APPENDIX 4D

Interim Report

For the half-year ended 31 December 2016

Name of entity	Aventus Retail Property Fund
	ARSN 608 000 764

Explanation of reporting periods

The interim report of the Aventus Retail Property Fund ("the Fund") is for the period 1 July 2016 to 31 December 2016. The previous corresponding interim period is 1 July 2015 to 31 December 2015.

Refer to note 1(b) in the attached consolidated interim financial report for information on the impact of the prior period reverse acquisition on the presentation of the consolidated financial statements.

Results for announcement to the market

		Change %		31 Dec 2016 $m
Revenue from ordinary activities	Up	192%	to	64.9
Profit from ordinary activities attributable to unitholders	Up	391%	to	64.3
Net profit for the period attributable to unitholders	Up	391%	to	64.3

The increase in revenue from ordinary activities compared to the prior period is mainly attributable to:

> the acquisition of Bankstown Home, Logan Super Centre, MacGregor Home, McGraths Hill Home and Shepparton Home in May 2016;

> the acquisition of Epping Hub and Belrose Gateway in December 2015; and

> the 13 properties acquired in conjunction with the Fund's initial public offering in October 2015.

The increase in net profit is mainly attributable to the acquisitions outlined above in addition to there being no IPO and business combination acquisition costs in the current period compared to $56.9m in the prior period.

Distributions

Distribution Quarter	Distribution per unit (cents)	Total Distribution $m	Ex-distribution Date	Record Date	Payment Date
September 2016	3.88	15.3	29/09/2016	30/09/2016	23/11/2016
December 2016	3.96	15.7	29/12/2016	30/12/2016	15/02/2017
Total	7.84	31.0			
December 2015	2.89	9.9	29/12/2015	31/12/2015	05/02/2016

Distributions (continued)

During the period the Fund established a distribution reinvestment plan ("DRP") under which unitholders may elect to reinvest all or part of their distribution in new units in the Fund rather than being paid in cash. The first period which the DRP was operational was the quarter ended 30 September 2016.

The last date for the receipt of an election notice for participation in the DRP is the next business day after the record date for the respective quarterly distribution.

The DRP unit price for the September 2016 quarter was determined as the average of the daily volume weighted average price of the Fund's units sold on the Australian Securities Exchange during the ten trading days immediately prior to the payment date for the distribution, less a discount of 2%.

Net tangible assets

	31 Dec 2016 $m	30 June 2016 $m
Net tangible assets	832.4	796.4
Net tangible assets per unit ($)	2.10	2.02

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

Not applicable.

Details of associates and joint venture entities

Not applicable.

Accounting standards used by foreign entities

Not applicable.

Audit

This report is based on the attached consolidated interim financial statements which have been reviewed by Ernst & Young.

AVENTUS RETAIL PROPERTY FUND

ARSN 608 000 764

Interim consolidated financial report

for the half-year ended 31 December 2016

CONTENTS

DIRECTORS' REPORT

The directors of Aventus Capital Limited ("the Responsible Entity"), the responsible entity of Aventus Retail Property Fund ("the Fund"), present their report together with the consolidated interim financial statements of the Fund and its consolidated entities ("the Group") for the half-year ended 31 December 2016.

Directors

The following persons held office as directors of the Responsible Entity during the period and up to the date of this report, unless otherwise stated:

> Bruce Carter	Independent Non-Executive Chairman
> Darren Holland	Executive Director
> Kieran Pryke	Independent Non-Executive Director
> Robyn Stubbs	Independent Non-Executive Director
> Tracey Blundy	Non-Executive Director (resigned 18 August 2016)
> Nico van der Merwe	Non-Executive Director (appointed 18 August 2016)
> Brett Blundy	Alternate Director to Nico van der Merwe (appointed 18 August 2016)

Review of operations and results

The principal activity of the Group during the period was investment in large format retail property assets.

Summary of financial performance

A summary of the Group's financial performance for the financial period is set out below.

