ASX Announcement

Aventus Group (ASX:AVN) AGM – Chair and CEO Address

Thursday, 19 November 2020 (Sydney) at 10:00am (AEDT): Address by Bruce Carter, Non-Executive Independent Chair of the Aventus Group, at the Group's Annual General Meetings (AGM). The webcast can be viewed at https://agmlive.link/AVN20

Authorised for release by the Board

Welcome

Good morning ladies and gentlemen and welcome the Annual General Meetings of the Securityholders of the Aventus Group.

My name is Bruce Carter and I am the Non-Executive Independent Chair of the Aventus Group.

I have been appointed as the Chairman of today's meeting and I am joined today by my fellow Non-Executive Independent Directors, Ms Robyn Stubbs, Mr Kieran Pryke and Mr Ray Itaoui.

Mr Darren Holland, CEO of the Aventus Group, is present along with members of the Aventus Leadership Team, and Mark Conroy and St Elmo Wilken, our auditors from EY.

The time in Sydney is now 10:00am and as we have a quorum present, I declare the meeting open.

In light of current physical distancing guidelines, this year our AGM is being run as a virtual event.

We are using the Link Market Services online platform for the meeting which enables Securityholders to view the meeting, vote while the meeting is underway and submit questions.

If you are yet to 'Get a voting card' to vote on the Resolutions for the Meeting, you should click the 'Get a voting card' button at the top of your screen to register first which will then enable you to submit your vote at any time during the meeting. If you are a Security holder, you will need your Security holder number and postcode to register your vote. If you are a Proxy holder, please enter the Proxy Number issued to you by Link Market Services in the Proxy Details section and the click the 'Submit Details and Vote' button.

Voting will close 5 minutes after the close of the Meeting and will be released to the ASX later today.

If you have any questions to put to the meeting today, we suggest that you submit your questions with reference to what the question relates to – whether it be general business or a specific resolution - and these will be addressed at the appropriate time during the meeting.

We will endeavour to answer all questions during the AGM, and for any that we do not address, we will ensure we get back to those investors separately.

The Impact of Covid-19

FY20 was an unprecedented year with the COVID-19 global pandemic impacting all areas of our lives.

At Aventus, we were proud of our team and how our experience and culture combined to respond quickly to the challenges that presented themselves. This was an unprecedented challenge that required taking the necessary steps to protect our financial strength, responding and supporting our impacted retailers, reducing our operating expenses and acting quickly with new initiatives to lessen the financial impact to our stakeholders, and safeguard the economic viability of the Aventus Group.

Our response to the COVID pandemic

In March 2020, the Australian government's response to the pandemic through restrictions on certain retail operations and other businesses, and the introduction of social distancing and travel restrictions saw the business and retail landscape shift rapidly.

The government-imposed restrictions, including store closures and distancing rules, impacted many stores in the Aventus portfolio.

Our centre teams remained on site throughout the entire pandemic period and we quickly introduced many measures to support the health and safety of our retailers, customers and visitors.

The Board met weekly through the period, and the Leadership team met daily as the circumstances unfolded to be able to lead and manage their teams and the initiatives we introduced to respond to the consequences of the pandemic in a swift and unified way.

Further, and as detailed in the Remuneration Report, all Board members and the Leadership team elected to reduce their fees and salaries for the period from April to June 2020. The broader team moved to reduced or flexible hours and we are very grateful for the team's ongoing commitment throughout this period as it has been an extremely challenging time.

In May 2020, Mr Brett Blundy resigned as a director of the Group. We thank him for the contribution he made as a director and we are grateful for his continued support as a consultant to the Aventus Group, which enables us to benefit from his vast retail experience and knowledge.

We were very pleased to welcome Mr Ray Itaoui as a director of the Board and we welcome him here today. Mr Itaoui also brings a wealth of retail experience and as a director appointed since the previous annual general meeting, Ray will resign as a director and seeks election from the Securityholders at today's meeting.

We also further strengthened our leadership team this past year with the appointment of Jason James, Head of Leasing, and Ruth Jothy, Head of Asset Management.

