aventus
retail property fund

1H18 RESULTS

12 FEBRUARY 2018

BELROSE SUPER CENTRE
NSW

CONTENTS

CASTLE HILL SUPER CENTRE
NSW

DELIVERING ON STRATEGY

The Fund continues to implement its four key growth initiatives to drive long term value creation and sustainable earnings growth

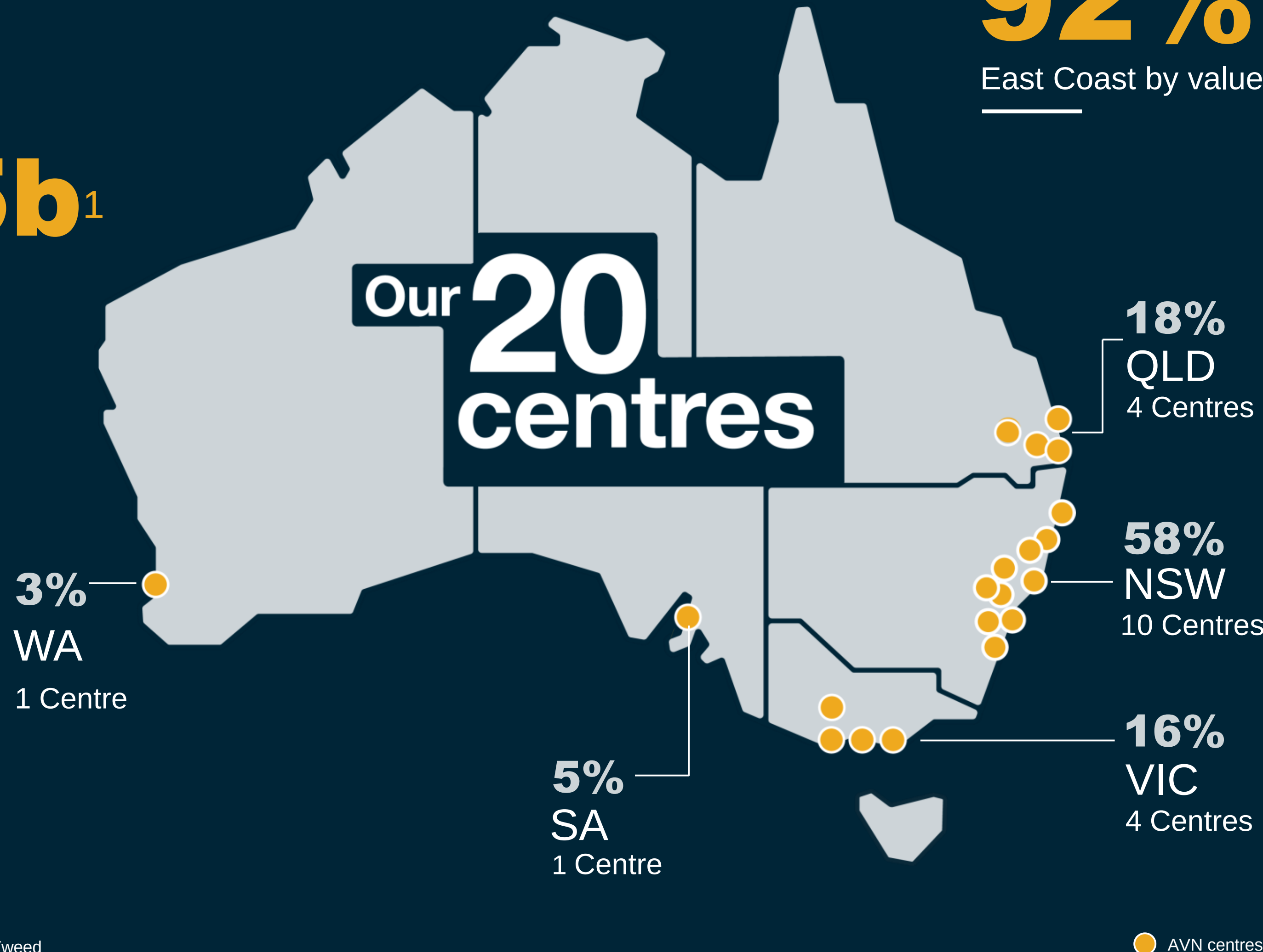
	Portfolio Management	Consolidation Opportunities	Development Pipeline	Potential Benefits from Planning Reforms
Initiative	Optimise and broaden the tenancy mix through proactive leasing, leveraging tenant relationships and delivering operational excellence	Selective acquisitions to enhance the Fund's portfolio and entrench the Fund as the largest pure-play large format retail ("LFR") landlord in Australia	Identify and deliver value enhancing development opportunities within the existing portfolio	Take advantage of regulatory reforms in zoning and planning regimes for the existing portfolio
Outcome	The portfolio continues to perform well with high occupancy, positive leasing spreads and low incentives whilst introducing new tenants to the portfolio	Improved portfolio quality by acquiring metro Sydney centres Castle Hill and Marsden Park and divesting smaller centres (Shepparton and Tweed) at a 6.5% premium to book value on a combined basis	Commenced major expansion of Tuggerah, adding 10,000 sqm in GLA and expansions to Peninsula and Cranbourne underway	Following the lead of VIC and WA, the NSW government is exploring reforms which, if enacted, will be favourable to the LFR sector

DIVERSIFIED PORTFOLIO

74%
Metro by value

$1.85b[1]
Portfolio value

92%
East Coast by value



1. Pro forma for sale of Shepparton and Tweed

FUTURE POTENTIAL UPSIDE[1]

UNLOCK REAL ESTATE FEATURES

- 1,200,000 sqm land
- 44% site coverage ratio
- More than 13,000 car spaces

ADDITIONAL INCOME OPPORTUNITIES

- 11km of street frontage, with over 320m cars passing p.a.[2]
- Circa 500,000 sqm roof area
- 38,000,000 visitors p.a.