	6 months to 31 Dec 2016 $m	6 months to 31 Dec 2015 $m
Net profit/(loss) for the financial period	64.3	(22.1)
Funds from operations ("FFO")	34.6	11.0
Basic and diluted earnings per unit for the financial period (cents per unit)	16.3	(12.7)
FFO per unit (cents per unit)	8.8	3.2
Distributions to unitholders	31.0	9.9
Distributions to unitholders (cents per unit)	7.8	2.9

The increase in net profit during the period is mainly attributable to:

> the acquisition of Bankstown Home, Logan Super Centre, MacGregor Home, McGraths Hill Home and Shepparton Home in May 2016;

> the acquisition of Epping Hub and Belrose Gateway in December 2015;

> the 13 properties acquired in conjunction with the Fund's initial public offering in October 2015; and

> there being no IPO and business combination acquisition costs in the current period compared to $56.9m in the prior period.

Summary of financial performance (continued)

FFO

The table below provides a reconciliation between the statutory net profit for the period and FFO. FFO represents the net profit for the period adjusted for:

- straight-lining of rental income;
- amortisation of rental guarantees;
- amortisation of debt establishment costs;
- unrealised fair value gains or losses on investment properties;
- unrealised fair value gains or losses on derivative financial instruments;
- property acquisition and transaction costs; and
- other non-cash or non-recurring amounts outside core operating activities.

For the prior financial period FFO was measured from 20 October 2015 (date of the Fund's IPO) to 31 December 2015.

	6 months to 31 Dec 2016 $m	6 months to 31 Dec 2015 $m
Statutory net profit/(loss)	64.3	(22.1)
Less profit for the period 1 July 2015 to 19 October 2015	-	(1.0)
Straight-lining of rental income	(2.1)	(0.2)
Amortisation of rental guarantees	0.7	0.2
Amortisation of debt establishment costs	0.4	0.1
Net gain on movement in fair value of investment properties	(25.1)	(23.4)
Net (gain)/loss on movement in fair value of derivative financial instruments	(3.6)	0.5
Portfolio acquisition and transaction costs	-	56.9
FFO	34.6	11.0

FFO has been determined in accordance with best practice guidelines published by the Property Council of Australia. FFO is the basis upon which distributions are determined by the directors. The Fund's distribution policy is to distribute between 90 and 100% of FFO to unitholders.

Distributions

Distributions declared and/or paid to unitholders of the Fund during the period were as follows:

	6 months to 31 Dec 2016	6 months to 31 Dec 2015
Interim distribution (September quarter) - 3.88 cents per unit (Sept 2015: Nil)	15.3	-
Interim distribution (December quarter) - 3.96 cents per unit (Dec 2015: 2.89 cents per unit)	15.7	9.9
	31.0	9.9

DIRECTORS' REPORT

Summary of financial position

A summary of the Group's financial position at 31 December 2016 is set out below.

	31 Dec 2016 $m	30 June 2016 $m
Assets		
Investment property portfolio	1,311.3	1,268.9
Total assets	1,322.3	1,286.1
Net tangible assets	832.4	796.4
Net tangible assets ($ per unit)	2.10	2.02
Capital management		
Drawn debt	465.3	462.0
Debt facility limit	500.0	500.0
Cash and undrawn debt	37.6	42.3
Gearing ratio (%)	35.0%	35.7%
Interest rate hedging	240.0	240.0
Hedged debt to drawn debt ratio (%)	51.6%	51.9%

Investment property portfolio

> At 31 December 2016 the Group owned 20 large format retail investment properties across Australia with a combined value of $1,311.3 million exclusive of rental guarantees. The weighted average capitalisation rate of the portfolio at 31 December 2016 was 7.40% (30 June 2016: 7.53%).

> The Group acquired additional land adjacent to the Tuggerah Super Centre on 1 July 2016 for $4.0 million inclusive of $0.2m of transaction costs.

Debt and hedging activities

> The Group continued to comply with and maintain significant headroom for all key debt covenants during the period ended 31 December 2016.

> Gearing decreased from 35.7% at 30 June 2016 to 35.0% at 31 December 2016.

> No additional interest rate swaps were entered into during the period. Hedging coverage as a percentage of drawn debt decreased from 51.9% at 30 June 2016 to 51.6% at 31 December 2016.

