower Group.

Following the Proposed Transaction AWN and related entities' interest in VivoPower International will be diluted to between 31% and 58%, depending on the level of ARWA shareholder redemptions and whether or not the selective buy-back conditions are met. For illustrative purposes, the post-transaction capital of VivoPower International is shown below:

	74%*	33%*	1%*
	redemption	redemption	redemption
Currently owned by AWN	5,718,879	5,718,879	5,718,879
VivoPower Australia shareholders	1,750,308	1,750,308	1,750,308
Issued to ARWA	6,050,150	9,444,950	12,035,598
Selective buy-back	-	-	(2,590,648)
<b>VivoPower International shares on issue</b>	<b>13,519,337</b>	<b>16,914,137</b>	<b>16,914,137</b>
<b>Resulting AWN interest in VivoPower International</b>	<b>58%</b>	<b>46%</b>	<b>31%</b>

\*Based on the number of ARWA shares that are redeemed at the time of the IPO

Source: Information provided by management on 8 November 2016

## 2. PURPOSE OF REPORT

The purpose of this Report is to advise the shareholders of AWN on the fairness and reasonableness of the Proposed Transaction.

Australian Securities Exchange ("ASX") Listing rule 10.1 prohibits a listed entity from acquiring a substantial asset from, or disposing of a substantial asset to, an entity that is in a position of significant influence without the approval of its shareholders.

An entity that is in a position of significant influence specifically includes any related party to the listed entity and any substantial shareholder. A related party includes companies with common directors and a substantial shareholder includes a shareholder, and its associates, with a relevant interest in at least 10% of the issued voting shares in the listed entity. An asset is substantial if its value, or the consideration being paid, is 5% or more of the listed entity's equity as set out in the accounts lodged with the ASX.

The Proposed Transaction will involve the dilution of AWN's interest in VivoPower International by virtue of the issuance of new shares in VivoPower International to ARWA. ARWA is related to AWN through common directors. Given the role that AWN has played in the establishment in ARWA and the Proposed Transaction, the ASX may determine that shareholder approval should be sought under Listing Rule 10.1. Rather than await for the ASX to make this determination, AWN have sought approval under this listing rule.



ASX Listing Rule 10.10.2, requires that a notice of meeting under Listing Rule 10.1 must be accompanied by an independent expert's report stating whether in the expert's opinion the transaction is fair and reasonable to the shareholders not associated with the transaction.

Consistent with the requirement under ASX Listing Rule 10.10.2 the Directors of AWN have requested Nexia Sydney Financial Solutions Pty Ltd prepare an independent expert's report, the purpose of which is to provide an independent opinion as to whether or not the Proposed Transaction is fair and reasonable to AWN's shareholders.

### 3. SUMMARY AND OPINION

This section is a summary of our opinion and cannot substitute for a complete reading of this Report. Our opinion is based solely on information available as at the date of this Report.

The principal factors that we have considered in forming our opinion are summarised below.

#### 3.1 Assessment of Fairness

As discussed in section 4, in determining whether the transaction is fair to AWN shareholders, we have set out the basis on which fairness is assessed.

Further details on the fair value of a share in VivoPower International are set out in section 10. The consideration received for each share is set out in section 11 and reflects the cash received less the fair value of the options granted to ARWA's financial adviser as set out above. This is summarised below:

	Low	Preferred	High
<b>Assessment in A\$</b>			
Fair value of a share in VivoPower International on a control basis	\$10.58	\$11.90	\$13.22
Consideration of a share in VivoPower International	\$4.22	\$6.43	\$8.63
<b>Assessment in US\$ (based on a spot rate of US\$0.767)</b>			
Fair value of a share in VivoPower International on a control basis	\$8.11	\$9.12	\$10.14
Consideration of a share in VivoPower International	\$3.24	\$4.93	\$6.62

As the consideration is less than the fair value of a share in VivoPower International on a control basis, **we have concluded that the Proposed Transaction is not fair.**

#### 3.2 Assessment of Reasonableness

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

In forming our opinion we have considered the following relevant factors (see section 1).

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Funding will be made available to acquire Aevitas and support the development of future projects.</li> <li>Following the Proposed Transaction the VivoPower Group's operations will be consolidated under the one entity.</li> <li>AWN will receive a service fee of A\$7.6 million (US\$5.8m) from VivoPower Group on completion of the Proposed Transaction.</li> <li>VivoPower International will be listed on the NASDAQ which will provide better access to US capital markets, visibility of underlying value and liquidity in the investment.</li> <li>Depending on the level of ARWA redemptions, AWN could receive up to A\$34.5 million (US\$26.4 million) in cash, to fund other investment opportunities, through a selective buy-back</li> </ul>	<ul style="list-style-type: none"> <li>AWN's interest in VivoPower Group will be diluted to a maximum of 58% and minimum of 31%.</li> <li>AWN has a long-term employee incentive plan. The Proposed Transaction may trigger an early payment on the scheme, the total amount payable being contingent on the overall implication on AWN's share price.</li> <li>AWN will not receive settlement of convertible preference shares and notes that AWN issued as funding to Aevitas. Instead the instruments will be reinvested in VivoPower International shares at A\$13.30 (US\$10.20) per share</li> </ul>

Management have not identified any alternatives to the Proposed Transaction. If the Proposed Transaction does not proceed, VivoPower International will seek other funding opportunities.

Taking into account other significant factors, **we have concluded that the Proposed Transaction is reasonable.**

### 3.3 Opinion

**Accordingly, in our opinion, the Proposed Transaction is not fair but reasonable to the AWN shareholders not associated with Arowana Inc.**

The ultimate decision on whether to approve the Proposed Transaction should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Shareholder Booklet, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

Yours faithfully  
**Nexia Sydney Financial Solutions Pty Ltd (AFSL 247300)**



**Brent Goldman**  
 Authorised Representative

## STRUCTURE OF REPORT

Our Report is set out under the following headings:

4. BASIS OF EVALUATION .....	6
5. OVERVIEW OF AWN.....	8
6. OVERVIEW OF ARWA.....	9
7. VIVOPOWER INTERNATIONAL GROUP FOR PROPOSED TRANSACTION .....	10
8. MARKET OVERVIEW .....	20
10. VALUE OF VIVOPOWER GROUP ON A CONTROL BASIS .....	23
11. ASSESSMENT OF FAIRNESS .....	24
12. ASSESSMENT OF REASONABLENESS.....	25
13. OPINION.....	27

## APPENDICES

APPENDIX A – GLOSSARY .....	28
APPENDIX B - SOURCES OF INFORMATION.....	30
APPENDIX C - STATEMENT OF DECLARATION & QUALIFICATIONS .....	32
APPENDIX D - VALUATION METHODOLOGIES .....	34
APPENDIX F – COMPARABLE SEARCHES AND MULTIPLES .....	38

#### **4. BASIS OF EVALUATION**

Regulatory Guide 76: Related party transactions and Regulatory Guide 111: Content of expert's reports ("RG 111") provide guidance as to matters that should be considered in determining whether a transaction is fair and reasonable in a range of circumstances.

RG 76 and RG 111 state that in deciding an appropriate form of analysis, the expert needs to consider that the main purpose of the Report is to deal with the concerns that could reasonably be anticipated by those persons affected by the transaction. An expert should focus on the purpose and outcome of the transaction; that is the substance of the transaction, rather than the legal mechanism used to effect the transaction.

RG 111 requires analysis of a transaction under two distinct criteria being:

- is the offer 'fair'?; and
- is it reasonable?

That is the opinion of fair and reasonable is not considered as a compound phrase.

In determining what is fair and reasonable for a control transaction, RG 111 states that:

- an offer is fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer, assuming a 100% interest of the target and irrespective of whether consideration is cash or scrip; and
- an offer is reasonable if it is fair, or if the offer is not fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of a higher bid before the close of an offer.

In determining whether the transaction is fair, the fair value is assumed to be based on a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

For the purpose of considering whether or not the Proposed Transaction is fair we have compared the fair value of a share in VivoPower International on a control basis to the cash consideration received for each share from ARWA.

In our assessment of the reasonableness of the Proposed Transaction, our consideration has included the following matters:

- the benefits of issuing shares for cash including the financial situation and solvency of AWN ;
- opportunity costs;
- alternative options and the likelihood of the options occurring;
- AWN's bargaining position;
- Whether there is the selective treatment of any security holder, particularly ARWA;
- any special value to ARWA, such as technology, the potential to write-off outstanding loans from AWN, etc;
- the liquidity of the market in AWN's securities; and
- other significant matters set out in section 12.

##### **4.1 Individual shareholders' circumstances**

The ultimate decision whether to approve the Proposed Transaction should be based on each shareholder's assessment of the Proposed Transaction, including their own risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Transaction or matters dealt with in this Report, shareholders should seek independent professional advice.

##### **4.2 Limitations on reliance on information**

The documents and information relied on for the purposes of this Report are set out in Appendix B. We have considered and relied upon this information and believe that the information provided is reliable, complete

and not misleading and we have no reason to believe that documents and material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit or extensive examination might disclose.

We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles under IFRS.

An important part of the information used in forming an opinion of the kind expressed in this Report is the opinions and judgement of Directors and management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

NSFS are not the auditors of AWN and its related entities. We have analysed and reviewed information provided by the Directors and management of AWN and made further enquiries where appropriate. Preparation of this Report does not imply that we have in any way audited the accounts or records of AWN.

In forming our opinion we have assumed:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Shareholders Booklet to be sent to shareholders is complete, accurate and fairly represented in all material respects; and
- the publicly available information relied upon by NSFS in its analysis was accurate and not misleading.

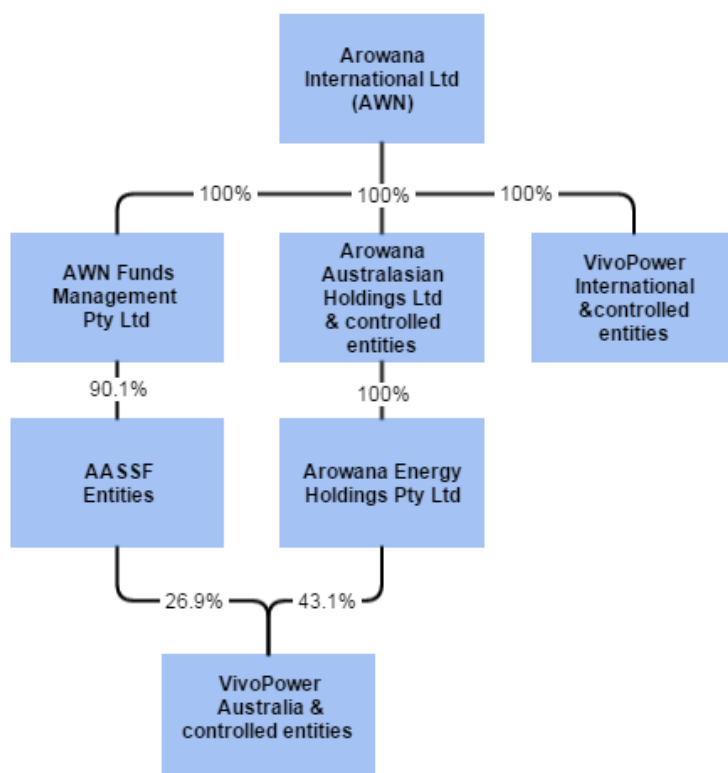
This Report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this Report which may impact upon this Report or which may impact upon the assumptions referred to in the Report.

