

Excessive fees, pricing and the market kills Aventus IPO



Brett Blundy failed to get Aventus over the line at the first attempt Louise Kennerley



by [Larry Schlesinger](#)

Excessive fees, high pricing and investor nervousness all played a part in scuppering retail billionaire Brett Blundy's plans to create Australia's first listed homemaker centre property trust, said fund managers.

The \$316 million IPO of the Aventus Retail Property Fund was put on ice late on Wednesday night, despite the support of cornerstone investors, capping hopes for a September 29 float.

Instead, the fund's management team led by CEO Darren Holland and IPO managers Macquarie and Morgans must now rework the \$2 a unit offer in the hope of making it more palatable to investors.

A key area of rework will almost certainly have to be the fee structure, which includes a high 0.7 per cent of gross asset management fee and an unpalatable \$20 million change of management provision fee.

"If property investing is all about position, position, position, [the Aventus float] was all about fees, fees, fees," said Stuart Cartledge, managing director of Phoenix Portfolios.

"The base management fees were higher than any other listed REIT I can recall. On top of that, was a performance fee. On top of that was a 10-year management contract, that even if investors had cause to terminate, still required three years worth of fees to be paid. Why?," he said.

Winston Sammut, managing director of Folkestone Maxim Asset Management, said given the current market volatility, investors would have been hesitant to gain exposure to a new listed property sub-sector, which included assets of "questionable quality" and which was priced at the upper end of expectations.

Ken Atchison of Atchison Consultants said Aventus pricing appeared high compared with higher quality assets in Federation Centres and Scentre Group, which offer only marginally lower earnings yields.

"Bunnings (BWP Trust) is more attractive on a yield basis," Mr Atchison said.