> The Group also entered into a 3 year $5 million bank guarantee facility during the period. Drawn bank guarantees represent contingent liabilities of the Group and do not form part of total debt disclosed in the balance sheet. Additional details of the facility are disclosed in note 12(a) to the interim financial statements.

Events occurring after the reporting period

There has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' REPORT

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

Rounding of amounts

The Fund is a registered scheme of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and the financial report.

Amounts in the directors' report and the financial report have been rounded off to the nearest hundred thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s306(3) of the Corporations Act 2001.

Darren Holland
Executive Director

Sydney
15 February 2017

Bruce Carter
Chairman

Sydney
15 February 2017

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Auditor's Independence Declaration to the Directors of Aventus Capital Limited as the Responsible Entity of Aventus Retail Property Fund

As lead auditor for the review of Aventus Retail Property Fund for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;* and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aventus Retail Property Fund and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
15 February 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	6 months to 31 Dec 2016 $m	6 months to 31 Dec 2015 $m
Revenue			
Rental and other property revenue		64.5	22.1
Other revenue		0.4	0.1
		64.9	22.2
Other income			
Net gain on movement in fair value of investment properties		25.1	23.2
Total revenue and other income		90.0	45.4
Expenses			
Property expenses		(17.0)	(5.6)
Finance costs		(3.8)	(3.4)
Management fees		(3.9)	(1.1)
Portfolio acquisition and transaction costs	4	-	(56.9)
Other expenses		(1.0)	(0.5)
Total expenses		(25.7)	(67.5)
Profit/(loss) for the period		64.3	(22.1)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		64.3	(22.1)
Earnings per unit			
Basic (cents per unit)	5	16.3	(12.7)
Diluted (cents per unit)	5	16.3	(12.7)

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Notes	31 Dec 2016 $m	30 June 2016 $m
Assets			
Current assets			
Cash and cash equivalents		2.9	4.3
Receivables		3.3	7.7
Rental guarantees		1.8	2.2
Other assets		0.7	0.7
Total current assets		8.7	14.9
Non-current assets			
Receivables		-	0.1
Derivative financial instruments	8	1.1	-
Rental guarantees		1.2	2.2
Investment properties	6	1,311.3	1,268.9
Total non-current assets		1,313.6	1,271.2
Total assets		1,322.3	1,286.1
Liabilities			
Current liabilities			
Payables		(7.9)	(10.8)
Distributions payable		(15.7)	(14.5)
Deferred revenue		(2.6)	(1.8)
Total current liabilities		(26.2)	(27.1)
Non-current liabilities			
Borrowings	7	(462.7)	(459.1)
Derivative financial instruments	8	(1.0)	(3.5)
Total non-current liabilities		(463.7)	(462.6)
Total liabilities		(489.9)	(489.7)
Net assets		832.4	796.4

Equity			
Issued units	9	750.3	747.6
Retained earnings		82.1	48.8
Total equity		832.4	796.4

The consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	Issued units $m	Retained earnings $m	Total equity $m
Balance at 1 July 2015		4.3	34.8	39.1
Loss for the period		-	(22.1)	(22.1)
Other comprehensive income		-	-	-
Total comprehensive loss for the period		-	(22.1)	(22.1)
Redemption of units		(0.4)	-	(0.4)
Return of capital		(0.2)	-	(0.2)
Issue of units net of transaction costs		641.5	-	641.5
Distributions paid or provided for	10	-	(9.9)	(9.9)
Balance at 31 December 2015		645.2	2.8	648.0
Balance at 1 July 2016		747.6	48.8	796.4
Profit for the period		-	64.3	64.3
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	64.3	64.3
Issue of units net of transaction costs		2.7	-	2.7
Distributions paid or provided for	10	-	(31.0)	(31.0)
Balance at 31 December 2016		750.3	82.1	832.4