## 5. OVERVIEW OF AWN

### 5.1 Corporate History

AWN is an Australian ASX listed company, incorporated on 22 January 2003. AWN is headquartered in North Sydney, New South Wales and is a diversified investment group with a number of operating subsidiaries, including VivoPower International and VivoPower Australia.

Set out below is the corporate structure of AWN and related entities as it relates to VivoPower International and VivoPower Australia:



Source: Information provided by management.

### 5.2 Business Activities

AWN's business activities comprise of the following:

#### Operating Companies Division

AWN invests in operating companies and helps them grow through the contribution of human, intellectual and financial capital. Through the Operating Companies Division, AWN has investments in:

1. Solar Power, through VivoPower International and VivoPower Australia, which invests in small and medium sized solar photovoltaic projects in Australia, United States of America, Europe and Asia;
2. Education, through Intueri Education Group and Everthought Education, which offer a range of vocational courses to domestic and international students in Australia and New Zealand; and
3. Diagnostic Testing, through Thermoscan Inspection Services, which provides a non-destructive testing services in the form of thermal imaging and condition monitoring services to a wide range of customers in Australia.

## Funds Management Division

The funds management division manages the Arowana Australasian Value Opportunities Fund, an ASX listed investment company, and the Arowana Australasian Special Situations Fund (“AASSF Entities”), a registered venture capital limited partnership targeted at wholesale, professional, high net worth, and Significant Investment Visa investors, and Arowana Inc., a special purpose acquisition company listed on the NASDAQ.

## Enterprise Office Division

The enterprise office division employs professional experts and provides the support services that facilitate the success of the other two divisions. The division predominantly operates in Australia, specifically Sydney and Brisbane, but also with a presence in Melbourne, Perth, Singapore, the Philippines and the United States of America.

### 5.3 Directors and Key Management

Following is a summary of the board and management structure of AWN:

Name	Position
Kevin Chin	Executive Chairman, CEO, and Director
John Moore	Non-Executive Director
Robert McKelvey	Non-Executive Director
Anthony Kinnear	Non-Executive Director

Source: Audited Financial Statements of AWN for the year ended 30 June 2016.

### 5.4 Capital Structure and Ownership

AWN's issued capital as at 2 September 2016 comprised 158,170,799 ordinary shares. As at 2 September 2016 there were 4 shareholders that had a shareholding in AWN of more than 5%. Details are set out in the table below:

Shareholder	Shareholding	% Total
AIA Investment Management Pty Ltd	11,367,420	7.19%
HSBC Custody Nominees (Australia) Ltd	11,360,265	7.18%
Contemplator Pty Ltd <ARG Pension Fund A/C>	9,170,355	5.80%
K&B Richards Pty Ltd <Richards Super Fund A/C>	8,575,000	5.42%
<b>Top shareholders</b>	<b>40,473,040</b>	<b>25.59%</b>
Other shareholders	117,697,759	74.41%
<b>Total shareholders</b>	<b>158,170,799</b>	<b>100.00%</b>

Source: Audited Financial Statements of AWN for the year ended 30 June 2016.

## 6. OVERVIEW OF ARWA

### 6.1 Corporate History

ARWA is a special purpose acquisition company incorporated on 1 October 2014 in the Cayman Islands and listed on the NASDAQ in May 2015. The company has 10,717,248 ordinary shares on issue and approximately A\$108 million (US\$83 million) in cash. The company also has a number of warrants and rights on issue as discussed in section 6.4.

### 6.2 Business Activities

ARWA is an investment company with a focus on the renewable energy industry. Whilst prospective targets are not limited to a specific industry or geographic region, the initial focus was on businesses located within the Asia Pacific region, particularly South East Asia and Australia, operating in the solar and/or the alternative energy industries, or businesses in such industries operating outside of the Asia Pacific region that would benefit from expanding into such regions.

Since the IPO, the business has been evaluating investment opportunities but has not made any investments to date.

### 6.3 Directors and Key Management

Following is a table of the board and management structure of ARWA, which management has confirmed is current as at the date of this report:

Name	Position
Kevin Chin	Executive Chairman of the Board and CEO
Gary Hui	CFO, Chief Investment Officer, and Director
John Moore	Non-Executive Director
Dudley Hoskin	Non-Executive Director
Kien Kwan	Non-Executive Director

Source: Financial statements for the year ended 29 February 2016

### 6.4 Capital Structure and Ownership

ARWA's issued capital as at 30 September 2016 comprised 10,859,000 fully paid ordinary shares. The largest public shareholders and insiders, as at 30 September 2016, hold 63.82% of the issued capital of ARWA and are set out below:

Shareholder	Shareholding	% Total
Polar Asset Management Partners Inc	1,467,712	13.52%
Panaga Group Pty Ltd ATF The Panaga Group Trust	1,416,138	13.04%
AQR Capital Management, LLC	875,000	8.06%
Castle Creek Arbitrage, LLC	872,500	8.03%
Davidson Kempner Capital Management LP	700,000	6.45%
Weiss Asset Management LP	572,500	5.27%
AASSF Entities	556,010	5.12%
Beira Corp	315,981	2.91%
The Octagon Foundation Pty Limited ATF The Octagon Foundation	113,209	1.04%
Ralsten Pty Ltd	41,597	0.38%
<b>Largest public shareholders and insiders</b>	<b>6,930,647</b>	<b>63.82%</b>
Other shareholders	3,928,353	36.18%
<b>Total shareholders</b>	<b>10,859,000</b>	<b>100.00%</b>

Source: SEC Filings

In addition to the ordinary shares, ARWA shareholders received one right and one warrant attached to 8,789,000 ordinary shares. A right entitles the holder to receive 1/10 of one ordinary share upon consummation of an initial business combination. A warrant entitles the holder to purchase 1/2 of one ordinary share at a price of US\$12.50 per full share commencing on the completion of an initial business combination. This entitlement does not impact the shareholders of AWN and the Proposed Transaction.

As noted above in section 1, 141,752 ordinary shares were redeemed on 3 November 2016 for A\$13.30 (US\$10.20) per share. These redemptions do not affect the number of rights and warrants outstanding.

## 7. VIVOPOWER INTERNATIONAL GROUP FOR PROPOSED TRANSACTION

As part of the Proposed Transaction VivoPower International will acquire 80.1% of VivoPower Australia from AWN subsidiaries and VivoPower Australia management through the issue of shares. VivoPower International will also acquire 99.9% of Aevitas for cash consideration of A\$12.7 million (US\$9.7 million). Aevitas holds 19.9% of VivoPower Australia and as a result, this acquisition will result in VivoPower International holding 100% of VivoPower Australia.

In our analysis below we have considered VivoPower International and VivoPower Australia together as they are similar operations controlled by AWN. Aevitas has been set out separately. We refer to the combination of all three companies as the VivoPower Group.

### 7.1 VivoPower International and VivoPower Australia

#### 7.1.1 Corporate History

VivoPower International is a public limited company incorporated on 1 February 2016 in the UK. The company has 5,718,879 ordinary shares on issue and is wholly owned by AWN.



VivoPower Australia is a private company incorporated on 8 August 2014 in Australia. The company has 7,421,816 ordinary shares and 100 redeemable series B preference shares on issue. The ordinary shares are held by AWN subsidiaries (70%), Hadouken Pty Ltd (related to Ben Tan, the CEO of VivoPower Australia) (“Hadouken”) (10.1%) and Aevitas (19.9%). Hadouken also held 100 redeemable preference shares.

VivoPower Australia was established to operate within the Australian and Asian market. In 2015, operations expanded to the UK, the US, and other OECD countries which led to the establishment of VivoPower International.

### 7.1.2 Business Activities

VivoPower International and VivoPower Australia operate in the global solar industry. The Company has offices and personnel in the UK, the US, Australia and Asia. They provide renewable energy to commercial, industrial and government customers, predominantly focusing on the OECD and ASEAN markets where grid parity already exists or will soon exist.

VivoPower International finance and build their own solar PV projects and acquire projects from developers for resale. They assist developers in arranging corporate and project finance, engineering design, equipment procurement etc. They also provide power support services to asset owners under long term contracts, encompassing operations, maintenance and optimisation.

VivoPower International has two solar projects undergoing development in the US with an expected completion date of January 2017 and March 2017. Upon the sale of these projects, a minority interest will be retained.

VivoPower Australia currently owns two solar projects with an expected sale date of December 2016. The company is in negotiations to acquire and sell at least three other projects by March 2017.

Based on forecasts for 2017, forming the basis of our analysis to the valuation below, the combined business expects to have transacted a total of 125 MWs in solar projects, of which a minority interest in a 43 MWs project is expected to be retained. Additional revenues will be derived from long term contracted power support services. 14,251 MWs of pipeline projects have been identified and the future success of the business will be dependent of the conversion rate of this pipeline.

### 7.1.3 Directors and Key Management

Following is a table of the board and management of VivoPower International and VivoPower Australia prior to the Proposed Transaction:

Name	Position	Status
<b>VivoPower International</b>		
Philip Comberg	Director & CEO	Continuing
Kevin Chin	Director	Continuing
Edward Hyams	Director	Continuing
<b>VivoPower Australia</b>		
Ben Tan	Director & CEO	TBD
David Browne	Director	Retiring
Stephen Bowhill	Director	TBD

Source: ASIC extract dated 12 August 2016 and information provided by management

Philip Broomhead and Declan Kenny resigned and Edward Hyams was appointed as a director of VivoPower International effective from 2 November 2016. Following the Proposed Transaction, Peter Sermol, Gary Hui, and another director yet to be determined will also be appointed as non-executive directors.

The composition of the board for VivoPower Australia will be finalised after the restructure and completion of the Proposed Transaction.

### 7.1.4 Financial performance

Set out below are the aggregated profit and loss statements of VivoPower International and VivoPower Australia for the years ended 31 March 2015, 2016 and forecast for the financial year ended 31 March 2017. VivoPower International’s reporting currency is in US dollars so an average annual exchange rate of US\$0.88, US\$0.74 and US\$0.75 respectively has been used to convert the amounts to Australian dollars. These exchange rates are consistent with the rates issued by the Reserve Bank of Australia. The forecast financial

information is built off the assumption that the Proposed Transaction will have occurred as at the beginning of FY2015 and shows an aggregate of the two entities.