INTENSIFY LAND USE

- 524,000 sqm GLA tenancies
- 83% of portfolio with expansion opportunity[3]
- 39% of portfolio with zoning for other uses[4]

1. All metrics as at 31 Dec 2017 exclude Shepparton and Tweed
2. Estimate based on average annual daily traffic passing each asset
3. By site area
4. By GLA attributable to zoning alternative to Large Format Retail

KEY ACHIEVEMENTS[1]

SINGLE SECTOR FOCUS AND SUSTAINABLE INCOME GROWTH		
FUND HIGHLIGHTS	**FINANCIAL MANAGEMENT**	**PORTFOLIO PERFORMANCE**
$45m FFO[2] ⇧28.6% from $35m[3]	**$2.34 NTA per unit** ⇧5.4% from $2.22 per unit[4]	**98.6% occupancy** ⇧30 bps from 98.3%[5]
9.1 cents FFO per unit[2,6] ⇧3.4% from 8.8 cents[3]	**Diversified debt with $110m** 7-year loan note facility	**$496m of capital transactions** Acquisitions: $436m; Divestments: $60m[7]
8.1 cents DPU[2] ⇧3.8% from 7.8 cents[3]	**36.9% gearing** ⇩ from 38.9%[4]	**$58m valuation uplift[8]** ⇧4.2% since Jun 2017

1. All metrics as at 31 Dec 2017 exclude Shepparton and Tweed
2. For the six months ended 31 Dec 2017
3. As at 31 Dec 2016
4. On a proforma basis at 30 Jun 2017. 30 Jun 2017 audited NTA was $2.27 per unit and gearing was 20.5% (pro forma adjustments include settlement of Castle Hill and Marsden Park acquisitions)
5. By GLA as at 30 Jun 2017
6. Based on a weighted average number of units of 491m over the six months ended 31 Dec 2017
7. Includes Tweed which is scheduled to settle in Q2 2018
8. Net movement excludes acquisitions, disposals, capitalised expenditure and non-cash accounting adjustments over the six months to 31 Dec 2017

PORTFOLIO HIGHLIGHTS

JINDALEE HOME
QLD

PORTFOLIO HIGHLIGHTS[1]

FOCUSED ON OPERATIONAL EXCELLENCE AND INCOME GROWTH OPPORTUNITIES		
Portfolio value of $1.85bn ⇧ from $1.83bn[2]	**Increased average centre value to $93m** ⇧44% since listing in Oct 2015	**34% non-household uses[3]**
6.69% Portfolio cap rate ⇩ from 6.85%[2]	**CY17 like-for-like net operating income growth of 3.1%[4]** ⇧ from 3.0% at Jun 2017	**92% East Coast by value**
87% National retailers[3] ⇧ from 84%[2]	**46 leasing deals across 38,000 sqm of GLA[5]** with low incentives and positive leasing spreads	

1. All metrics as at 31 Dec 2017 exclude Shepparton and Tweed
2. As at 30 Jun 2017, including Castle Hill and Marsden Park
3. By GLA
4. Exclude acquisitions and development impacted centres and is calculated on a like-for-like basis versus the prior corresponding period (year ending 31 Dec 2016)
5. For the six months ended 31 Dec 2017

DIVERSITY OF INCOME[1]

- ✓ 87% national tenants, with majority public companies[2]
- ✓ Less than 2% apparel and fashion exposure and no department stores[2]

TOP 15 TENANTS

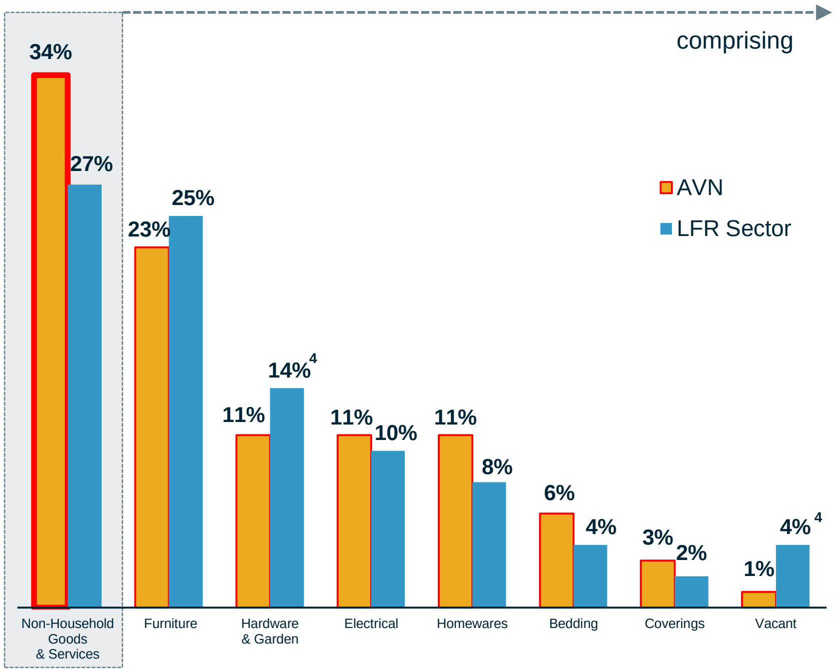
RANK	BRANDS	NUMBER OF TENANCIES	% OF INCOME[3]	PARENT COMPANY
1	Bunnings Warehouse	4	5%	Wesfarmers Limited
2	Harvey Norman	6	4%	Harvey Norman Holdings Limited
3	The Good Guys	9	4%	JB Hi-Fi Limited
4	JB Hi-Fi	9	3%	JB Hi-Fi Limited
5	freedom	7	3%	Steinhoff Asia Pacific Limited
6	Beacon Lighting	14	2%	Beacon Lighting Group Limited
7	Domayne	2	2%	Harvey Norman Holdings Limited
8	nickscali furniture	5	2%	Nick Scali Limited
9	Snooze	8	2%	Steinhoff Asia Pacific Limited
10	Barbeques Galore	9	2%	Quadrant Private Equity
11	Officeworks	7	2%	Wesfarmers Limited
12	adairs	10	2%	Adairs Limited
13	FortyWinks	8	2%	Forty Winks
14	Spotlight	5	2%	Spotlight Group Holdings Limited
15	BCF Boating • Camping • Fishing	8	2%	Super Retail Group Limited
TOTAL		**111**	**38%**	

