

19 November 2020

ASX Announcement

Business Update and FY21 Guidance

Aventus Group (ASX: AVN) today announced a business update for the period from 1 July to 31 October 2020 (the Period).

Centre Trading and Foot Traffic

100% of the portfolio, including Victoria, remains open and trading by gross lettable area.

Traffic in the portfolio is up +9% for the Period (excluding Victoria) compared to the prior comparable period in 2019. Specifically, half of all centres outside Victoria experienced double digit traffic growth.

When Victoria is included, traffic has increased +1% compared to the prior comparable period. Pleasingly, since the lifting of restrictions in Victoria traffic in our Victorian centres increased 13% in the first two weeks of November. Yesterday, the South Australian government announced a 6-day “circuit breaker” period of restrictions that may impact one of our centres. We are monitoring the situation closely.

The portfolio continues to experience robust sales growth driven by continued demand for household and lifestyle products as evident in the results of our listed retailers in the portfolio e.g. Bunnings, JB-Hi Fi, Adairs, Nick Scali and Harvey Norman.

Occupancy and Leasing

Portfolio occupancy has increased to 98.2% with minimal holdovers of 2.6%.

The Group has successfully negotiated 42 leasing deals¹ over 24,500sqm for the Period, demonstrating the resilience of our tenant base and the quality of the centres in the portfolio.

Rent Collection

Rent collection in the portfolio continues to strengthen with approximately 90% of gross billed rent² collected during the Period, an improvement of 3% compared to the four months prior to 1 July 2020.

The strong rent collection has been underpinned by the continued growth in portfolio traffic, retailer sales and strong retailer relationships.

Development – Caringbah Super Centre

The Caringbah development is now complete and 100% leased. It is anchored by national retailers Harvey Norman, Freedom, and JB Hi-Fi.

The development was delivered on time during the midst of COVID and generated an Internal Rate of Return (IRR) of 13%, above our target IRR of 10%.

¹ Including development deals.

² Gross billed rent is before abatements and deferrals



A preliminary independent valuation of the centre is \$139 million (including costs to spend for the 6 months to 31 October 2020 of \$12 million) due to the income uplift from completion of the development and the capitalisation rate for the centre compressed to 6.25%. This represents a net incremental valuation uplift of approximately \$15 million or 13% increase over the book value as at 30 June 2020.

Capital Management and Liquidity

The Group underwrote the September 2020 quarter distribution, raising approximately \$22.3 million, to boost the liquidity of the Group.

The Group's balance sheet remains robust with no debt expiries before May 2022, and \$124 million of cash and undrawn facilities available.

FY21 Guidance

The improved performance of the portfolio has provided Aventus with the confidence to restore the distribution pay-out ratio to approximately 90% for the September 2020 quarter.

Based on the current operating environment and assuming there are no further restrictions to contain outbreaks of COVID-19, the Group advises FY21 FFO guidance of at least 18.5 cents per security, which represents at least 2% growth compared to FY20.

Darren Holland, CEO of Aventus Group said, *"The Aventus portfolio continues to be resilient with cash collection improving to approximately 90% and traffic growing +9% in the last 4 months. Australians continue to spend more time and money at home – working, learning and entertaining - and this has driven strong sales growth to our large format retailers.*

Importantly, our portfolio remains 100% open and trading with occupancy increasing to 98.2%. Leasing activity remains robust with the team negotiating 42 deals over 24,500 square metres. I'm also proud of the successful completion of the Caringbah Super Centre transformation which re-opened 100% leased and delivered a strong IRR of 13% to investors.

In September, we resumed distributions at a 90% payout ratio and today I am happy to announce that continued improvement in the operating performance of the portfolio has given Aventus confidence to provide an FY21 FFO guidance of at least 18.5 cents per security, implying at least 2% growth versus FY20."

The Aventus Group Annual General Meeting will be held today at 10:00am (AEDT) and the webcast can be viewed at <https://agmlive.link/AVN20>

This announcement has been authorised by the Board for release.

Mary Weaver
Company Secretary
(02) 9285 6711