VivoPower International's financial statements for the year ended 31 March 2016 were audited, and an unqualified audit opinion was given. VivoPower Australia's financial statements for the years ended 31 March 2015 and 2016 were also audited, and an unqualified audit opinion was given for each year.

(A\$'000)	Notes	FY2015	FY2016	FY2017 Forecast
Solar system BTO revenue	1	-	-	29,245
Power generation revenue	2	-	81	140
Power support revenue		-	-	150
Other revenue	3	1	339	-
<b>Total revenue</b>		<b>1</b>	<b>420</b>	<b>29,535</b>
Employment expenses		(227)	(446)	(4,235)
Occupancy expenses		(12)	(40)	(470)
Consulting and professional fees	4	(83)	(850)	(3,195)
Other administrative expenses		(251)	(1,015)	(1,060)
<b>Total expenses</b>		<b>(572)</b>	<b>(2,351)</b>	<b>(8,960)</b>
<b>EBITDA</b>		<b>(572)</b>	<b>(1,930)</b>	<b>20,575</b>
<i>EBITDA - VivoPower International</i>		-	(379)	15,515
<i>EBITDA - VivoPower Australia</i>		(572)	(1,551)	5,060
Depreciation		(0)	(17)	(74)
<b>EBIT</b>		<b>(572)</b>	<b>(1,948)</b>	<b>20,501</b>
<i>EBIT - VivoPower International</i>		-	(379)	15,504
<i>EBIT - VivoPower Australia</i>		(572)	(1,568)	4,997
Net Interest	5	42	17	(600)
<b>Net profit before tax</b>		<b>(530)</b>	<b>(1,931)</b>	<b>19,901</b>
Tax		-	6	(5,188)
<b>Net profit after tax</b>		<b>(530)</b>	<b>(1,924)</b>	<b>14,713</b>

Source: Audited Financial Statements of VivoPower International PLC & VivoPower Pty Ltd for the years ended 31 March 2015 & 2016 and management forecasts for the year ended 31 March 2017.

1. VivoPower International and VivoPower Australia were incorporated in FY2016 and FY2015, respectively, and therefore trading was minimal in those financial years. The assumptions in relation to forecast revenue are discussed below. Solar System BTO revenue is recognised on completion of a project.
2. VivoPower Australia, primarily generated revenue in FY2016 from the sale of solar energy from the Amaroo site which commenced operations in January 2016.
3. Other revenue relate a repayment of funding provided on behalf of minority partners for solar BTO activities undertaken in the Philippines. The repayment was included as other revenue to offset expenses take up in the previous year. Other revenue also relates to fair value movements in large-scale generation certificates and unrealised foreign exchange movements.
4. These costs partly relate to outsourcing / consulting, and are also associated with the establishment of the VivoPower International and VivoPower Australia structure, and costs incurred to prepare key operating legal documents, and template agreements. In FY2017 these costs predominantly relate to advisory costs for new projects.
5. The net interest income in FY2015 and FY2016 relates to interest received on cash less interest payable on a commercial loan to fund the Amaroo Solar project within VivoPower Australia.

#### 7.1.5 Assumptions used to prepare the forecast financial information

The forecast financial information has been prepared by the VivoPower International Board and Management based on various best estimate assumptions for VivoPower International and VivoPower Australia. These assumptions are set out below and are intended to assist shareholders in assessing the reasonableness and

likelihood of the assumptions occurring. The forecast financial information and the assumptions on which they are based relate to the future, actual results are likely to be different from those forecast because events and circumstances frequently do not occur as expected. These differences may be material.

The forecast financial information has regard to the trading performance of VivoPower International and VivoPower Australia up until 30 June 2016.

#### Revenue

- **Solar system BTO revenues** – relate to development fees generated on the sale of a project. Forecast revenue fees are based on contracted sales of sites that are in negotiation which have an estimated completion date prior to 31 March 2017. The forecast for FY17 reflects completion of 125 MW of projects. The project pipeline has been increased significantly since commencing operations.

Forecast revenue includes the completion of the NC-31 solar project being built in Bladen County, North Carolina, USA. Construction of the project is expected to be completed in early 2017 and on commercial operation VivoPower International will receive a A\$15.4m (US\$11.6m) fee.

Revenue from other projects are based on the expected outcomes of current negotiations.

- **Power generation revenue** – represents a residual interest of 14.6% in the NC-31 project, and the Amaroo and Sun Connect projects currently owned by VivoPower Australia. Revenue from the VivoPower Australia projects is based on historical trading levels to the time of expected sale of these projects in late 2016. Revenue from the NC-31 project is based on engineering specifications and a technical project analysis.
- **Power support revenue** – Relates primarily to revenues generated by VivoPower Australia in relation to the management and optimisation of Australian BTO projects transacted in the second half of FY2017, and is based on current discussions.

#### Operating costs

- **Employment expenses** – reflect board, management and staff expenses based on headcount, fixed salaries and estimated bonuses in-line with employment contracts.
- **Occupancy expenses** – reflect current property expenses for offices in the UK, Australia and Singapore and a new premises in the USA from January 2017.
- **Consulting and professional fees** - are estimated based on a percentage of BTO revenue. Fees are estimated at 13.4% of international revenue and is reflective of the higher levels of outsourcing in the initial year of operations. A rate of 1.8% of BTO revenue has been applied in Australia based on historical fee levels.
- **Other administration expenses** – other administrative expenses are based on current operating levels and management estimates of expected full year costs as operating activity increases.
- **Depreciation** – is based on a four to five year useful life of equipment. Capital expenditure is minimal due to the nature of operations which has limited capital expenditure requirements.
- **Interest expense** – is based on actual interest payable on funds borrowed to fund the Amaroo project, which is owned by VivoPower Australia, as well as interest payable on intercompany loans from AWN to VivoPower International.
- **Income tax expense** – reflects an effective rate of approximately 26% based on a blended corporate rate across the UK, US, Australia and Singapore.
- **Transactions costs** – no transaction costs in respect of the Proposed Transaction have been reflected in the pro forma profit and loss account. These are discussed with the pro forma balance sheet below.

#### 7.1.6 Sensitivity analysis

The forecast financial information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainty that are outside the control of AWN's directors. These estimates and assumptions are subject to change.

Based on the materiality of the assumptions stated above, the key risks relate to the timing of project completion, the final yield on completion for BTO revenue and overhead costs, primarily consulting and professional fees, being higher than expected.

Set out below is a summary of the impact on EBITDA of VivoPower International and VivoPower Australia of changes in BTO revenue and overhead expenses. The changes in key variables as set out in the sensitivity analysis are not expected to be indicative of the complete range of variations that may be experienced.

(A\$'000)	VivoPower International EBITDA	VivoPower Australia EBITDA	Total
Base	15,515	5,060	20,575
15% reduction in BTO revenue	12,527	4,140	16,667
10% increase in overheads	14,762	4,917	19,679

The estimated impact of changes in variables has been calculated in isolation from changes in other variables to illustrate the likely impact on the forecast financial information. In practice, changes in variables may offset each other or may be cumulative.

#### 7.1.7 Capital structure

The table below sets out VivoPower International's current shareholding, as well as shows the changes that will occur as a result of the restructure with VivoPower Australia. Prior to the restructure AWN held 100% of the issued capital of VivoPower International. 100% of the preference shares in VivoPower Australia will be redeemed for A\$750,000 (US\$575,250) cash prior to the restructure. After the restructure, AWN and controlled entities' interest in VivoPower International will be diluted to 97.05%.

Share capital of VivoPower Australia prior to the restructure:

Shareholder	Shareholding	% Total
Arowana Energy (AWN controlled)	3,201,243	43.13%
AASSF Entities (AWN controlled)	1,995,000	26.88%
Aevitas Group Ltd	1,475,473	19.88%
Hadouken Pty Ltd (Ben Tan)	750,100	10.11%
<b>Total ordinary shares</b>	<b>7,421,816</b>	<b>100.00%</b>
Hadouken Pty Ltd (Ben Tan)	100	100.00%
<b>Total preference shares</b>	<b>100</b>	<b>100.00%</b>

Source: ASIC database

Share capital of VivoPower International after the acquisition of Aevitas and restructure of VivoPower Australia:

Shareholder	Pre-restructure	% Total	Transfer of VivoPower Australia to VivoPower International	% Total
AWN	5,718,879	100.00%	5,718,879	76.57%
Arowana Energy (AWN controlled)			942,289	12.62%
AASSF Entities (AWN controlled)			587,229	7.86%
Hadouken Pty Ltd (Ben Tan)			220,792	2.96%
<b>Total shareholders</b>	<b>5,718,879</b>	<b>100.00%</b>	<b>7,469,187</b>	<b>100.00%</b>

Source: VivoPower Australia share sale agreement and information provided by management

## 7.2 Aevitas Group Ltd

### 7.2.1 Corporate History

Aevitas is an Australian unlisted public company, incorporated on 28 February 2013. The company was formally called Ubiquity Power Maintenance Group Limited and changed its name to Aevitas Group Limited on 10 August 2016.

Aevitas operates through J.A. Martin Electrical Pty Limited (“JA Martin”) and Electrical Engineering Group Pty Limited, which encompass the operations of Kenshaw Electrical Pty Limited. A third division, Generator and Power Station Services was placed into external administration on 4 March 2015.

On 27 May 2016, Aevitas acquired the remaining 15% interest in JA Martin, increasing Aevitas’ interest to 100%.

On 21 July 2016 Aevitas sold 519,527 (7%) of VivoPower Australia ordinary shares to a wholly owned subsidiary of AWN, reducing Aevitas’ interest from 26.9% to 19.9%.

Aevitas O Holdings Pty Ltd (“OptionCo”) has executed option agreements to acquire 99.9% of the ordinary share of Aevitas for A\$12.7 million (US\$9.7 million). VivoPower International will become the legal owner of 100% of the share capital of OptionCo upon the NASDAQ listing, thereafter on exercise of the options VivoPower International will acquire 99.9% of Aevitas.

### 7.2.2 Business Activities

Aevitas provides energy and power generation solutions including design, supply, installation and maintenance of power systems and control systems, with an increasing focus on solar and renewable energy, and energy efficiency products and strategies.

Aevitas operates primarily in New South Wales and had approximately 122 full-time equivalent employees as of 31 March 2016.

### 7.2.3 Directors and Key Management

Following is a table of the board and management of Aevitas prior to the transaction:

Name	Position
Michael Hokin	Director
Stephen Bowhill	Director
Georgina Varley	Director

Source: Source: SAI Global Company search on Aevitas Group Limited dated 12 August 2016.

#### 7.2.4 Financial performance

Set out below is the profit and loss statements of Aevitas for the 13 months ended 30 June 2014, and the financial years ended 31 March 2015 and 2016. Aevitas changed its year end from June to March for the purpose of preparing special purpose accounts for the Proposed Transaction.