1. All metrics as at 31 Dec 2017 exclude Shepparton and Tweed
2. By GLA
3. By gross income as at 31 Dec 2017 excluding rental guarantees

FOCUS ON DIVERSIFYING & EXPANDING THE NON-HOUSEHOLD CATEGORY[1]

- ✓ Non-household goods tenants contribute **37%** of gross income whilst covering 34% of the portfolio's GLA with over 200 tenancies
- ✓ The largest tenant category drives weekday traffic, increases visit frequency and lengthens customer linger time

Tenancy Mix: AVN vs. LFR Sector (by GLA)[2,3]



Tenants in the non-household category include:

1. All metrics as at 31 Dec 2017 exclude Shepparton and Tweed
2. Non-household goods include pet supplies, baby supplies, sporting, camping and leisure, cafes, restaurants, supermarkets, liquor, fitness centres, medical centres, offices, chemists, automotive, children's play centres and child care facilities
3. Source: Deep End Services (centres larger than 10,000 sqm) as at 30 Jun 2017
4. Excluding Masters

DIVERSIFYING THE NON-HOUSEHOLD CATEGORY

FOOD

ZAMBRERO, MARSDEN PARK

SOBER MULE RESTAURANT, PENINSULA

THE NINES CAFE, SUNSHINE COAST

HEALTH & WELLBEING

PLOVER DAY SPA, PENINSULA

SHAVER SHOP, BELROSE

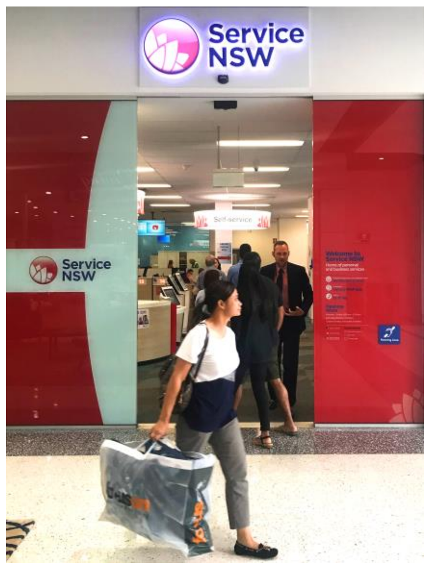
NUTRITION WAREHOUSE, EPPING

DIVERSIFYING THE NON-HOUSEHOLD CATEGORY (CONT.)