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	6 months to 31 Dec 2016 $m	6 months to 31 Dec 2015 $m
Cash flows from operating activities		
Rental and other property revenue received	69.3	25.0
Other revenue received	1.1	0.3
Payments to suppliers	(28.8)	(13.9)
Finance costs paid	(7.1)	(4.7)
Net cash inflows from operating activities	34.5	6.7
Cash flows from investing activities		
Payments for capital expenditure	(10.8)	(3.4)
Payments for businesses (including transaction costs) net of cash acquired	(0.9)	(218.7)
Net cash outflows from investing activities	(11.7)	(222.1)
Cash flows from financing activities		
Proceeds from issue of units	-	303.3
Unit issue transaction costs	(0.3)	(5.4)
Proceeds from borrowings	16.0	324.0
Repayment of borrowings	(12.7)	(400.3)
Redemption of units	-	(0.5)
Return of capital	-	(0.2)
Distributions paid	(27.2)	-
Net cash inflows/(outflows) from financing activities	(24.2)	220.9
Net increase/(decrease) in cash and cash equivalents	(1.4)	5.5
Cash at the beginning of the financial period	4.3	0.3
Cash at the end of the financial period	2.9	5.8

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

a) Statement of compliance

This condensed consolidated interim financial report for the half-year ended 31 December 2016 has been prepared in accordance with the Fund's Constitution, Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2016 and public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim financial reporting period.

b) Impact of prior period reverse acquisition on the presentation of the financial statements

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 ("Kotara") (formerly BB Retail Property Unit Trust No.2). This transaction resulted in the unitholder of Kotara obtaining control of the merged entities. The acquisition was accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 "Business Combinations" and resulted in the Fund (the legal parent) being accounted for as a subsidiary of the Group and Kotara (the legal subsidiary) being accounted for as the parent entity of the Group for financial reporting purposes.

As Kotara is deemed to be the parent of the Group for accounting purposes, the consolidated financial statements of the Fund represent a continuation of the financial statements of Kotara, with the exception of the equity structure (i.e. the number and type of equity interest issued) which reflects the equity structure of the Fund.

In addition to the above the Fund listed on the Australian Securities Exchange in October 2015 and acquired 13 properties following the completion of its initial public offering ("IPO"). The Fund subsequently acquired Epping Hub and Belrose Gateway in December 2015.

The results of the Group for the half-year ended 31 December 2015 comprise the results of Kotara for the period 1 July 2015 to 31 December 2015 and the results of the Group subsequent to the completion of the IPO.

The significant increase in revenues and net profit for the period ended 31 December 2016 is mainly attributable to the above acquisitions occurring part way during the comparative financial year. The increase in net profit is also attributable to the Fund incurring no IPO or acquisition related costs during the current period. As disclosed in note 4 total IPO and acquisitions costs incurred for the period ended 31 December 2015 amounted to $56.9m.

Refer to the Fund's annual financial report for the year ended 30 June 2016 for further information regarding the Fund's IPO and prior period acquisitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Excess of current liabilities over current assets

The Group's current liabilities exceeded its current assets by $17.5 million at 31 December 2016 (30 June 2016: $12.2 million). The deficiency is mainly attributable to distributions payable of $15.7 million and deferred revenue of $2.6 million which are recorded as current liabilities at balance date.

Distribution will be paid on 15 February 2017 and funded from available cash and debt reserves. Deferred revenue represents rental income received in advance and will be recognised as revenue in future financial periods.

3. Segment information

The Group has only one reportable segment being investment in Australian large format retail assets.

The Group has determined it has one operating segment based on the internal information that is provided to the chief operating decision maker and which is used in making strategic decisions. Darren Holland has been identified as the chief operating decision maker in his capacity as Chief Executive Officer and Executive Director of Aventus Capital Limited.

4. Profit or loss information

	6 months to 31 Dec 2016 $m	6 months to 31 Dec 2015 $m
The profit/(loss) for the period includes the following items of revenue and expenses which are significant due to their nature, size or incidence:		
Portfolio acquisition and transaction costs:		
IPO acquisition and transaction costs		
Stamp duty costs	-	43.4
IPO offer management and advisory fees	-	5.3
Interest rate swap break costs	-	4.1
Other	-	1.2
	-	54.0
Post IPO acquisition and transaction costs		
Stamp duty costs	-	2.5
Advisory fees	-	0.4
	-	2.9
Total	-	56.9

5. Earnings per unit

	31 Dec 2016	31 Dec 2015
Net profit/(loss) for the period ($m)	64.3	(22.1)
Weighted average number of units used in calculating basic and diluted earnings per unit	395,008,090	173,742,411
Basic and diluted earnings/(loss) per unit (cents)	16.3	(12.7)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Investment properties – non-current