Aevitas' financial statements for each of the periods below were audited, and an unqualified audit opinion was given for each period.

(A\$'000)	Note	June 2014 (13 months)	FY2015	FY2016
Energy services revenue	1	44,784	39,596	35,439
Other revenue		403	601	379
<b>Total revenue</b>		<b>45,188</b>	<b>40,196</b>	<b>35,819</b>
Cost of sales	2	(38,023)	(35,424)	(31,652)
<b>Gross Profit</b>		<b>7,164</b>	<b>4,772</b>	<b>4,167</b>
Employee benefit expenses		(3,869)	(2,278)	(2,438)
Occupancy expenses		(809)	(435)	(427)
Other	3	(3,328)	(1,609)	(1,429)
<b>EBITDA</b>		<b>(841)</b>	<b>450</b>	<b>(127)</b>
Depreciation		(292)	(48)	(209)
Impairment expense	4	(16,920)	(1,258)	(29)
Loss on sale of assets		(2)	(469)	(91)
<b>EBIT</b>		<b>(18,055)</b>	<b>(1,326)</b>	<b>(456)</b>
Net Interest	5	(1,453)	(1,527)	(1,907)
<b>NPBT</b>		<b>(19,507)</b>	<b>(2,852)</b>	<b>(2,364)</b>
Tax		124	7	(293)
<b>NPAT</b>		<b>(19,383)</b>	<b>(2,845)</b>	<b>(2,657)</b>

Source: Audited Financial Statements of Aevitas Group Ltd for the 13 months to 30 June 2014, and years ended 31 March 2015 & 2016.

1. Aevitas has a diverse customer base, however the downturn in the local coal and energy industry in the Newcastle region has had an impact on other industries including Aevitas' customers in that region. This downturn led to a reduction in pricing, resulting in a decrease in revenue from FY2014 to FY2016. In addition, Aevitas focussed on higher EBITDA margin work, so although revenue fell, the business maintained margins.
2. Cost of sales include direct materials, direct labour, operational overhead, depreciation, and occupancy costs, that directly relate to the generation of revenue. The margins have been consistent across the period.
3. Other expenses includes bank charges, insurances, travel expenses, repairs and maintenance expenses, and other administrative expenses.
4. This relates to the impairment of goodwill and inter-company loans
5. Net interest consists of interest paid to note holders and other lenders, and interest income on cash. During the period, Aevitas had 2,473,367 notes on issue with a face value of A\$7. Up until 30 June 2015, interest was payable at 8.5% per annum, and 11.4% subsequently.

#### 7.2.5 Capital structure

Aevitas' issued capital as at 24 August 2016 comprised 12,697,547 ordinary shares. In addition to the ordinary shares, Aevitas has 2,473,367 convertible preference shares (face value of A\$3) and 2,473,367 notes (face value of A\$7) on issue. ARWA's officers and directors own 6.86% of the ordinary shares, and 1.93% of the convertible preference shares and notes. AWN and related entities holds 80.86% of the preference shares and notes.

The table below lists the shareholders relevant to the Proposed Transaction.

Shareholder	Ordinary shares	% Total	Preference shares	% Total	Notes	% Total
Mr. Dudley Hoskin	430,000	3.39%	43,249	1.75%	43,249	1.75%
The Panaga Group Trust	373,217	2.94%	4,500	0.18%	4,500	0.18%
Ralsten Pty Ltd	68,402	0.54%	-	-	-	-
<b>ARWA offices and directors</b>	<b>871,619</b>	<b>6.86%</b>	<b>47,749</b>	<b>1.93%</b>	<b>47,749</b>	<b>1.93%</b>
AWN and related entities	-	-	2,000,000	80.86%	2,000,000	80.86%
Other shareholders	11,825,928	93.14%	425,618	17.21%	425,618	17.21%
<b>Total shareholders</b>	<b>12,697,547</b>	<b>100.00%</b>	<b>2,473,367</b>	<b>100.00%</b>	<b>2,473,367</b>	<b>100.00%</b>

Source: ASIC database and information provided by management

### 7.2.6 Convertible preference shares and notes on issue

As part of the amended Contribution Agreement, it is now a condition to the Proposed Transaction that the terms to the convertible preference shares and notes are to be amended. Under the old terms the instruments had a higher coupon/dividend rate and a shorter term to maturity. Under the amended terms, the convertible preference shares and notes will no longer have the option to be redeemed for cash. Instead they will remain on issue until 30 June 2021, at which time they will be automatically reinvested in VivoPower International shares at A\$13.30 (US\$10.20) per share. Early redemption may be triggered by certain events including an ASX listing of VivoPower International or a change in control of Aevitas or VivoPower International.

As noted above AWN and related entities have a majority stake in the convertible preference shares and notes and therefore the shareholders of AWN are impacted by these amendments. Set out below is a comparison of the key amendments to the terms relevant to both the convertible preference shares and notes prior to and after the Proposed Transactions:

Terms	Prior to Proposed Transaction	After Proposed Transaction
<b>Dividend or coupon rate</b>	8.5% to 30 June 2015 11.4% to 30 June 2018	8.5% to 30 June 2015 11.4% to 31 December 2016 7% to 30 June 2021
<b>Maturity</b>	30 June 2018	30 June 2021
<b>At maturity / redemption</b>	Preference shares are convertible to ordinary shares in Aevitas at a 1:30 ratio  Notes are redeemed for cash	Preference shares and notes are reinvested in VivoPower International ordinary shares at US\$10.20 per share
<b>Voting rights</b>	Yes	No

### 7.3 **Pro forma Financial Position of VivoPower International Group**

The pro forma financial position of VivoPower International is set out below. It was prepared by the VivoPower International Board and Management for illustrative purposes to show the impact of the following as if they had occurred at 31 March 2016:

- Significant post balance sheet events being Aevitas' purchase of the non-controlling interest in J.A Martin Electrical Pty Ltd, Aevitas sale of a 7% interest in VivoPower Australia to VivoPower International, and VivoPower International's purchase of NC-31 and NC-47;
- ARWA's investment in VivoPower International assuming that the minimum investment of A\$28,629,153 (US\$21,958,560) occurs, less transaction costs and options over VivoPower International shares granted to ARWA advisers; and
- Formation of the VivoPower Group through the acquisition of VivoPower Australia and Aevitas, including the reclassification of convertible preference shares and note on issue in Aevitas.

Set out below is the pro-forma balance sheets of VivoPower International, VivoPower Australia, and Aevitas as at 31 March 2016, assuming maximum redemption by ARWA shareholders of 74% at the time of the IPO.

VivoPower International's reporting currency is US dollars so a spot rate at 31 March 2016 of US\$0.766 was used to convert the figures to Australian dollars. The balance sheets for VivoPower Australia and Aevitas are taken from the audited financial statements.

As at 31 March 2016 (A\$'000)	Note	Vivo Int.	Vivo Aus.	Aevitas	Post B/S adj.	ARWA share issue <sup>1</sup>	Format'n of Vivo Group	Pro forma
<b>Current assets</b>								
Cash and cash equivalents	1	37	877	1,852	6,573	8,362	(13,448)	4,253
Trade and other receivables		-	81	7,051	588	-	-	7,721
Inventories	2	-	-	1,357	15,662	-	-	17,018
Other assets		-	228	178	-	-	-	405
<b>Total current assets</b>		<b>37</b>	<b>1,186</b>	<b>10,438</b>	<b>22,823</b>	<b>8,362</b>	<b>(13,448)</b>	<b>29,397</b>
<b>Non-current assets</b>								
Investments in associates	3	-	-	-	5,907	-	(5,907)	-
Notes receivable	2	10,275	-	-	(10,275)	-	-	-
Property, plant and equipment		4	1,243	1,811	-	-	-	3,058
Intangible assets	4	-	1,090	12,407	-	-	58,326	71,822
Other non-current assets		-	657	-	-	-	-	657
Deferred tax asset	5	-	7	1,247	(625)	-	-	630
<b>Total non-current assets</b>		<b>10,279</b>	<b>2,997</b>	<b>15,465</b>	<b>(4,993)</b>	<b>-</b>	<b>52,419</b>	<b>76,166</b>
<b>Total assets</b>		<b>10,316</b>	<b>4,183</b>	<b>25,903</b>	<b>17,830</b>	<b>8,362</b>	<b>38,971</b>	<b>105,564</b>
<b>Current liabilities</b>								
Trade and other payables		(242)	(151)	(4,451)	(1,160)	-	(1,900)	(7,903)
Borrowings - related party	1	(10,440)	-	-	(10,799)	-	-	(21,240)
Borrowings	1	-	-	(1,570)	32	-	-	(1,538)
Employee benefits		-	-	(1,694)	-	-	-	(1,694)
Tax liabilities		-	-	(127)	-	-	-	(127)
<b>Total current liabilities</b>		<b>(10,682)</b>	<b>(151)</b>	<b>(7,842)</b>	<b>(11,927)</b>	<b>-</b>	<b>(1,900)</b>	<b>(32,502)</b>
<b>Non-current liabilities</b>								
Borrowings	1	-	(1,347)	(21,197)	-	-	21,006	(1,537)
Employee benefits		-	-	(284)	-	-	-	(284)
Deferred tax liabilities	5	-	-	(7)	(1,772)	-	(7,543)	(9,322)
<b>Total non-current liabilities</b>		<b>-</b>	<b>(1,348)</b>	<b>(21,488)</b>	<b>(1,772)</b>	<b>-</b>	<b>13,463</b>	<b>(11,143)</b>
<b>Total liabilities</b>		<b>(10,682)</b>	<b>(1,497)</b>	<b>(29,330)</b>	<b>(13,699)</b>	<b>-</b>	<b>11,563</b>	<b>(43,645)</b>
<b>Net Assets</b>		<b>(366)</b>	<b>2,685</b>	<b>(3,427)</b>	<b>4,131</b>	<b>8,362</b>	<b>50,534</b>	<b>61,918</b>
<b>Equity</b>								
Issued capital – ordinary shares	6	-	4,754	12,698	-	28,653	6,353	52,457
Issue capital – preference shares	7	-	-	7,420	-	-	(7,420)	-
Issue capital – options reserve	8	-	-	-	-	4,845	-	4,845
Issued capital – cost of equity raising		-	-	-	-	(14,076)	-	(14,076)
Retained earnings		(366)	(2,069)	(25,163)	5,749	(11,060)	21,483	(11,426)
<b>Total equity attributable to equity holders</b>		<b>(366)</b>	<b>2,685</b>	<b>(5,045)</b>	<b>5,749</b>	<b>8,362</b>	<b>20,416</b>	<b>31,800</b>
Non-controlling interest	9	-	-	1,618	(1,618)	-	30,118	30,118
<b>Total shareholder equity</b>		<b>(366)</b>	<b>2,685</b>	<b>(3,427)</b>	<b>4,131</b>	<b>8,362</b>	<b>50,534</b>	<b>61,918</b>

1. Based on 74% redemptions of ARWA shares at the time of the IPO

Source: Audited Financial Statements of VivoPower International PLC, VivoPower Pty Ltd, and Aevitas Group Ltd, and VivoPower International PLC Form F-4.