SERVICES

AUSTRALIA POST, KOTARA

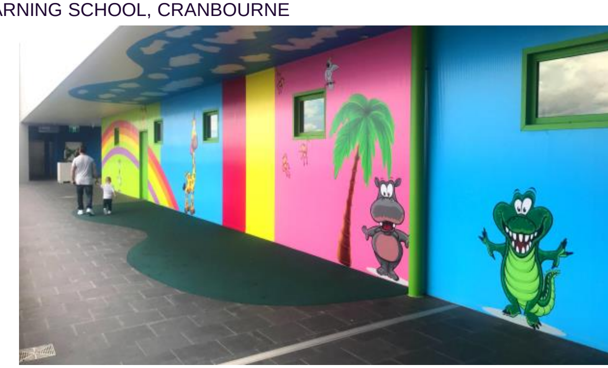
NRMA, TUGGERAH



SERVICES NSW, CASTLE HILL

CHILDCARE

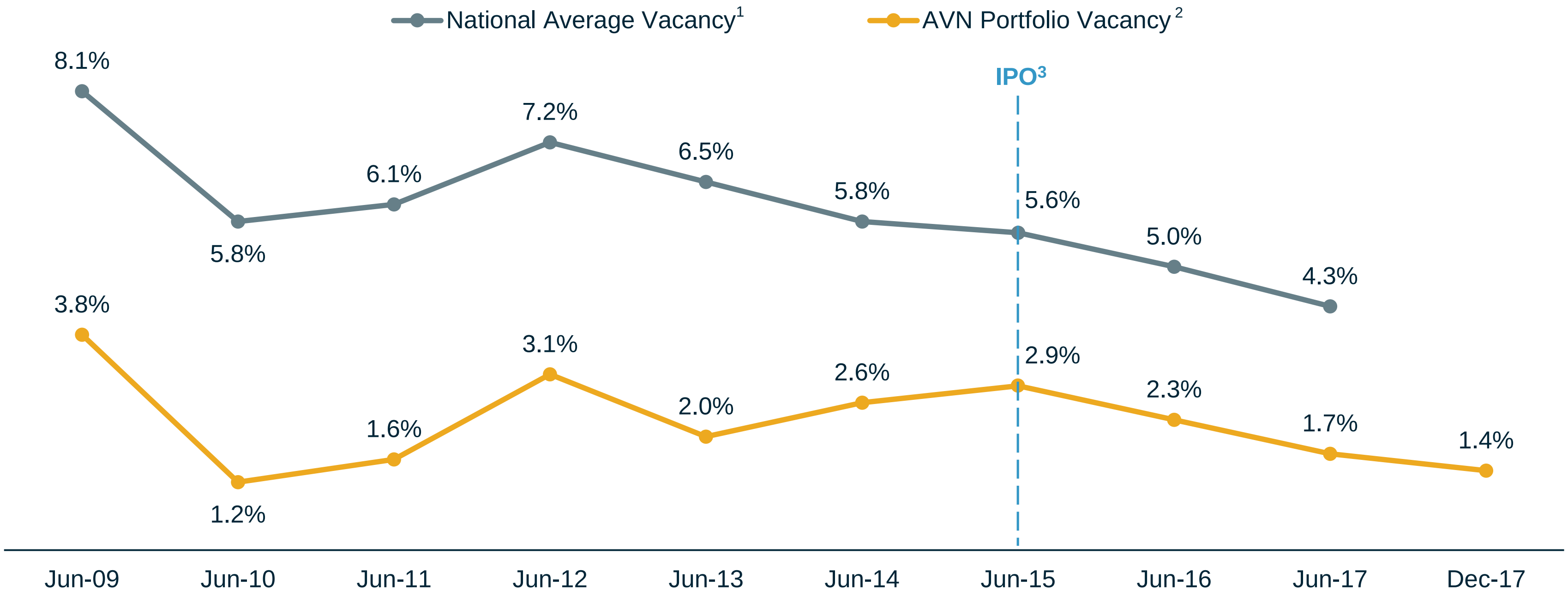
LITTLE LEARNING SCHOOL, CRANBOURNE



GREAT BEGINNINGS (G8 EDUCATION), MARSDEN PARK

CONSISTENTLY HIGH OCCUPANCY

✓ High occupancy of **98.6%** achieved with low incentives, positive leasing spreads and **3.1%** p.a. like-for-like net operating income growth



Number of LFR centres in the AVN Portfolio

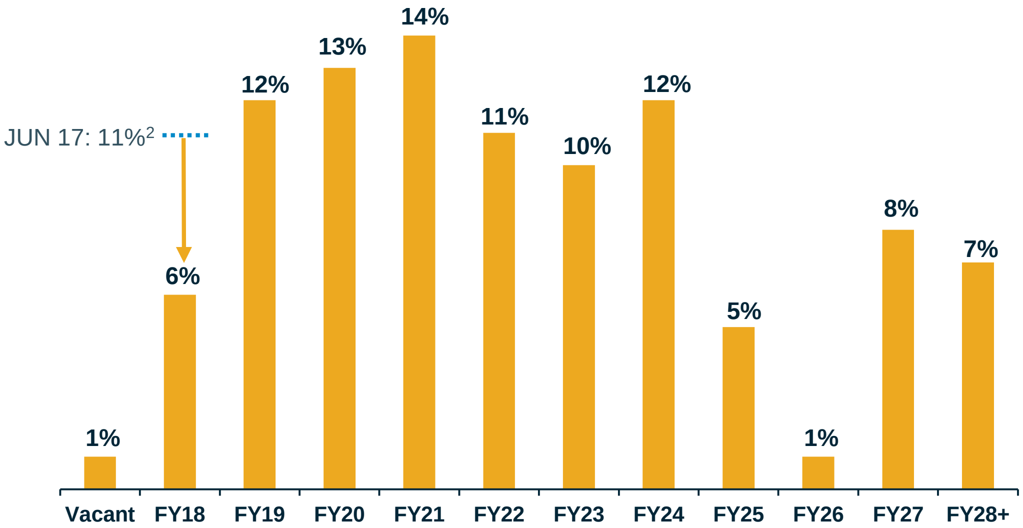
4	6	7	9	11	12	14	20	22[4]	20

1. Source: Deep End Services (centres larger than 10,000 sqm); By GLA. Jun 2017 excluding Masters
2. Historical metrics exclude centres prior to acquisition by the Fund. Dec 2017 metrics exclude Shepparton and Tweed
3. IPO at Oct 2015 based on Jun 2015 metrics
4. Jun 2017 metrics include Castle Hill and Marsden Park

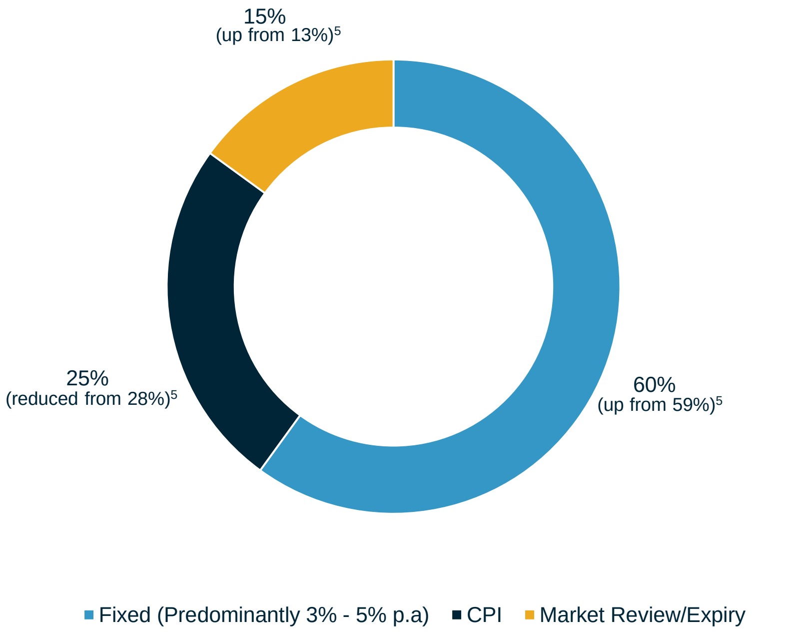
PROACTIVE LEASING AND ANNUAL RENT INCREASES

- ✓ Strong leasing focus and positive leasing progress has reduced FY18 expiries from 11% to **6%**
- ✓ Stable Weighted Average Lease Expiry (WALE) of 4.1 years

SIGNIFICANT PROGRESS ON FY18 EXPIRIES[1]



85% OF LEASES HAVE ANNUAL FIXED OR CPI RENT INCREASES[3,4]



1. Holdover tenancies as at 31 Dec 2017 treated as FY18 expiries
2. On a like-for-like basis including Castle Hill and Marsden Park and excluding Shepparton and Tweed. FY18 expiries at Jun 17 including Shepparton and Tweed is unchanged at 11%
3. Excluding Shepparton and Tweed
4. By gross rent
5. As at 30 Jun 2017