Financial Management

The Group also reported a solid financial outcome this year despite the very challenging environment resulting from COVID-19.

Our actions to preserve the liquidity of the Group and together with work done by the team to maintain the operational momentum of the portfolio and our active capital management going into the pandemic, meant that Aventus was well-placed to absorb the initial impact of COVID-19.

Key financial results included Funds from Operations (FFO) of $100 million, an increase of 4.2% on FY19, or 18.2 cents per security.

The performance of the portfolio for the first quarter of FY21 has provided the confidence to restore the distribution pay-out ratio to approximately 90% for the September 2020 quarter.

Today we are pleased to also release our FY21 guidance:

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, this guidance represents at least a 2% growth over FY20.

Darren will speak further to this in his address.

Delivering on Sustainability

Released with our Annual Report was our FY20 ESG Report which contains details of our continuing focus on improving and deepening our commitment to our environmental, social and governance initiatives.

During the recent period, our key focus was to develop our COVID-19 Plan and the pandemic has deepened our commitment to the health and safety of our team, and we have responded by making changes to ensure our places of work are COVID safe, and to increase our focus on the health and wellbeing of our team members**.**

The Group's first solar project has been installed and is now fully operational in Midland, WA.

This year, we will again continue to monitor and review our energy consumption, emissions, water and waste data across our centres, and with two years of emissions data, we will be able to commence the creation of targets.

We will also begin to focus on our other future plans to further build our ESG commitment within our portfolio.

We would like to thank our loyal Securityholders for their investment in the Group, and our retailers and shoppers who visit our centres for their continued support.

We would also like to thank the Aventus team for all they have accomplished throughout the year and look forward to the year ahead for the Aventus Group.

I now invite Darren Holland to address the meeting.

CEO ADDRESS

CEO Presentation AGM 2020: Mr Darren Holland

Thank you Bruce, and good morning.

Today, I would like to take you through the key outcomes from FY20 and provide a brief update on our performance to 31 October 2020, including confirming Aventus' FY21 guidance. We do not normally provide quarterly or periodic updates but due to the unprecedented circumstances we felt it was appropriate this year.

FY20

FY20 was, in many ways, a year of 2 halves: with strong momentum in the first half and the global pandemic in the second.

I am incredibly proud and grateful to the entire Aventus team for their ability to accept, adapt and then to accelerate over the last quarter.

We remain focused on creating amazing places and ensuring all our centres feel like home. Australians are now spending more time in their homes than ever before working, learning and entertaining, and our retailers and centres are well placed to receive these benefits.

Focus on strategy

The challenge presented in FY20 has re-affirmed our strategy to focus on sustainable earnings growth and on creating long term value.

During the height of the pandemic period, we continued to execute our strategy by:

1. delivering the first stage of our Caringbah development in Sydney.
2. acquiring the adjoining development site in Epping in Melbourne; and
3. establishing our first retail syndicate in McGraths Hill in Sydney.

Supporting our Retail Partners

One of our first responses to the rapidly changing conditions in late March was the roll out of dedicated 'Click & Collect' car spaces in 100% of our centres to support our retailers and their customers as they adapted to new shopping habits.

Approximately half of our tenant base requested rent relief and we adopted the principles set out in the Mandatory Code of Conduct to provide support to our impacted retailers who qualified for assistance.

We also negotiated a number of agreements with national retailers outside of the Code, in which we provided short term rent relief in exchange for lease extensions on existing terms or brand-new stores in our portfolio.

FY21

I would now like to provide an update on the first 4 months in FY21 which, in summary, has been a strong start to the new financial year with all the key metrics improving across our business.

Rent Collection

Rent collection in the portfolio continues to strengthen with 90% of billed rent collected during the period, an improvement of 3% compared to the past 4 month period.

The portfolio's higher rent collection has been underpinned by the continued strength in portfolio traffic and retailer sales and strong retailer relationships.