1. As at 30 June 2016, the net debt position of the VivoPower Group entities were as follows :

(A\$'000)	VivoPower International	VivoPower Australia	Aevitas	Total
Cash	2,931	728	2,668	6,423
Borrowings	(19,515)	(1,347)	(23,936)	(44,798)
<b>Net debt</b>	<b>(16,584)</b>	<b>(619)</b>	<b>(21,268)</b>	<b>(38,472)</b>

Source: Reviewed Interim Accounts as at 30 June 2016 translated to AUD at the spot rate of \$0.767 as at 20 October 2016

Borrowings represent the following:

- In VivoPower International, notes were issued to AWN to support ongoing administrative needs and the development of solar projects in the US. The notes are denominated in Australian dollars, and mature on 10 February 2017 and 24 March 2017 respectively. The notes are unsecured, bears a fixed interest of 6.0% annually, and allows for unlimited additional advances. Principal and interest is due at maturity.
- In VivoPower Australia, it relates to a commercial facility with ANZ Banking Group Ltd to fund the Amaroo Solar Project. There has been no movement in borrowings since 31 March 2016.
- In Aevitas, it comprises of the following:

(A\$'000)	Outstanding at 30 June 2016
Arowana Partners Group	(693)
Lease liabilities	(165)
Notes on issue	(21,498)
Loan from AWN subsidiary	(1,480)
Other borrowings	(101)
	<b>(23,936)</b>

Under the amended terms, the notes will be reinvested in VivoPower International's ordinary shares and as a result, they have been reclassified as equity.

2. On 29 July 2016 VivoPower International purchased 100% of the equity of NC-31 for cash consideration of A\$2.7m (US\$2.1m). On 29 August 2016 VivoPower International purchased NC-47 for A\$2.6m (US\$2m). A\$1.4m (US\$1.1m) was paid in cash and A\$1.2m (US\$0.9m) is payable by 30 November 2016. This has been classified as inventory.

Related notes receivable held by VivoPower International were cancelled in exchange for the exclusive right to acquire solar projects NC-31 and NC-47. The borrowings to fund these projects are included in the net debt calculation above.

3. Represents the elimination of Aevitas' interest in VivoPower Australia.
4. Intangible assets in VivoPower Australia represent purchased solar contracts, renewable energy certificates, patents and trademark, and goodwill.

Goodwill and other intangible assets are recognised on the acquisition of VivoPower Australia and Aevitas. VivoPower International Board and Management have undertaken a preliminary exercise to identify intangible assets resulting from the acquisitions. In determining the fair value of VivoPower International shares issued to acquire VivoPower Australia the VivoPower International Board and Management have applied a fair value of A\$24.6m (US\$18.8m) for the shares acquired in VivoPower Australia. The final determination of fair value for the purposes of acquisition accounting will be subject to further revision.

5. Deferred tax assets represent capitalised tax losses. Deferred tax losses reflect the impact of fair value adjustments that the VivoPower Board and Management have considered as part of the acquisition accounting for VivoPower Australia and Aevitas primarily as a result of the assessment of identifiable intangible assets.
6. These reflect the changes in the share capital as a result of the Proposed Transaction.
7. Under the amended terms, the convertible preference shares are reinvested in VivoPower International ordinary shares. As a result they have been reclassified as equity.

8. The options reserve represents the value of the options over shares in VivoPower International granted to ARWA financial advisers. The value of the options has been determined by the VivoPower International Board and Management using the Black-Scholes pricing model. The key assumptions used are as follows:

Assumptions	
Volatility	52.90%
US Government Debt – 10 years	1.74%
Exercise price	US\$8.70

9. The non-controlling interest represents the 0.1% of Aevitas not held by VivoPower International and the reclassification of convertible preference shares and notes in Aevitas. Refer to notes 1 and 7 above.

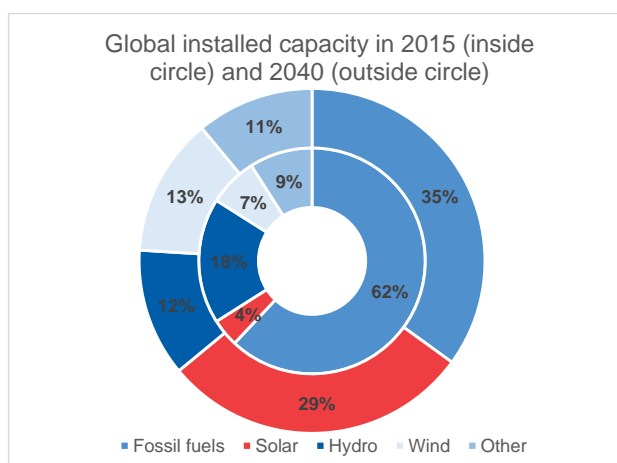
## 8. MARKET OVERVIEW

### 8.1 Outlook for global energy consumption

Energy consumption from all sources is expected to increase at an average rate of 2% per annum to 2040<sup>1</sup>. Fossil fuels continue to be the largest source of energy used to generate electricity. However, concerns about the effects of fossil fuel emissions on the environment and sustained high global oil prices in the long term support expanded use of renewable energy sources. With government policies and incentives promoting the use of renewable energy in many countries, renewable energy is the world's fastest growing source of energy, at an average growth rate of 2.8% per year, compared to fossil fuel which increases by an average rate of 1.5% per year to 2040<sup>2</sup>.

### 8.2 Investment in renewable energy sources

The renewables industry has grown significantly over the past 5 years due to the demand from consumers for clean green energy, a reduction in political barriers through government subsidies, and a fall in input prices. Of all renewable energy sources, solar had the highest demand with over US\$3 trillion of new investment being advanced to solar projects<sup>3</sup>. By 2040 solar will account for approximately 29% of the projected 13,464 GW of global installed capacity, compared to 4% of 6,418 GW of global installed capacity in 2015<sup>4</sup>.



Source: Bloomberg New Energy Finance

<sup>1</sup> EIA international energy outlook 2016

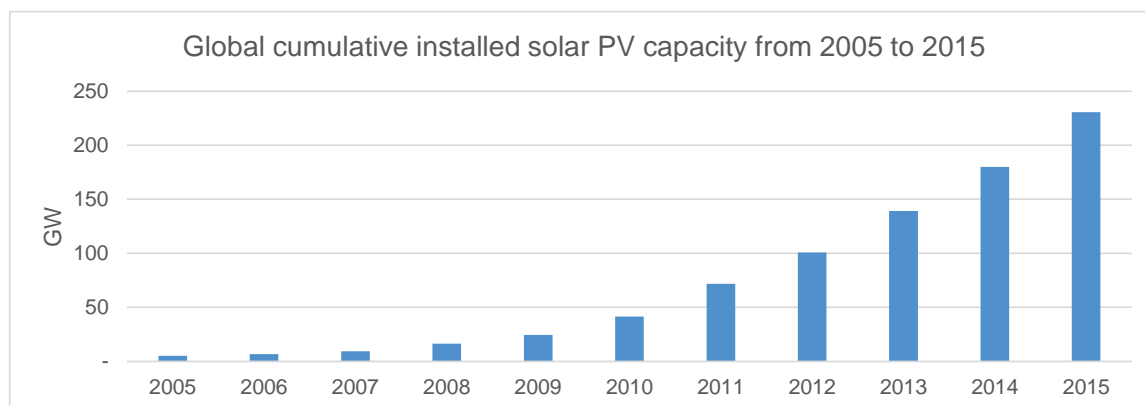
<sup>2</sup> Refer note 1

<sup>3</sup> Bloomberg New Energy Finance

<sup>4</sup> Refer note 4

### 8.3 Global solar industry

There are several solar technologies available, including Solar Thermal, Concentrating Solar Production, and Solar Photovoltaics (“Solar PV”). The Solar PV market was up 28% in 2015 and is becoming the leading form of solar power production globally, with a tenfold increase in global solar capacity installed in 2015 compared to a decade earlier<sup>5</sup>. Global cumulative installed solar PV capacity grew from 5,083 MW in 2005 to 230,606 MW in 2015<sup>6</sup>, and is expected to reach 700,000 MW by 2020<sup>7</sup>.



Source: BP Statistical Review of World Energy 2016

According to Bloomberg New Energy Finance, solar will account for more than 3.7 TW, or 43%, of new power generating capacity by 2040<sup>8</sup>. Small scale solar will make up more than a third of this new capacity, and the bulk of this solar PV will be utility-scale projects accelerated in countries such as China, Europe, the US and Africa from 2025, and India from 2030<sup>9</sup>. Overall, solar PV will supply more than 15% of the world’s electricity by 2040, seeing an average US\$135 billion invested per year globally over the next 25 years<sup>10</sup>.

### 8.4 Key drivers of solar energy

**Falling costs:** The US Department of Energy are working towards make solar energy technologies cost-competitive with traditional forms of energy by the end of the decade, by reducing the total installed cost of utility-scale solar electricity to roughly US\$0.06 per kilowatt hour without subsidies<sup>11</sup>. This is expected to result in rapid large-scale adoption of solar electricity across the US.

**Energy conversion efficiencies continue to improve:** Solar PV cell efficiencies have improved from 4% efficiency in 1954 with Bell Lab’s first PV cell<sup>12</sup> to a world record cell efficiency, with a concentrator, of 46% in 2014<sup>13</sup>. This was achieved by the Fraunhofer Institute of Solar Energy Systems through a non-commercial experimental design, and the current commercial market average PV cell efficiency is 12-18%<sup>14</sup>.

**Environmental concerns:** The shift towards solar energy continues to gain momentum as leading policy makers are recognising solar as the preferred technical solution to fight climate change. At the 2015 United Nations Climate Change Conference in December 2016, world leaders have agreed to act on global warming by replacing polluting energies with the use of renewable sources of energy, such as solar energy<sup>15</sup>.

<sup>5</sup> Renewables 2016 Global Status Report

<sup>6</sup> BP Statistical Review of World Energy 2016 – Renewable Energy

<sup>7</sup> SolarPower Europe; Global Market Outlook for Solar Power 2015-2019

<sup>8</sup> Bloomberg New Energy Finance; New Energy Outlook 2016

<sup>9</sup> Refer Note 7

<sup>10</sup> Refer Note 8

<sup>11</sup> The US Department of Energy; SunShot Initiative

<sup>12</sup> American Physics Society; Bell Labs Demonstrates the First Practical Silicon Solar Cell, 25 April 1954

<sup>13</sup> Fraunhofer Institute of Solar Energy Systems ISE

<sup>14</sup> The SunPower X-Series Data Fact Sheet

<sup>15</sup> COP21; United Nations Conference; Paris 2015

**Advances in energy storage:** The Australian Renewable Energy Agency declares energy storage as one of the most important enabling technologies for improving the competitiveness and increasing the supply of renewable energy. Energy storage can be used to smooth out peak demand in energy supply, unlocking value and increasing flexibility and reliability<sup>16</sup>. Until now, battery storage has not been cost effective or efficient enough to be considered as a viable technology alternative. Developments in battery efficiency and capacity has meant that large-scale solar and battery projects can now become a reality. The world's largest virtual power plant is set to land in South Australia boosting grid stability, reducing power price volatility, and supporting renewable energy<sup>17</sup>.