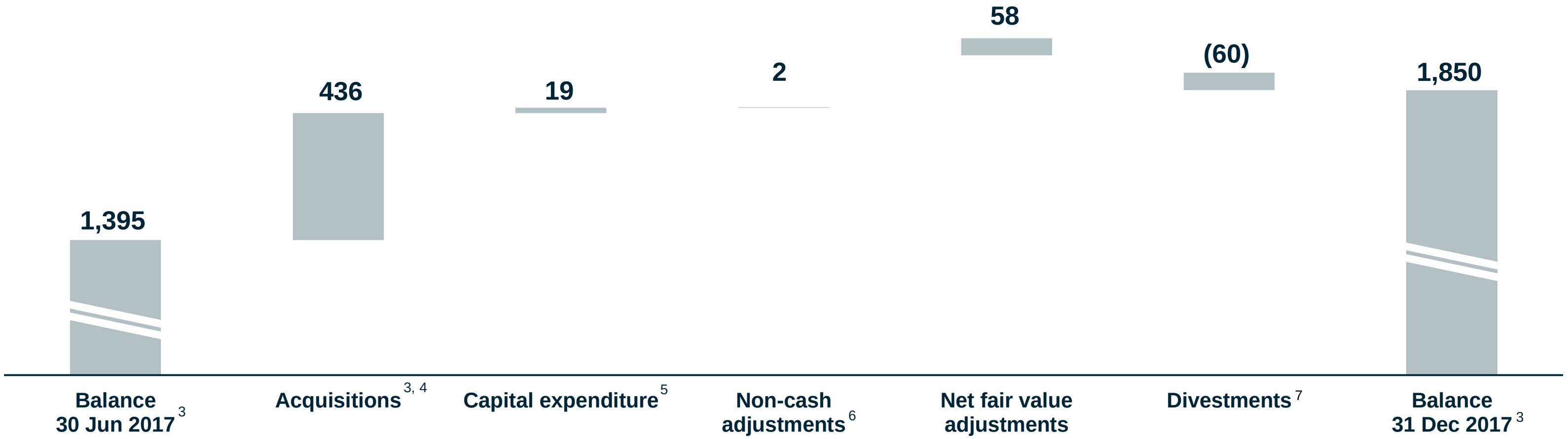
CENTRE VALUATION UPLIFT

$58m[1]
Valuation uplift

+4.2%[2]
Since June 2017

6.69%
Weighted Average Cap Rate

Portfolio Valuation ($M)



1. Net movement excludes acquisitions, disposals, capitalised expenditure and non-cash accounting adjustments over the six months to 31 Dec 2017
2. The % increase in the portfolio for HY18 is calculated as the net valuation uplift of $58m divided by the value of the portfolio at 30 Jun 2017 of $1,395m
3. Portfolio valuation includes rental guarantees
4. Castle Hill and Marsden Park acquisitions
5. Capitalised expenditure represents development and maintenance capex, capitalised leasing costs and capitalised interest on developments
6. Non-cash adjustments represent rental straight-lining adjustments, amortisation of rental guarantees and other non-cash accounting adjustments
7. Shepparton and Tweed divestments. Tweed is disclosed as investment properties held for sale at 31 Dec 2017 (settlement is scheduled in Q2 2018)

FINANCIAL RESULTS

SUNSHINE COAST HOME
QLD

FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE	DEBT MANAGEMENT	CAPITAL STRUCTURE
$75m Profit for HY18 ⇧16.6% from HY17	**3.1% Weighted Average Cost of Debt** at Dec 2017[1]	**36.9% gearing** ⇩ from 38.9%[2]
9.1 cents FFO per unit[3] ⇧ 3.4% from 8.8 cents[4]	**59.8% interest rate hedging** ⇧ from 58.5%[2]	**3.7 years Weighted Average Debt Expiry[5]** ⇧ from 3.4 years[2]
Maintained 90% distribution payout ratio of FFO	**Diversified debt with $110m 7-year loan note facility**	

1. Weighted average cost of debt is calculated based on historical finance costs excluding debt establishment costs for the six months ended 31 Dec 2017
2. As at 30 Jun 2017, on a pro forma basis post settlement of acquisitions, extension of debt facility and entering into interest rate swaps
3. For the six months ended 31 Dec 2017. Based on a weighted average number of units of 491m over the six months ended 31 Dec 2017
4. As at 31 Dec 2016
5. Incorporates new 7-year loan note facility executed in Jan 2018. As at 31 Dec 2017, weighted average debt expiry is 2.9 years

FINANCIAL PERFORMANCE

	HY18 $M	HY17 $M
Rental and other property revenue	83	65
Net movement in fair value of investment properties	58	25
Other revenue	1	-
Property expenses	(21)	(17)
Finance costs	(13)	(4)
Management fees	(5)	(4)
Performance fees	(3)	-
Portfolio transaction costs	(24)	-
Other expenses	(1)	(1)
Profit for the period	**75**	**64**

Comments

- HY18 profit includes contribution from Castle Hill and Marsden Park which settled in Jul 2017
- HY18 finance costs include mark-to-market losses on interest rate swaps of $1m (HY17 gain $4m)
- $3m increase in provision for performance fee not payable until after 30 Jun 2018

FUNDS FROM OPERATIONS (FFO)

	HY18 $M	HY17 $M
Profit for the period	75	64
Straight-lining of rental income	(3)	(2)
Amortisation of rental guarantees	2	2
Amortisation of debt establishment costs	1	-
Net movement in fair value of investment properties	(58)	(25)
Net movement in fair value of derivative financial instruments	1	(4)
Portfolio transaction costs	24	-
Performance fees	3	-
FFO	**45**	**35**
Maintenance capex	(3)	(2)
Leasing costs	(3)	(2)
Adjusted FFO (AFFO)	**39**	**31**
FFO per unit (cents)[1]	**9.1**	**8.8**
Distribution per unit (cents)	**8.1**	**7.8**
Payout ratio (% of FFO)	**90%**	**90%**

