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as responsible entity for the
Aventus Retail Property Fund
(ARSN 608 000 764)
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2016 Results Ahead of Forecast and Delivering on Strategy to Drive Growth

Aventus Retail Property Fund (ASX: AVN) (the Fund), the leading pure-play large format retail (LFR) landlord in Australia, today announced its results for the full year ended 30 June 2016.

FINANCIAL HIGHLIGHTS

- Funds from Operations (FFO) of $41.0m or 11.7 cents per unit, 4.5% higher than PDS forecast
- Distributions of 10.3 cents per unit, 2.0% higher than PDS forecast
- Net Tangible Assets (NTA) per unit of $2.02, an increase of 6.9% (Dec 2015: $1.89)
- Gearing of 35.7%, within the target range of 30% - 40%
- Total annualised unitholder return of 24.7%
- Activation of a Distribution Reinvestment Plan (DRP) to commence with the distribution for the quarter ended September 2016.

PORTFOLIO HIGHLIGHTS

- Occupancy of 97.7%, a 50 bps improvement from March 2016
- Weighted Average Capitalisation Rate (WACR) across the portfolio has tightened to 7.53% (Dec 2015: 7.88%)
- The value of the portfolio expanded by 31% to circa $1.3bn at June 2016 including acquisition of 7 centres totalling $265.4m
- 91 leases successfully negotiated over a total GLA of 73,000 sqm with low incentives and positive leasing spreads for the year ended June 2016
- Weighted Average Lease Expiry (WALE) of 4.1 years remains stable (March 2016: 3.8 years) by gross income and FY17 expiries reduced to 12% (Jun 2015: 18%)
- Tenant base continues to be actively diversified with the non-household category[1] increasing to 33% of the portfolio by GLA (Dec 2015: 31%)
- 80% of all leases in the portfolio have annual fixed (predominantly 3% – 5%) or CPI increases (with all remaining leases subject to market review or current year expiries)
- High exposure to national retailers, comprising 84% of the portfolio by GLA, with the single largest exposure by income to Wesfarmers (10%)

[1] non-household goods includes pet supplies, baby supplies, sporting, camping and leisure, cafes, restaurants, supermarkets, liquor, fitness centres, medical centres, offices, chemists and automotive

FINANCIAL MANANGEMENT

Basis of Reporting

Consistent with the HY16 financial statements, the application of the Accounting Standards requires the inclusion of pre-IPO profits in the financial statements. The presentation accompanying this announcement reconciles the result of the Fund post-IPO to its statutory results.

Financial Performance

The Fund's result for the year ended 30 June 2016 is a profit of $51.0m. Included in the result are one-time transaction costs associated with the IPO of -$54.0m, costs associated with the seven centre acquisitions of -$16.7m and a net gain from fair value adjustments of investment properties of $81.9m. The Fund's results attributable to its post-IPO performance is a profit of $50.0m. Adjusting for one-time costs and non-cash transactions, the FFO was $41.0m or 11.7 cents per unit. Both results are ahead of the PDS forecast.

Distributions

During the period, distributions per unit were 10.3 cents per unit, which is 2.0% higher than the PDS forecast. The distributions represent a payout ratio of 90% of FFO and is within the Fund's distribution policy of distributing 90% - 100% of FFO. The Fund is expected to continue to pay distributions on a quarterly basis.

PROPERTY ACQUISITIONS

In keeping with the Fund's strategy to consolidate ownership in the large format retail sector and offer national tenants a portfolio of key retail locations, five new centres were acquired during the period for $219.0m. The acquisition of the five centres in May 2016 represented a rare opportunity to acquire predominantly metropolitan centres in one transaction. The portfolio was acquired at a Weighted Average Capitalisation Rate (WACR) of 7.38%.

This transaction was in addition to the acquisition of Epping Hub and Belrose Gateway Centre reported in Dec 2015 the first half FY2016 results.

VALUATION UPLIFT

Property valuations across the portfolio increased by $65.2 m or 9.7% over the six months to 30 June 2016 which brings the total revaluation to $86.5m[2], or 9.6% for FY16 across 14 centres post IPO.

The revaluation increases take into account annual rent increases, market rent reviews, completion of a number of asset management and development initiatives together with reductions in capitalisation rates.

As a result of these revaluations, the WACR of the portfolio tightened to 7.53% from 7.88% at 31 December 2015 (and from 8.01% at Jun 2015).

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[2] Movement excludes revaluation adjustments relating to straight-lining of rental income and capitalisation of leasing and borrowing costs

DEVELOPMENT PIPELINE

The Fund continues to progress its development pipeline, in line with its strategy to add value to the portfolio through increases to the GLA of centres or improvements to lift the shopping experience and drive foot traffic. During the period, the expansion of Peninsula Home (Victoria) was successfully completed and Tuggerah Super Centre (NSW) revitalisation achieved practical completion. The expansion of the Belrose Super Centre to add an additional 2,250 sqm of GLA has commenced and is due for completion in early 2017.

The identified development pipeline to 30 June 2017 is estimated at $20.2m. A number of opportunities have been identified across the portfolio that will be delivered over the medium term subject to statutory approvals, tenant pre-commitments and financial viability.

The portfolio includes approximately 1.1m sqm of land nationally with an average site coverage of 43%. Realising the development potential of the sites is underway with the Fund gaining planning approvals during FY16 for three additional expansions across the portfolio. In addition, post balance date on 1 July 2016, the Fund acquired a 55,840 sqm development site opposite Tuggerah Super Centre for future expansion.