## 9. VALUATION METHODOLOGIES

### 9.1 Definition of market value

In forming our opinion as to whether or not the Proposed Transaction is fair and reasonable to the AWN shareholders, we have assessed the value of VivoPower International on a fair value basis. RG 111 defines fair value as the amount:

*“assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length...”*

### 9.2 Selection of Methodology

RG 111 provides guidance on the valuation methods that an independent expert should consider. These methods include:

- the discounted cash flow method and the estimated realisable value of any surplus assets;
- the application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;
- any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets; and
- the amount that an alternative bidder might be willing to offer if all the securities in the target were available for purchase.

Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly applied in valuing such an asset and the availability of appropriate information.

In determining the fair value of VivoPower International and VivoPower Australia, we have applied a forecast EBITDA earnings multiple. We have determined this to be the most appropriate methodology as:

- The companies are currently operating at a loss and their value is contained in their future earnings based on pipeline opportunities.
- The companies are forecasting a profit for the year ending 31 March 2017 supported by underlying contractual relationships either executed or in negotiation.
- EBITDA has been determined as the appropriate profit level as the operations of VivoPower International and VivoPower Australia have limited capital expenditure that relate to the operations of the business.

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<sup>16</sup> Australian Renewable Energy Agency

<sup>17</sup> World's biggest solar + storage projects planned for Australia by Giles Parkinson, July 2016

- The companies are not listed entities and accordingly it is not possible to use the quoted price as a basis for valuation.
- The companies have not received any recent offers for the acquisition of a part or whole of the business, from which an indication of value can be determined.

In determining the fair value of Aevitas we have considered the transaction value agreed between Aevitas shareholders and AWN as appropriate as it is an arm's length transaction.

Our valuation methodology requires the use of prospective financial information. We have therefore considered the requirements of Regulatory Guide 170: Prospective financial information ("RG 170"). RG170 requires that to use prospective financial information there must be reasonable grounds for the inclusion of the information.

To demonstrate reasonable grounds there must be some facts or circumstances that exist at the time of publication, are relied upon, are objectively reasonable and support the information. Examples of what may constitute reasonable grounds are information that:

- relates to forward-sales contracts or leases;
- is underpinned by independent industry experts' reports; and
- includes short-term estimates.

However, what constitutes reasonable grounds must be judged according to the facts and circumstances of each case.

## 10. VALUE OF VIVOPOWER GROUP ON A CONTROL BASIS

The fair value of the VivoPower Group on a control basis is summarised below:

(A\$'000)	Note	Low	Mid	High
<b>VivoPower International</b>				
EBITDA	1	12,527	14,021	15,515
Multiple applied (see section 10.1)		5.3x	5.3x	5.3x
<b>Enterprise value</b>		<b>66,393</b>	<b>74,311</b>	<b>82,228</b>
Net Debt	2	(16,584)	(16,584)	(16,584)
<b>Equity value</b>		<b>49,809</b>	<b>57,726</b>	<b>65,644</b>
<b>VivoPower Australia</b>				
EBITDA	1	4,140	4,600	5,060
Multiple applied (see section 10.1)		5.3x	5.3x	5.3x
<b>Enterprise value</b>		<b>21,944</b>	<b>24,381</b>	<b>26,819</b>
Net Debt	2	(619)	(619)	(619)
Redemption of series B preference shares	3	(750)	(750)	(750)
<b>Equity value</b>		<b>20,575</b>	<b>23,012</b>	<b>25,450</b>
<b>Equity value - 80.1% interest</b>	4	<b>16,481</b>	<b>18,433</b>	<b>20,385</b>
<b>Aevitas</b>				
Equity value	5	12,700	12,700	12,700
<b>Total equity value</b>		<b>78,989</b>	<b>88,859</b>	<b>98,729</b>
Shares in VivoPower International	6	7,469,187	7,469,187	7,469,187
<b>Value of a share in the company (A\$/share)</b>		<b>A\$10.58</b>	<b>A\$11.90</b>	<b>A\$13.22</b>
<b>Value of a share in the company (US\$/share)</b>	7	<b>US\$8.11</b>	<b>US\$9.12</b>	<b>US\$10.14</b>

The following matters are identified in respect of the valuation:

1. The EBITDA range has been based on the low EBITDA from the sensitivities as set out in section 7.1.6 with the high determined from the base EBITDA forecast.
2. Net debt as at 30 June 2016 is set out in section 7.3.
3. As part of the acquisition of VivoPower Australia series B preference shareholders will be paid \$750,000 in consideration for their shares.
4. AWN owns 80.1% of VivoPower Australia and this is reflected in the calculation of VivoPower Australia's equity value
5. VivoPower International will acquire Aevitas for A\$12.7 million (US\$9.7 million) as noted above in section 1.
6. The capital structure of VivoPower International is set out in section 7.1.7.
7. The value of a share in VivoPower International is converted to US dollars at an exchange rate of US\$0.767 on 20 October 2016

### 10.1 Capitalisation multiple

The capitalisation multiple has been determined with reference to identified listed companies and transactions. The mean and median EBITDA multiples are summarised below and the details are set out in appendix F:

EBITDA multiple	Comparable companies <sup>1</sup>	Comparable transactions
Mean	10.2x	14.7x
Median	10.9x	11.7x

1. *Comparable company multiples represent forward multiples*

Source: S&P Capital IQ as at 26 October 2016

It is difficult to identify a direct comparable company to VivoPower International. However, the companies identified share similar industry characteristics and therefore have been used as a basis for determining the capitalisation multiple.

We have applied discounts to the average implied multiple based on the size of VivoPower International, their lack of negotiability if they were to sell the business as they are an unlisted company, and where earnings multiples have been considered, a discount to reflect the implicit growth in forward multiples. In addition to this we have included a premium for control on comparable companies to determine a control interest in the VivoPower Group.

Based on the above we have determined that the appropriate capitalisation multiple is 5.3x.

## 11. ASSESSMENT OF FAIRNESS

As discussed in section 4, in determining whether the transaction is fair to AWN shareholders, we have set out the basis on which fairness is assessed.

## 11.1 Consideration received

In addition to the cash received from the issue of shares, an advisor to ARWA is also receiving options over shares in VivoPower International on completion of the Proposed Transaction. The impact of these options is to reduce the overall value that VivoPower International will receive from the issue of shares. The impact on the consideration is set out below:

(A\$)	Low	High
Cash received	28,629,153	108,227,027
Fair value of option granted to adviser (see below)	(3,071,446)	(4,417,916)
	25,557,707	103,809,111
Number of shares issued	6,050,150	12,035,598
Fair value of consideration	\$4.22	\$8.63

The fair value of the options issued to ARWA's financial adviser has been determined based on a Black-Scholes model. The assumptions in calculating the fair value are as follows:

(A\$)	Low	High
Fair value of a share	1 \$9.94	\$12.43
Exercise price	2 \$11.34	\$11.34
Number of periods to exercise	3 3.3 years	3.3 years
Compound risk free rate	4 0.98%	0.98%
Volatility	5 58%	58%

1. Based on the minimum and maximum fair value of VivoPower International as set out in section 10.
2. Exercise price as set out in the agreement with the financial advisor.
3. Based on an assumed completion date of 1 January 2017 through to the option expiry on 30 April 2020.
4. The rate on the US Government 3 year bond as at 20 October 2016.
5. The average volatility of comparable companies set out in appendix F.

## 11.2 Conclusion on fairness

This is summarised below:

	Low	Preferred	High
<b>Assessment in A\$</b>			
Fair value of a share in VivoPower International on a control basis	\$10.58	\$11.90	\$13.22
Consideration of a share in VivoPower International	\$4.22	\$6.43	\$8.63
<b>Assessment in US\$ (based on a spot rate of US\$0.767)</b>			
Fair value of a share in VivoPower International on a control basis	\$8.11	\$9.12	\$10.14
Consideration of a share in VivoPower International	\$3.24	\$4.93	\$6.62

As the consideration is less than the fair value of a share in VivoPower International on a control basis, **we have concluded that the Proposed Transaction is not fair.**

## 12. ASSESSMENT OF REASONABLENESS

### 12.1 Approach to assessing Reasonableness

In forming our conclusions in this Report, we have compared the advantages and disadvantages to shareholders if the Proposed Transaction proceeds.

## 12.2 Advantages of the transaction

We outline below potential advantages of the Proposed Transaction:

Advantage	Explanation
<b>Funding will be made available to acquire Aevitas and support the development of future projects</b>	The consideration for the acquisition of Aevitas will be funded by the cash subscription made by ARWA. In addition, the VivoPower Group will have funding available to support ongoing projects. If the Proposed Transaction does not proceed, VivoPower International will need to find another source of funding.
<b>Following the Proposed Transaction the VivoPower Group's operations will be consolidated under the one entity</b>	The Proposed Transaction proceeds, AWN and its subsidiaries to consolidate their disparate interests under the one entity, minimising the complexity of the current corporate structure. This will also allow potential synergies and other operational efficiencies to be achieved.
<b>AWN will receive a service fee of A\$7.6 million (US\$5.8 million) from VivoPower Group on completion of the Proposed Transaction</b>	AWN is expected to receive a fee of US\$5.8 million in cash in March 2017, conditional upon the completion of the Proposed Transaction, for the reimbursement of transactions and operating costs that relate to VivoPower International and as compensation for project management services.
<b>VivoPower International will be listed on the NASDAQ which will provide better access to US capital markets, visibility of underlying value and liquidity in the investment</b>	The Proposed Transaction will result in the listing of VivoPower International on the NASDAQ, which will provide VivoPower International access to the US capital markets. A NASDAQ listing will provide an identifiable value for VivoPower International and will allow the opportunity for the investment to be realised through the listing.
<b>Depending on the level of ARWA redemptions, AWN could receive up to A\$34.5 million (US\$26.4 million) in cash, to fund other investment opportunities, through a selective buy-back</b>	As part of the Proposed Transaction, VivoPower International will undertake a selective buy-back of shares from AWN at A\$13.30 (US\$10.20) per share if ARWA shareholder redemptions are less than 33% of the total number of ARWA shares at the time of the IPO. This would result in a return of up to A\$34.5 million (US\$26.4 million) that AWN could put towards other investment opportunities.