1. Based on a weighted average number of units of 491m (HY17: 395m units)

BALANCE SHEET

	31 DEC 2017 $M	30 JUN 2017 $M	MOVEMENT $M
Assets			
Cash and cash equivalents	3	34	(31)
Investment properties[1]	1,890	1,395	495
Other assets	5	47	(42)
Liabilities			
Borrowings	(699)	(327)	372
Other liabilities	(48)	(37)	11
Net assets	**1,151**	**1,112**	**39**
Units on issue (million)	**492**	**490**	**2**
NTA per unit ($)	**$2.34**	**$2.27**	**$0.07**
Gearing (%)[2]	**36.9%**	**20.5%**	**16.4%**

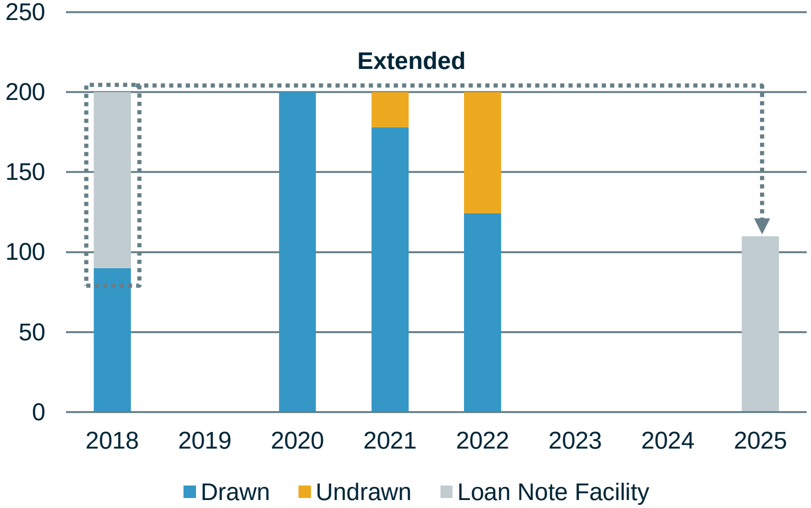
Comments

- Movement in investment properties includes $436m in acquisitions, $58m in net fair value gains and $19m in capital expenditure
- Other assets at 30 Jun 2017 include $20m deposit and $24m of prepaid stamp duty relating to the acquisition of Castle Hill and Marsden Park
- Increase in borrowings due to HY18 acquisitions
- Other liabilities include $9m provision for performance fee not payable until after 30 Jun 2018

1. Investment properties includes $40m in properties held for sale and $6m of rental guarantees at 31 Dec 2017
2. The gearing ratio is calculated as total bank debt less cash and cash equivalents divided by total assets less cash and cash equivalents

CAPITAL MANAGEMENT

DEBT PROFILE AT 31 DEC 2017
BY CALENDAR YEAR



INTEREST RATE SWAP MATURITY BY CALENDAR YEAR	NOTIONAL AMOUNT $M
2018	80
2019	40
2020	60
2021	115
2022	125
Total	**420**

KEY METRICS	DEC 17 $M	JUN 17 PRO FORMA[1] $M	JUN 17 $M
Drawn debt	702	718	329
Facility limit	800	800	500
Cash and undrawn debt capacity	101	87	205
Gearing %[2]	36.9%	38.9%	20.5%
LVR % (max. 55%)[3]	37.6%	40.2%	24.4%
ICR (min. 2.0x)[4]	4.9x	N/A	5.5x
Weighted average cost of debt (years)[5]	3.1%	N/A	3.0%
Weighted average debt expiry (years)[6]	3.7[7]	3.4	2.6
Weighted average hedged debt expiry (years)	3.0	3.4	2.6
Proportion of drawn debt hedged %	59.8%	58.5%	72.9%

1. Post settlement of Castle Hill and Marsden Park acquisitions, $300m extension of debt facility and entering into $180m of interest rate swaps in Jul 2017
2. The gearing ratio is calculated as total bank debt less cash and cash equivalents divided by total assets less cash and cash equivalents
3. The LVR ratio is calculated as total bank debt divided by the total fair value of investment properties. Fair value is calculated by reference to the most recent independent valuation for each property
4. ICR is calculated for the 12 months ended 31 Dec 2017
5. Weighted average cost of debt is calculated based on historical finance costs excluding debt establishment costs for the six months ended 31 Dec 2017
6. Weighted average debt expiry is calculated based on debt facility limits
7. Incorporates new 7-year loan note facility executed in Jan 2018. As at 31 Dec 2017, weighted average debt expiry is 2.9 years

ACTIVE PORTFOLIO MANAGEMENT

TUGGERAH SUPER CENTRE
NSW

POSITIVE START AT CASTLE HILL AND MARSDEN PARK

15
Leasing Deals

Achieved positive rental uplift with low incentives

RE-MIX

Strategic precincting and right sizing

Boosted occupancy from 95% to 100% at Marsden Park

$200K

Savings through operational efficiencies

CAPITAL TRANSACTIONS

✓ Smooth settlement and integration of the Castle Hill and Marsden Park acquisitions

✓ Successful divestment of Shepparton and unconditional contract exchanged for the sale of Tweed for a combined price of $60m which reflects a 6.5% premium to the 30 Jun 2017 book value

Acquisitions[1]

CENTRE	LOCATION	GLA ('000 SQM)	OCCUPANCY	PRICE ($M)	YIELD	SETTLEMENT
Castle Hill	Sydney Metro	52	99%	336	5.5%	Jul 2017
Marsden Park	Sydney Metro	20	95%	100	6.0%	Jul 2017
TOTAL		**72**	**98%**	**436**	**5.6%**	

Divestments[2]

CENTRE	LOCATION	GLA ('000 SQM)	OCCUPANCY	PRICE ($M)	YIELD	SETTLEMENT
Tweed	NSW Regional	10	100%	40	7.0%	Q2 2018
Shepparton	VIC Regional	14	74%	20	8.3%	Dec 2017
TOTAL		**24**	**85%**	**60**	**7.4%**	