CAPITAL MANAGEMENT

The Fund continues its disciplined approach to capital management and instituted a number of initiatives to maintain balance sheet flexibility including:

- A successful entitlement offer to unitholders in May 2016 which raised $104.5m
- A new $100.0m tranche added to the Fund’s debt facility with a 5-year term for repayment
- Activated a Distribution Reinvestment Plan that will commence for distributions payable for the September 2016 quarter

The gearing of the Fund increased to 35.7% following the completion of the new acquisitions during the period and is within the Fund’s target range of 30% - 40%. The Fund has hedged approximately 51.9% of debt to minimise potential interest expense volatility.

As a result of the above initiatives and a fall in the floating rate, the weighted average cost of debt is expected to reduce to 3.2% (PDS: 4.0%) for FY17 on the basis that interest rates remain at current levels.

DELIVERING ON STRATEGY AND OUTLOOK

The Fund is implementing and committed to its core strategy of pro-active portfolio management, delivering value-adding development projects, capturing benefits from changes to zoning reforms and participating in sector consolidation to enhance unitholder returns.

Darren Holland, CEO of Aventus Property Group, said “We are very pleased with the results for FY16 and the continued implementation of the Fund’s core strategies to drive long term value and sustainable earnings growth.”

“We are also extremely proud of the $219.0m portfolio acquisition that was settled in May 2016. It was an exceptional opportunity to acquire five centres in a single off-market transaction and demonstrates our strong market position and relationships across the sector. These stand us in good stead to continue to access opportunities to selectively grow the portfolio and consolidate the fragmented large format retail market."

"The portfolio is performing well with the structure of our leases incorporating annual rent reviews to ensure growth in our net property income. At the same time the Aventus team is working hard to optimise the tenancy mix at our centres and leverage our strong national retailer relationships."

"Delivery of the development pipeline is another driver of the Fund's portfolio enhancement strategy and we continued to progress our planned improvements. To facilitate our strategy a disciplined and flexible capital structure will be maintained by diversifying funding sources and lengthening debt expiries."

"In light of the successful execution of our strategy, we are pleased to forecast FY17 FFO guidance of 17.5 – 18.0 cents per unit which is 5.4 - 8.4% higher than the annualised 1H2017 PDS forecast. This equates to a distribution forecast of 15.8 – 16.2 cents per unit based on a payout ratio of 90% of FFO" concluded Mr Holland.

Further details on the performance of the Fund are provided in the Appendix 4E attached to this release, the full year results investor presentation, the Annual Report and the Aventus Property Compendium released today.

As was previously notified, a briefing will be held today at 11:00am (AEST). Investors and analysts wishing to participate should dial +61 2 9007 3187 or 1800 558 698 from within Australia (conference ID number – 251 853).

For further information:

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APPENDIX 4E

Preliminary financial report

for the financial year ended 30 June 2016

Name of entity	Aventus Retail Property Fund ARSN 608 000 764

Explanation of reporting periods

The Aventus Retail Property Fund (“the Fund”) was established on 28 July 2015.

On 29 July 2015 the Fund acquired 100% of the units in Aventus Kotara South Unit Trust (formerly BB Retail Property Unit Trust No.2). The transaction has been accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 “Business Combinations”. A reverse acquisition occurs when the entity that issues securities in an acquisition (the legal acquirer) is identified as the acquiree for accounting purposes.

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (the Fund) but described in the notes as a continuation of the financial statements of the legal subsidiary (Aventus Kotara South Unit Trust), with one exception, which is to adjust retroactively the legal capital of the accounting acquirer (Aventus Kotara South Unit Trust) to reflect the legal capital of the accounting acquiree (the Fund).

As a result the annual financial report of the Fund is for the period 1 July 2015 to 30 June 2016. The previous corresponding period is for the period 1 July 2014 to 30 June 2015.

Refer to note 1(b) “Impact of reverse acquisition on the presentation of the consolidated financial statements” and note 1(c) “Comparative information” in the consolidated financial report for further information.

Results for announcement to the market

		Change %		**30 June 2016 $m**
Revenue from ordinary activities	Up	802%	to	77.6
Profit from ordinary activities attributable to unitholders	Up	347%	to	51.0
Net profit for the year attributable to unitholders	Up	347%	to	51.0

Results for announcement to the market (continued)

The $69.0 million increase in revenue from ordinary activities and $39.6 million increase in net profit compared to the prior year was mainly attributable to the acquisition of 19 investment properties during the financial year.

Additional commentary relating to the results for the year have been disclosed in the directors' report and consolidated financial report.

A summary of the consolidated results of the Fund for the period 20 October 2015 (date of the Fund's initial public offering) to 30 June 2016 has been included in the investor presentation.

Distributions

	Distribution per unit (cents)	Total Distribution $m	Ex-distribution Date	Record Date	Payment Date
December 2015	2.89	9.9	29/12/2015	31/12/2015	05/02/2016
March 2016	3.68	12.6	30/03/2016	31/03/2016	13/05/2016
June 2016	3.68	14.5	29/06/2016	30/06/2016	31/08/2016
Total	10.25	37.0			

The Fund did not have a distribution reinvestment plan during the financial year.

Statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes to the financial statements

Refer to the consolidated financial report.

Net tangible assets

	30 June 2016 $	30 June 2015 $
Net tangible assets per unit	$2.02	$2.00

Entities over which control has been gained or lost during the period

Refer to note 22 “Business Combinations” in the consolidated financial report.

Details of associates and joint venture entities

Not applicable.

Other significant information

Refer to the directors’ report and consolidated financial report.

Accounting standards used by foreign entities

Not applicable.

Audit

This report is based on the consolidated financial report which has been audited by Ernst & Young.