### 12.3 Disadvantages of the transaction

We outline following the potential disadvantages of the Proposed Transaction:

Disadvantage	Explanation
<b>AWN's interest in the VivoPower Group will be diluted to a maximum of 58% and minimum of 31%.</b>	The Proposed Transaction is expected to result in a dilution of ownership in VivoPower International to 58%. Should fewer than 33% of ARWA shareholders elect to redeem their shares, VivoPower International will buy-back shares held by AWN, which could lead to a further reduction in ownership to between 31% and 58%.
<b>AWN will not receive settlement of convertible preference shares and notes that AWN issued as funding to Aevitas. Instead the instruments will be reinvested in VivoPower International shares at A\$13.30 (US\$10.20) per share</b>	AWN provided funding to Aevitas through the issue of preference shares and notes. As part of the updated terms to the Proposed Transaction, these instruments will not be redeemed for cash. Instead, they will be automatically reinvested in VivoPower International shares at an issue price of A\$13.30 (US\$10.20) per share.
<b>AWN has a long-term employee incentive plan. The Proposed Transaction may trigger an early payment on the scheme, the total amount payable being contingent on the overall implication on AWN's share price.</b>	<p>A number of AWN's employees are entitled to a payment under AWN's long term value creation plan ("LTVCP"). Payments are generally calculated over a 5 year period with the last payment made in November 2014.</p> <p>Under the plan, early payment can occur if an early trigger event occurs, and the Proposed Transaction may constitute an early trigger event.</p> <p>The directors are unable to presently determine the quantum of any payment as it would be dependent on the impact the Proposed Transaction would have on AWN's share price during the calculation period.</p>

### 12.4 Alternatives to the transaction

The Directors have advised us that there are no other alternatives to the transaction.

### 12.5 Implications of the transaction not proceeding

If the Proposed Transaction is not approved, VivoPower International may be required to undertake further fundraising activity in order to develop its business further.

### 12.6 Conclusion as to Reasonableness

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

As the Proposed Transaction is not fair and, taking into account other significant factors, **we have concluded that the Proposed Transaction is reasonable.**

## 13. OPINION

**Accordingly, in our opinion, the Proposed Transaction is not fair but reasonable to the AWN shareholders not associated with Arowana Inc.**

The ultimate decision on whether to approve the Proposed Transaction should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Shareholders Booklet, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

## APPENDIX A – GLOSSARY

Term	Definition
<b>Shareholder Booklet</b>	Document to be sent to shareholders on or about the date of this Report in which this Report is included
<b>ABN</b>	Australian business number
<b>AFSL</b>	Australian Financial Services License (247300)
<b>ARWA</b>	Arowana Inc
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ASIC</b>	Australia Securities and Investment Commission
<b>ASX</b>	Australian Securities Exchange
<b>Aevitas</b>	Aevitas Group Ltd (ACN 162 624 599)
<b>AWN Directors and Management</b>	The Directors and Key Management of AWN in Section 6.3
<b>BTO</b>	Build, Transfer, Operate
<b>CEO</b>	Chief executive officer
<b>CFO</b>	Chief financial officer
<b>COO</b>	Chief operating officer
<b>Company or VivoPower International</b>	VivoPower International PLC
<b>Contribution Agreement</b>	Agreement entered into between ARWA and AWN whereby ARWA will subscribe for shares in VivoPower International.
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>CSP</b>	Concentrated Solar Thermal Power Facility
<b>EBIT</b>	Earnings before interest and tax
<b>EBITDA</b>	Earnings before interest, tax depreciation
<b>FSG</b>	Financial Services Guide
<b>FX</b>	Foreign exchange
<b>FY2014</b>	the financial year ended or as at 30 June 2014
<b>FY2017</b>	the financial year ended or as at 31 March 2017
<b>GST</b>	Goods and services tax
<b>Inc</b>	Incorporated
<b>IPO</b>	Initial public offering
<b>JA Martin</b>	J.A. Martin Electrical Pty Limited, wholly owned subsidiary of Aevitas
<b>MW</b>	Megawatts
<b>NPAT</b>	Net profit after tax
<b>NPBT</b>	Net profit before tax
<b>NSFS</b>	Nexia Sydney Financial Solutions Pty Ltd (AFSL 247300)
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OptionCo</b>	Aevitas O Holdings Pty Ltd, holds the option to acquire 99.9% of Aevitas Group Ltd
<b>PLC</b>	Public limited company
<b>Proposed Transaction</b>	Issue and sale of shares in VivoPower International PLC, a wholly owned subsidiary of Arowana International Ltd, to Arowana Inc
<b>PV or Solar PV</b>	Solar Photovoltaic
<b>RBA</b>	Reserve Bank of Australia
<b>Report</b>	Independent Expert's Report
<b>RG 111</b>	ASIC Regulatory Guide 111: Content of expert Reports
<b>RG 76</b>	ASIC Regulatory Guide 74: Related party transactions
<b>SEC</b>	The US Securities and Exchange Commission
<b>Spot rate</b>	The RBA spot rate on 20 October 2016 is \$0.767
<b>TBD</b>	To be determined
<b>UK</b>	United Kingdom
<b>US or USA</b>	United States of America
<b>VivoPower Australia</b>	VivoPower Pty Ltd (CAN 601 157 680)
<b>VivoPower Group</b>	Combined operations of VivoPower International, VivoPower Australia and Aevitas.
<b>VivoPower International Board and Management</b>	The Directors and Key Management of VivoPower International PLC in Section 7.1.3
<b>VivoPower Singapore</b>	VivoPower Singapore Pte Ltd, subsidiary of VivoPower Pty Ltd
<b>VivoPower USA</b>	VivoPower USA LLC, subsidiary of VivoPower International PLC

**VWAP**

Volume Weighted Average Price of shares

## APPENDIX B - SOURCES OF INFORMATION

- APES 225 – Valuation Services
- Australia Securities and Investment Commission's (ASIC) database
- ASX announcements
- Contribution agreement between Arowana Inc, VivoPower International PLC, and Arowana International Ltd
- Development services agreement between Innovative Solar 31, LLC and VivoPower USA LLC in relation to the IS31 solar photovoltaic project in the US
- Share sale agreement between shareholders and VivoPower International Services Ltd
- Example call option deed between the Aevitas shareholders and OptionCo
- Share sale agreements between VivoPower Australia shareholders and VivoPower International
- Audited financial statements of Aevitas Group Pty Ltd for the 13 months ended 30 June 2014 and the financial years ended 31 March 2015 and 2016
- Annual Report for the fiscal year ended 29 February 2016 of Arowana Inc (Form 10-K)
- Audited financial statements of Arowana International Ltd and controlled entities for the years ended 30 June 2015
- Audited financial statements of VivoPower Pty Ltd and controlled entities for the year ended 31 March 2016
- Consolidated financial statements for VivoPower International PLC and subsidiaries for the period from inception (1 February 2016) to 31 March 2016
- Management accounts as at 30 June 2016 for VivoPower International PLC
- Management accounts as at 30 June 2016 for VivoPower Pty Ltd
- Management accounts from 1 April 2016 to 31 July 2016 for Aevitas Group Ltd
- Registry Extract Report provided by GCS Risk Pty Ltd
- VivoPower International PLC Business and Transaction Overview presentation
- Shareholder register for Arowana International Limited, Aevitas Group Ltd,
- Draft Notice of Annual General Meeting and Explanatory Memorandum prepared by Arowana International Limited
- Regulatory Guide 76: Related party transactions
- Regulatory Guide 111: Content of expert Reports
- Regulatory Guide 112: Independence of expert's Reports
- Exchange rates from the Reserve Bank of Australia
- S&P Capital IQ
- SEC filings
- EIA international energy outlook 2016
- Refer note 1
- Bloomberg New Energy Finance
- Renewables 2016 Global Status Report
- BP Statistical Review of World Energy 2016 – Renewable Energy
- SolarPower Europe; Global Market Outlook for Solar Power 2015-2019

- Bloomberg New Energy Finance; New Energy Outlook 2016
- The US Department of Energy; SunShot Initiative
- American Physics Society; Bell Labs Demonstrates the First Practical Silicon Solar Cell, 25 April 1954
- Fraunhofer Institute of Solar Energy Systems ISE
- The SunPower X-Series Data Fact Sheet
- COP21; United Nations Conference; Paris 2015
- Australian Renewable Energy Agency
- World's biggest solar + storage projects planned for Australia by Giles Parkinson, July 2016
- Discussions with management

## **APPENDIX C - STATEMENT OF DECLARATION & QUALIFICATIONS**

### **Confirmation of Independence**

Prior to accepting this engagement Nexia Sydney Financial Solutions Pty Ltd (“NSFS”) determined its independence with respect to AWN with reference to ASIC Regulatory Guide 112: Independence of expert’s Reports (“RG 112”). NSFS considers that it meets the requirements of RG 112 and that it is independent of AWN.

Also, in accordance with s648(2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with AWN, its related parties or associates that would compromise our impartiality.

Mr Brent Goldman, authorised representative of NSFS, has prepared this Report. Neither he nor any related entities of NSFS have any interest in the promotion of the Proposed Transaction nor will NSFS receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this Report. Our fee is not contingent upon the success or failure of the Proposed Transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, NSFS does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

NSFS provided a draft copy of this Report to the Directors and Management of AWN for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of NSFS alone. Changes made to this Report, as a result of the review by the Directors and Management of AWN, have not changed the methodology or conclusions reached by NSFS.

### **Reliance on Information**

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report NSFS has relied upon information provided on the basis it was reliable and accurate. NSFS has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. NSFS evaluated the information provided to it by AWN as well as other parties, through enquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its Report. Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards. NSFS does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix B of this Report.

### **Qualifications**

NSFS carries on business at Level 16, 1 Market Street, Sydney NSW 2000. NSFS holds Australian Financial Services Licence No 247300 authorising it to provide financial product advice on securities to retail clients. NSFS’s representatives are therefore qualified to provide this Report.

Brent Goldman specifically was involved in the preparing and reviewing this Report. Brent Goldman is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Business Valuation Specialist of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Financial Services Institute of Australasia. He has over 15 years of corporate finance experience in both Australia and the UK.

## Consent and Disclaimers

The preparation of this Report has been undertaken at the request of the Directors and Management of AWN. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the Report should be used for any other purpose than to accompany the Shareholders Booklet to be sent to AWN shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of NSFS's opinion as to whether or not the Proposed Transaction is fair and reasonable to AWN shareholders.

NSFS consent to the issue of this Report in the form and context in which it is included in the Shareholders Booklet to be sent to AWN shareholders.

Shareholders should read all documents issued by AWN that consider the Proposed Transaction in their entirety, prior to proceeding with a decision. NSFS had no involvement in the preparation of these documents, with the exception of our Report.