1. Metrics as at acquisition in May 2017
2. Divestments metrics as at 31 Dec 2017

DEVELOPMENT

PENINSULA HOME
VIC

DRIVING GROWTH THROUGH ORGANIC DEVELOPMENT

5 projects completed $17m[1]

Sunshine, QLD

Cranbourne, VIC


Macgregor, QLD


Kotara, NSW


Peninsula, VIC

3 projects active $19m[2]


Tuggerah, NSW


Cranbourne, VIC


Mile End, SA

FY19 Key Projects

Caringbah, NSW

Castle Hill, NSW

Macgregor, QLD

+

$35m
revised FY18 pipeline[3]

$14m spent YTD

Master Planning


Jindalee, QLD

Kotara, NSW

Epping, VIC

1. Spend represents total project value for the 5 projects noted over multiple financial periods. FY18 actual spend for these completed projects equates to $11m
2. Spend represents total project value for the 3 projects noted over multiple financial periods. FY18 actual spend for these completed projects equates to $3m
3. Spend for major projects (Caringbah and Macgregor) adjusted to commence in FY19 due to statutory approvals and ongoing negotiations with anchor tenants

EXPANDING AND ENHANCING TUGGERAH, NSW


Progress Construction Photo – Feb 2018


Artist Impression Only

Artist Impression Only

OUTLOOK

MARSDEN PARK HOME
NSW

OUTLOOK

- ✓ Portfolio income growth through high occupancy rates, positive leasing spreads and annual rent increases offset by divestment of high yielding, smaller centres for the balance of FY18
- ✓ Continued demand from national LFR tenants and the non-household sector in the near term despite moderating sales growth
- ✓ Invest and grow the development pipeline to enhance portfolio income and enhance customer experience
- ✓ Explore opportunities to improve the quality of the portfolio and to take advantage of a fragmented ownership sector
- ✓ Active capital management including lengthening the debt and refinancing near term expiry
- ✓ **FY18 guidance for FFO per unit is expected to be 2% to 3% higher than FY17 FFO per unit**[1]

1. Assumes no material change to the operating environment and existing portfolio of 20 centres

APPENDICES

LOGAN SUPER CENTRE
QLD

APPENDIX 1: CASE STUDY – VALUE CREATION AT LOGAN

KEY OUTCOMES	
Valuation:	$89m (9% valuation gain since acquisition in May 2016)
WALE:	4.8 years (up from 2.6 years at acquisition)

Improved tenancy mix and increased WALE

- ✓ 12 lease renewals and new deals since acquisition
- ✓ Completed deals across half of the centre's GLA with remixing accounting for one third of those deals
- ✓ Strengthening growing relationships with tenants including Sleeping Giant, James Lane, Focus on Furniture and Adairs and introduced services including carwash

Facelift complete

- ✓ Rebranding, façade enhancement, amenities and entrance upgrade, signage improvements and visual merchandising
- ✓ Carpark refresh including energy saving LED lighting upgrade and greenery

Development potential

- ✓ Development approval received for a 3,000 sqm expansion to the centre (11% of total GLA)

APPENDIX 2: PORTFOLIO OVERVIEW

CENTRE	STATE	VALUATION DATE	CARRYING VALUE ($M)	CAP RATE	OCCUPANCY[2]	WALE (YEARS)[3]	NO. OF TENANCIES[4]	GLA ('000 SQM)[4]	SITE AREA ('000 SQM)	NATIONAL RETAILERS[2]	ZONING	DEV. POTENTIAL[5]
Bankstown Home	NSW	Dec-17	60	6.75%	100%	3.7	20	17	40	81%	LFR	✓
Belrose Super Centre[1]	NSW	Dec-17	173	6.25%	100%	4.5	46	37	44	94%	LFR/Retail	×
Caringbah Home	NSW	Dec-17	92	7.50%	100%	1.6	26	19	23	87%	LFR	✓
Castle Hill Super Centre	NSW	Dec-17	338	5.50%	99%	3.1	73	52	60	84%	LFR/Retail	✓
Highlands Hub	NSW	Dec-17	33	7.50%	100%	3.7	14	11	32	86%	LFR/Retail	✓
Kotara Home South	NSW	Dec-17	120	6.50%	99%	4.1	23	29	53	93%	LFR/Retail	✓
Marsden Park Home	NSW	Dec-17	101	6.00%	100%	6.1	32	20	40	77%	LFR	×
McGraths Hill Home	NSW	Dec-17	40	7.00%	100%	2.5	9	16	38	98%	LFR	×
Tuggerah Super Centre	NSW	Dec-17	66	7.00%	100%	5.8	23	29	127	94%	LFR/Outlet	✓
Warners Bay Home	NSW	Dec-17	37	7.50%	100%	3.5	12	12	35	93%	LFR	×
TOTAL NSW			**1,060**	**6.31%**	**100%**	**3.8**	**278**	**243**	**493**	**87%**		
Ballarat Home	VIC	Dec-17	41	7.50%	100%	5.0	15	20	52	93%	LFR	✓
Cranbourne Home	VIC	Dec-17	133	7.25%	100%	6.7	32	56	194	92%	LFR/Retail	✓
Epping Hub	VIC	Dec-17	43	7.50%	95%	3.1	30	22	60	64%	Mixed Use	✓
Peninsula Home	VIC	Dec-17	84	7.25%	100%	3.3	30	33	85	90%	LFR/Retail	✓
TOTAL VIC			**300**	**7.32%**	**99%**	**5.0**	**107**	**131**	**390**	**88%**		
Jindalee Home	QLD	Dec-17	123	7.00%	97%	4.0	54	27	72	69%	LFR/Retail	✓
Logan Super Centre	QLD	Dec-17	89	7.00%	98%	4.8	29	27	27	90%	LFR	✓
Macgregor Home	QLD	Dec-17	24	7.75%	82%	0.5	6	13	29	76%	LFR	✓
Sunshine Coast Home	QLD	Dec-17	95	7.00%	96%	5.7	33	27	69	93%	LFR/Retail	✓
TOTAL QLD			**332**	**7.05%**	**95%**	**4.5**	**122**	**93**	**197**	**77%**		
Mile End Home	SA	Dec-17	97	7.25%	100%	3.6	32	33	71	84%	LFR	✓
TOTAL SA			**97**	**7.25%**	**100%**	**3.6**	**32**	**33**	**71**	**84%**		
Midland Home	WA	Dec-17	62	7.25%	100%	4.2	18	23	43	94%	LFR	×
TOTAL WA			**62**	**7.25%**	**100%**	**4.2**	**18**	**23**	**43**	**94%**		
TOTAL AVN[6]			**1,850**	**6.69%**	**99%**	**4.1**	**557**	**524**	**1,194**	**87%**		