Property	Acquisition Date	Independent Valuation Date	Independent Valuer	Independent Valuation $m	Carrying Value 31 Dec 2016 $m	Carrying Value 30 June 2016 $m
Ballarat Home	October 2015	June 2016	Savills	36.5	37.3	36.5
Bankstown Home	May 2016	March 2016	Savills	53.3	53.3	53.3
Belrose Super Centre	October 2015	June 2016	Savills	122.0	126.5	122.0
Belrose Gateway Centre	December 2015	October 2015	Knight Frank	6.4	6.4	6.4
Caringbah Home	October 2015	June 2015	Knight Frank	82.5	90.0	88.4
Cranbourne Home	October 2015	December 2016	CBRE	125.0	125.0	120.1
Epping Hub	December 2015	October 2015	Savills	40.0	40.0	40.0
Highlands Hub	October 2015	December 2016	JLL	31.2	31.2	29.8
Jindalee Home	October 2015	December 2015	CBRE	103.9	106.6	103.9
Kotara Home (South)	August 2008	June 2016	Knight Frank	107.0	108.0	107.0
Logan Super Centre	May 2016	April 2016	Savills	81.9	81.9	81.9
MacGregor Home	May 2016	April 2016	Savills	26.1	26.1	26.1
McGraths Hill Home	May 2016	March 2016	Savills	36.1	36.1	36.1
Midland Home	October 2015	June 2016	CBRE	54.5	56.1	54.5
Mile End Home	October 2015	December 2016	Savills	89.5	89.5	83.2
Peninsula Home	October 2015	December 2016	CBRE	75.3	75.3	71.7
Shepparton Home	May 2016	April 2016	Savills	21.6	21.6	21.6
Sunshine Coast Home	October 2015	June 2015	Knight Frank	64.5	69.1	66.8
Tuggerah Super Centre	October 2015	June 2016	Knight Frank	60.5	64.9	60.5
Tweed Hub	October 2015	December 2016	JLL	34.2	34.2	30.2
Warners Bay Home	October 2015	December 2016	JLL	35.2	35.2	33.3
				1,287.2	1,314.3	1,273.3
Less amounts classified as rental guarantees					(3.0)	(4.4)
					1,311.3	1,268.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Investment properties (continued)

A reconciliation of the movement in the carrying value of investment properties during the period is outlined below:

	6 months to 31 Dec 2016 $m	12 months to 30 June 2016 $m
Balance at the beginning of the period	1,268.9	95.5
Additions via business combinations (excluding rental guarantees)	-	1,067.4
Additions	4.0	-
Capitalised expenditure	10.5	21.8
Straight-lining of rental income	2.1	2.3
Net gain on movement in fair value of investment properties	25.1	81.9
Amounts reclassified from rental guarantees	0.7	-
Balance at the end of the period	1,311.3	1,268.9

On 1 July 2016 the Group acquired additional land adjacent to the Tuggerah Super Centre for $4.0m including $0.2m of transaction costs.

7. Borrowings

	31 Dec 2016 $m	30 June 2016 $m
Non-current		
Secured		
Bank debt	465.3	462.0
Less: unamortised transaction costs	(2.6)	(2.9)
	462.7	459.1

8. Derivative financial instruments

	31 Dec 2016 $m	30 June 2016 $m
Non-current assets		
Interest rate swaps - at fair value	1.1	-
Non-current liabilities		
Interest rate swaps - at fair value	1.0	3.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Issued units

	6 months to 31 Dec 2016 Units	6 months to 31 Dec 2016 $m	12 months to 30 June 2016 Units	12 months to 30 June 2016 $m
Balance at the beginning of the period	394,717,614	747.6	-	4.3
Redemption of units	-	-	-	(0.5)
Return of capital	-	-	-	(0.2)
Establishment of the Fund	-	-	1	-
Units issued under reverse acquisition	-	-	19,744,091	-
Units issued as consideration for business combinations	-	-	171,821,115	343.6
Units issued at IPO	-	-	151,667,500	303.3
Units issued under entitlement offer	-	-	51,484,907	104.5
Unit issue costs	-	-	-	(7.4)
Units issued under distribution reinvestment plan	1,253,223	2.7	-	-
Balance at the end of the period	395,970,837	750.3	394,717,614	747.6

During the period the Fund established a distribution reinvestment plan (“DRP”) under which unitholders may elect to reinvest all or part of their distribution in new units in the Fund rather than being paid in cash. The first period which the DRP was operational was the quarter ended 30 September 2016.