We are pleased to see Victoria now emerging from the government mandated restrictions, and the Aventus team is working closely with our retail partners so they maximize the pent-up demand following the 112 day closure.

South Australia announced a 6-day "circuit breaker" lock down yesterday. We have one centre in South Australia and we are monitoring the situation closely.

Traffic and Sales

100% of the portfolio, including Victoria, is now open and trading.

Traffic in the portfolio is up +9% for the period (excluding Victoria) compared to the prior comparable period with 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 and pleasingly, since the lifting of restrictions, traffic in our Victorian centres has seen a 13% increase in the first two weeks of November.

The portfolio continues to experience robust sales growth driven by continued demand for household and lifestyle products as evident in the sales results of our top listed retailers in the portfolio including 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%.

Our team has successfully negotiated 42 leasing deals[1] over 24,500sqm, which is an increase in leasing volumes compared to the prior 4 months and demonstrates the resilience of our tenant base, the quality of the centres in the portfolio and our internal team of experts.

Capital Management

The Group also reported a solid financial outcome for FY20 despite the very challenging environment resulting from COVID-19 and the measures to contain it. In response, we moved quickly to reduce costs to counter lower rental collection in the last quarter of FY20.

We delayed all non-core capital expenditure, our Board and Leadership Team and others made salary sacrifices and combined with a lower distribution pay-out ratio, enabled us to preserve the liquidity of the Group.

These initiatives, together with work done by the team to maintain the operational momentum of the portfolio and our active capital management going into the pandemic, has meant that Aventus was relatively well-placed to absorb the initial impact of COVID-19.

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

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

The Group also underwrote the September 2020 quarter distribution raising around $22.3m to enhance the liquidity of the Group.

Development – Caringbah Super Centre

The Caringbah transformation is now complete with the centre officially opening in October 2020 being 100% leased and trading and is anchored by Harvey Norman, Freedom, and JB Hi-Fi.

[1] Including development deals.

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

A preliminary independent valuation of the centre is $139 million (including the cost to complete of $12 million) due to the income uplift from completion of the development, and the capitalisation rate of the centre compressing to 6.25%. This represents, approximately $15 million or a 13% increase over the book value as at 30 June 2020.

We look forward to hosting an institutional investor tour next Friday to share the amazing transformation of this centre.

FY21 Guidance

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, this guidance represents at least a 2% growth over FY20.

In conclusion, what I continue to be most proud of is our Aventus team, especially how they have faced the challenges and come together through the course of this year and I want to thank each and every one of them for their dedication, loyalty and sense of ownership.

I also want to thank our retail partners for their resilience and ability to adapt over the year and of course our 42 million shoppers who continue to shop locally and enjoy the convenience and safety of visiting an Aventus centre.

Thank you as well to our loyal Securityholders for their investment and continued confidence in the Group.

I will now hand back to Bruce for the formal business of the meeting.

Thank you.

Annual General Meeting

19 November 2020

AGENDA

1. Chair Address
2. CEO Address
3. Formal Business

CHAIR ADDRESS

Bruce Carter

TUGGERAH, NSW

Chair Address

Our People

During the recent period, we developed and implemented our COVID-19 plan and offered financial and counselling service to all team members.

The recent pandemic period has deepened our commitment to the health and safety of our team, and we have responded by making changes to ensure our places of work are COVID safe.

Our Environmental Commitment

The group's first solar project has been installed and is now fully operational in Midland, WA. The 700 kWh system is expected to generate 45% of the centre's energy consumption.

This year, we will again continue to monitor and review our energy consumption, emissions, water and waste data across our centres, which we will report in our annual FY20 sustainability report. With two years of emissions data we will be able to commence the creation of targets.

Our Centres and Community

Alongside the financial support we have extended to our COVID-19 impacted retailers, we implemented further initiatives to extend our health and safety commitment to our tenants, their team members and our customers that come to our centres.