1. Metrics are calculated on a weighted average basis (by value) including Belrose Super Centre and adjacent Belrose Gateway Centre
2. By GLA as at 31 Dec 2017
3. By gross income as at 31 Dec 2017 (excluding rental guarantees)
4. Metrics as at 31 Dec 2017
5. Further development of certain centres may be subject to contractual and regulatory approvals including planning approvals from relevant local government authorities
6. Excluding Shepparton and Tweed

APPENDIX 3: THE EVOLUTION OF LARGE FORMAT RETAIL CENTRES

	Old Bulky Goods Centres	Modern AVN LFR Centres
Improving quality of tenants	• Independent family operated with high concentration of furniture and household goods, and few international retailers	• Predominantly national, ASX listed or international retailers with multi-brand strategy • Providing greater transparency of retailer performance • Ensuring income streams are more reliable and consistent
Increasing centre size and improved design	• Smaller centres with basic design (industrial single level buildings)	• Larger more dominant centres creating critical mass as a single destination offering • Development of modern multi-level centres in mainly metropolitan locations with ample car parking, ease of access and modern amenities
Changing shopper habits	• Mainly weekend visits for discretionary products	• Non-household tenants lead to increased weekday traffic with longer visit time and preference for comparison shopping • Demand for family focused, higher quality and diverse goods and services (eg food and beverage, small supermarkets, medical, fitness and leisure)
Flexible planning controls	• Strictly bulky / household goods and minimum store size	• Expansion of new uses and removal of minimum store size has allowed for the introduction of new offerings in centres • Upside from potential of other states reforming and improving planning controls (eg WA and NSW)

APPENDIX 4: DEMAND FOR HOUSEHOLD GOODS

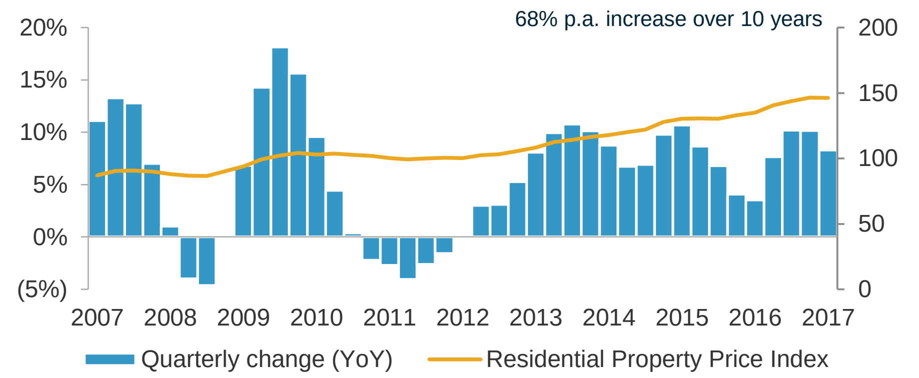
Demand for household goods influenced by many factors:

- Strong growth in house prices since 2013 (now moderating)
- High levels of dwelling approvals (lag effect of up to three years) and dwelling completions
- Turnover of existing dwellings (now moderating)
- Home improvements are a natural hedge with renovations continuing through the cycle (but with smaller scope)
- Population growth - net population increase is highest on the east coast

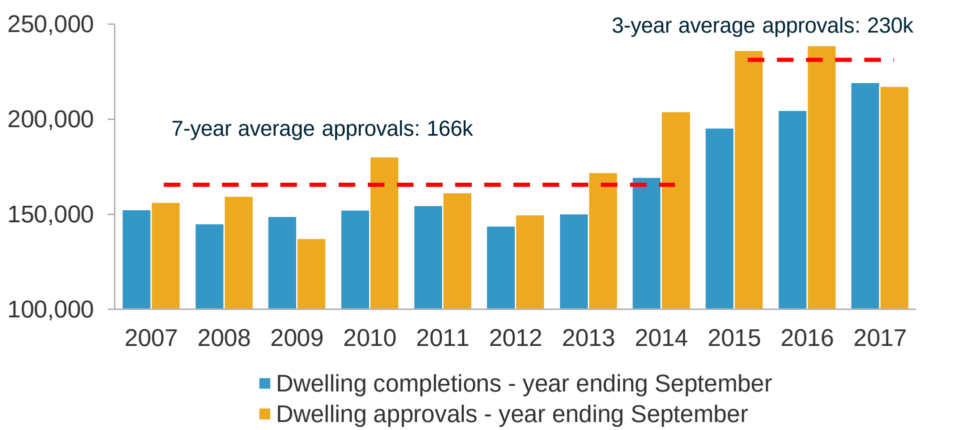
Other factors affecting demand for household goods include:

- Interest rate environment and employment levels impact consumer sentiment
- Household incomes and savings ratio
- Changes in life stages and population growth (births, ageing, divorce, upgraders, downsizers and migration)
- Product trends, replacements and popularity of home renovations generate interest and attention for large format retailers (eg The Block)
- Limited impact to date of online retailing as household goods are considered major bulky purchases, difficult to transport and have a 'touch and feel' element

RESIDENTIAL PRICES YEAR ENDED SEPTEMBER 2017[1]



ANNUAL DWELLING COMPLETIONS AND APPROVALS[2]



1. Source: ABS residential property price index
2. Source: ABS dwelling approvals and completions

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