This Report has been prepared specifically for the shareholders of AWN. Neither NSFS, nor any member or employee thereof undertakes responsibility to any person, other than a shareholder of AWN, in respect of this Report, including any errors or omissions howsoever caused. This Report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards.

Our opinions are based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of this Report, our conclusions and opinions may differ from those stated herein. There is no requirement for NSFS to update this Report for information that may become available subsequent to its date.

## APPENDIX D - VALUATION METHODOLOGIES

In preparing this Report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- the discounted cash flow method;
- the capitalisation of earnings method;
- asset based methods; and
- analysis of share market trading.

### Discounted Cash Flow Method

#### Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- a forecast of expected future cash flows;
- an appropriate discount rate; and
- an estimate of terminal value.

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under capitalisation of future maintainable earnings below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.



### Use of the Discounted Cash Flow Method

A discounted cash flow approach is usually preferred when valuing:

- early stage companies or projects;
- limited life assets such as a mine or toll concession;
- companies where significant growth is expected in future cash flows; or
- projects with volatile earnings.

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if reliable forecasts of cash flow are not available and cannot be determined.

### **Capitalisation of Earnings Method**

#### Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- a level of future maintainable earnings; and
- an appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

**Revenue** – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

**EBITDA** - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

**EBIT** - in most cases EBIT will be more reliable than EBITDA as it takes account of the capital intensity of the business.

**NPAT** - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT value the whole businesses, or its enterprise value irrespective of the gearing structure. NPAT (or P/E) values the equity of a business

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources.

Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX or the NSX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. In Australia this has been called the comparable transaction methodology.

### Use of the Capitalisation of Earnings Method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- there are no suitable listed company or transaction benchmarks for comparison;
- the asset has a limited life;
- future earnings or cash flows are expected to be volatile; or
- there are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets.

### **Asset Based Methods**

#### Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- orderly realisation;
- liquidation value;
- net assets on a going concern basis;
- replacement cost; and
- reproduction cost.

The orderly realisation of assets method estimates Fair Market Value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame.

Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimate the market values of the net assets of a company but do not take account of realisation costs.

The asset / cost approach is generally used when the value of the business's assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

### Use of Asset Based Methods

An asset-based approach is a suitable valuation method when:

- an enterprise is loss making and is not expected to become profitable in the foreseeable future;
- assets are employed profitably but earn less than the cost of capital;
- a significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments); or
- it is relatively easy to enter the industry (for example, small machine shops and retail establishments).

Asset based methods are not appropriate if:

- the ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets; or
- a business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets.

### **Analysis of Share Trading**

The most recent share trading history provides evidence of the Fair Market Value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

## APPENDIX F – COMPARABLE SEARCHES AND MULTIPLES

### Comparable listed companies

Name	Business Description
Infigen Energy	Infigen Energy develops, owns, and operates renewable energy generation assets in Australia. It owns six wind farms and a solar farm with a combined installed capacity of 557 megawatts operating in New South Wales, South Australia, and Western Australia. The company's development pipeline comprises approximately 1,100 megawatts of large-scale wind and solar projects spread across five states in Australia. Infigen Energy was founded in 2003 and is headquartered in Sydney, Australia.
SPCG Public Company Limited	SPCG Public Company Limited primarily engages in solar farm business in Thailand and internationally. The company is involved in the engineering, procurement, and construction, as well as operation, maintenance, and monitoring of solar farms. It has approximately 36 solar farm projects with a total installed capacity of approximately 260 megawatts in 10 provinces in Thailand. The company also manufactures, trades in, and installs solar roof sheets for residences, small buildings, and medium-large buildings; and steel or metal roofing sheets. In addition, the company leases solar roof and other energy saving systems for companies and factories. SPCG Public Company Limited was founded in 1993 and is headquartered in Bangkok, Thailand.
Sky Solar Holdings, Ltd.	Sky Solar Holdings, Ltd., an independent power producer, develops, owns, and operates solar parks worldwide. It develops projects; and generates and sells electricity in the downstream solar market. The company also sells solar energy systems, including pipeline and related engineering, construction, and procurement services, as well as is involved in building and transferring solar parks. In addition, it provides operating and maintenance services for solar parks; and sells solar modules. As of December 31, 2015, the company developed 273 solar parks with an aggregate capacity of 252.8 megawatts in Greece, Japan, Bulgaria, the Czech Republic, Spain, Canada, the United States, Germany and Uruguay; and owned and operated 128.6 MW of solar parks. It also had 28.2 megawatts of solar parks under construction, 238.2 megawatts of shovel-ready projects, and 1.0 gigawatt of solar parks in pipeline. Sky Solar Holdings, Ltd. was founded in 2009 and is headquartered in Central, Hong Kong. Sky Solar Holdings, Ltd. is a subsidiary of Sky Power Group Ltd.
8point3 Energy Partners LP	8point3 Energy Partners LP, together with its subsidiaries, acquires, owns, operates, and solar energy generation projects. As of November 30, 2015, it owned interests in six utility-scale solar energy projects, two commercial and industrial solar energy projects, and a portfolio of approximately 5,900 residential solar installations with a total capacity of 432 megawatts. The company was founded in 2015 and is based in San Jose, California.

Listed company comparables Name	Multiples				
	Revenue	Historical EBITDA	Forward EBITDA	Historical EBIT	Forward EBIT
Infigen Energy	8.3x	12.0x	10.9x	21.1x	18.0x
SPCG Public Company Limited	6.6x	8.4x	8.2x	10.1x	9.6x
Sky Solar Holdings, Ltd.	4.6x	13.7x	11.4x	35.6x	27.9x
8point3 Energy Partners LP	21.3x	19.7x		29.6x	
<b>Mean</b>	<b>10.2x</b>	<b>13.4x</b>	<b>10.2x</b>	<b>24.1x</b>	<b>18.5x</b>
<b>Median</b>	<b>7.5x</b>	<b>12.8x</b>	<b>10.9x</b>	<b>25.3x</b>	<b>18.0x</b>

## Comparable transactions

Name	Business Description
Solairedirect SA	Solairedirect SA owns and operates solar power plants. The company develops, installs, and produces photovoltaic modules; and repairs and maintains solar systems in France, India, Latin America, the United States, and South Africa. It also provides administrative, legal, and financial management services for solar installations, as well as energy management services. The company was founded in 2006 and is headquartered in Paris, France. As of July 30, 2015, Solairedirect SA operates as a subsidiary of ENGIE SA.
Montauk Holdings Limited	Montauk Holdings Limited, an investment holding company, develops, owns, and operates renewable energy projects utilizing landfill methane in the United States. It sells natural gas and electricity. The company was incorporated in 2010 and is headquartered in Cape Town, South Africa.
Ormat Industries Ltd.	Ormat Industries Ltd. operates in the renewable energy sector in the United States, Latin America, Africa, New Zealand, the Far East, Europe, and Israel. The company operates in two segments, Electricity and Products. The Electricity segment engages in the maintenance and operation of geothermal power stations, which produce and supply energy. The Products segment engages in the design, development, and production of turbines and power units. This segment also engages in the construction of power plants, as well as generation of energy from geothermal fields and from other alternative energy sources. Ormat Industries Ltd. serves electricity companies; contractors of geothermal power stations; and owners and operators of geothermal power stations, as well as natural gas compression stations, cement enterprises, and other high energy industries. The company was founded in 1965 and is based in Yavne, Israel. As of February 12, 2015, Ormat Industries Ltd. operates as a subsidiary of Ormat Technologies Inc.
Foster Wheeler AG	Foster Wheeler AG, through its subsidiaries, operates as an engineering, procurement, and construction contractor; and power equipment supplier worldwide. Its Global Engineering and Construction Group segment designs, engineers, and constructs onshore and offshore upstream oil and gas processing facilities; natural gas liquefaction facilities and receiving terminals; gas-to-liquids facilities; and oil refining, chemical and petrochemical, pharmaceutical, and biotechnology facilities, as well as power generation, distribution, gasification, and processing facilities for metals and mining sector. This segment also designs carbon capture and storage, and solid fuel-fired integrated gasification combined-cycle power plants, as well as coal-to-liquids, coal-to-chemicals, and biofuel facilities; and operates conventional and renewable source, and waste-to-energy power generation facilities. In addition, it offers project and construction management services; provides environmental remediation services; and designs and supplies fired heaters and waste heat recovery generators used in refinery, chemical, petrochemical, and oil and gas processes. The company's Global Power Group segment designs, manufactures, and installs steam generators and auxiliary equipment, including surface condensers, feedwater heaters, coal pulverizers, steam generator coils and panels, biomass gasifiers, and replacement parts; nitrogen-oxide reduction systems and components; and flue gas desulfurization equipment. This segment also offers various site services; conducts research and development in the areas of combustion, fluid and gas dynamics, heat transfer, materials, and solid mechanics; and licenses technology to other steam generator suppliers. The company was founded in 1884 and is headquartered in Reading, United Kingdom. As of November 12, 2014, Foster Wheeler AG operates as a subsidiary of Amec Foster Wheeler PLC.

Comparable transactions				Multiples		
Date	Buyer	Target	Acquired %	Revenue	EBITDA	EBIT
30/07/2015	ENGIE SA	Solairedirect SA	95	1.3x	26.8x	31.9x
15/05/2015	Majorshelf 183 (Pty) Ltd; Rivetprops 47 (Pty) Ltd.; Chearsley Investments Pty Ltd.; Circumference Investments (Pty) Ltd	Montauk Holdings Limited	55.93	3.3x	12.7x	NM
12/02/2015	Ormat Technologies, Inc.	Ormat Industries Ltd.	100	3.6x	8.7x	14.2x
12/11/2014	AMEC PLC (nka:Amec Foster Wheeler PLC)	Foster Wheeler AG	100	0.8x	10.6x	13.7x
<b>Mean</b>				<b>2.3x</b>	<b>14.7x</b>	<b>19.9x</b>
<b>Median</b>				<b>2.3x</b>	<b>11.7x</b>	<b>14.2x</b>

**All Correspondence to:**

- ✉ **By Mail:** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

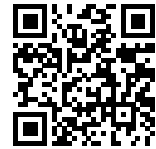
## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEDT on Monday 19 December 2016.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** [www.votingonline.com.au/awngm2016](http://www.votingonline.com.au/awngm2016)
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.  
If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am AEDT on Monday 19 December 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** [www.votingonline.com.au/awngm2016](http://www.votingonline.com.au/awngm2016)
- 📠 **By Fax** +61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Arowana International Limited**

ACN 103 472 751

**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Arowana International Limited** and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of **Arowana International Limited** to be held at **Level 11, 153 Walker Street, North Sydney NSW 2060 on Wednesday 21 December 2016 at 10:00am AEDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

**STEP 2 VOTING DIRECTIONS**  
\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
<b>Resolution 1</b>	To approve the Transaction for the purposes of Listing Rule 11.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	To approve the Transaction for the purposes of Listing Rule 10.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SECURITYHOLDERS**  
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / /2016