- Financial and counselling services extended to all tenants
- Sanitising stations
- Enhanced cleaning
- Click & Collect

CEO ADDRESS

Darren Holland

MITTAGONG, NSW

The Four Pillars of the Aventus Strategy[1]

Aventus continues to deliver on its four key growth initiatives driving sustainable earnings growth and creating long-term value

Driving Asset Performance

- Achieved consistently high average occupancy of 98%[2]
- Everyday-needs category remains robust at 37% of portfolio by gross income
- Focus on partnering with leading retailers of which 87%[3] are national tenants
- Creating opportunities for incremental income e.g. signage, solar and storage

Consolidation Opportunities and Funds Management

- Leading market share of 22% of dominant Large Format Retail ("LFR") centres[4]
- $820m of capital transactions[5] since IPO including 9 acquisitions and 3 divestments
- Establishment of funds management platform with first LFR syndicate since listing in FY16

Development Pipeline

- Acquisition of adjoining Epping development site for $11.5m
- $110m+ invested across more than 23 development projects with an average cash yield of 9%[6]
- $34m transformation of Sydney asset, Caringbah Super Centre underway with expected completion in Nov 2020
- Unlock 1.2m sqm land bank with current site cover ratio of only 44%

Capital Management

- No debt expiring before May 2022
- Successful Distribution Reinvestment Plan ("DRP") raised $49m of equity during FY20
- Establishment of Aventus Property Syndicate 1 ("APS1") recycles capital and broadens the group's income stream by creating external funds management fee income

1. All figures reported since IPO in Oct 2015
2. Excludes Caringbah ground level given development works currently in progress
3. Percentage by GLA
4. For LFR centres >25,000 sqm. Source: Deep End Services as at 1 Aug 2019; by GLA (excl. the former Masters Home Improvement tenancy)
5. Including the Kaufland Epping Acquisition settled in July
6. Based on income producing development projects since Oct 2015

Resilient FY20 Performance[1]

Highlights	**Caringbah Development** Stage 1 Complete	**Epping Acquisition** Expands Centre Land Size by 53%	**1st LFR Property Syndicate** Established Since Listing
Financial Management	**$100m** FFO ▲4.2% from $96m[2]	**36.0%** Gearing ▼ 2.7% from 38.7%	**5.2x** Interest Cover Ratio[3] ▲ from 4.7x[2]
Portfolio Performance	**98%** Consistently High Occupancy[4]	**87%** Established National Tenants[5]	**29%** Diversity of Income from Top 10 Tenants

1. All metrics as at 30 Jun 2020
2. For the twelve months ended 30 Jun 2019
3. ICR is calculated EBITDA divided interest expense
4. Excludes Caringbah ground level given development works currently in progress
5. Percentage by GLA

Strong FY21 YTD Performance[1]

Highlights	**90%** Cash Collection[2] ▲ from 87%	**+9%** Increase in centre traffic[3] ▲	**13%** IRR - Caringbah Super Centre Development
Financial Management	**$124m** Liquidity ▲from $121m[4]	**90%** Payout Ratio for September quarter	**$22.3m** Equity raised via underwriting Dividend Reinvestment Plan
Portfolio Performance	**98.2%** Occupancy ▲ from 98%[4]	**24,500sqm** From 42 leasing deals[2]	**100%** Stores open and trading ▲from 98%[5]

1. All metrics as at 31 October 2020
2. July 2020 – October 2021
3. July 2020 – October 2020 excluding VIC. Compared to prior comparable period
4. In June 2020
5. Including VIC

COVID period March 2020 – June 2020

Caringbah Transformation

- Transformation complete with the centre officially opened and 100% leased in October 2020
- Delivered on time during the midst of COVID and generated an Internal Rate of Return (IRR) of 13%, above our target IRR of 10%
- Preliminary independent valuation of the centre is $139m which represents approximately $15m or 13% increase over the book value as at 30 June 2020
- Anchored by national tenants including JB Hi-Fi, Harvey Norman, and Freedom

Before

After

FY21 Outlook and Guidance

FY21 guidance

2%+

FFO growth per security
(18.5+ cps)

- The improved performance of the portfolio has provided 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 over FY20.

Formal Business

aventus
GROUP

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