The last date for the receipt of an election notice for participation in the DRP is the next business day after the record date for the respective quarterly distribution.

The DRP unit price for the September 2016 quarter was determined as the average of the daily volume weighted average price of the Fund’s units sold on the Australian Securities Exchange during the ten trading days immediately prior to the payment date for the distribution, less a discount of 2%.

10. Distributions

	Distribution - cents per unit	Distribution $m
Fully paid ordinary units		
Period ended 31 December 2016:		
Interim distribution (September quarter)	3.88	15.3
Interim distribution (December quarter)	3.96	15.7
	7.84	31.0
Period ended 31 December 2015:		
Interim distribution (December quarter)	2.89	9.9

11. Fair value measurement of financial instruments

This note provides information about how the Group determines fair value of various financial assets and liabilities.

a) Financial assets and liabilities measured at fair value on a recurring basis

The Group measures derivative financial instruments at fair value on a recurring basis.

To provide an indication about the reliability of inputs used in determining fair value, the Group classifies its financial assets and liabilities into three levels prescribed under accounting standards. An explanation of each level is outlined below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability are not based on observable market data (unobservable inputs).

The following table summarises the Group's financial assets and liabilities measured and recognised at fair value on a recurring basis:

		Level 2		Total	
	Note	Dec 2016 $m	June 2016 $m	Dec 2016 $m	June 2016 $m
Financial assets					
Derivative financial instruments	8	1.1	-	1.1	-
Financial liabilities					
Derivative financial instruments	8	1.0	3.5	1.0	3.5

There were no transfers between levels of fair value measurement during the period.

The Group did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 31 December 2016 or 30 June 2016.

11. Fair value measurement of financial instruments (continued)

Valuation techniques used to derive level 2 fair values

The only level 2 assets or liabilities measured at fair value are interest rate swaps.

The fair value of interest rate swaps is estimated using the discounted cash flow technique. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

b) Assets and liabilities not measured at fair value

The Group has a number of assets and liabilities which are not measured at fair value in the balance sheet. The fair values of these assets and liabilities are not materially different to their carrying amounts.

12. Contingencies

a) Bank guarantees

The Group entered into a 3 year $5 million bank guarantee facility during the period. Drawn bank guarantees represent contingent liabilities of the Group and do not form part of borrowings disclosed in the balance sheet.

Drawn bank guarantees are also excluded from total borrowings when calculating the Group's debt covenants.

At 31 December 2016 the Group had given $1.1 million in bank guarantees relating to redevelopments of investment properties. There were no contingent liabilities or assets at 30 June 2016.

b) Performance fees

Aventus Funds Management Pty Limited is entitled to a Performance Fee calculated in accordance with the terms and conditions of the Management Services Agreement. The first Performance Fee (if any) will become payable on the publication of the Fund's financial results for the year ending 30 June 2018.

The amount and probability of any Performance Fee payable at 30 June 2018 cannot be measured with sufficient reliability at balance date given it is dependent upon future events.

13. Commitments

Commitments for expenditure

The Group has entered into contracts for the redevelopment of a number of its investment properties. Total commitments at 31 December 2016 amounted to $3.4 million exclusive of GST (30 June 2016: $3.8 million). These commitments have not been reflected in the interim consolidated financial statements.

14. Significant contract terms and conditions

Kotara Home call option and pre-emptive deed

The Group's Kotara Home (South) property ("Kotara South") is adjacent to another property ("Kotara North") which is owned by an entity associated with Brett Blundy. The respective owners have entered into the Kotara Call Option and Pre-emptive Deed under which:

> The owner of Kotara South grants to the owner of Kotara North a call option to acquire Kotara South ("Call Option"); and

> The owner of Kotara North and the owner of Kotara South have each granted the other reciprocal pre-emptive rights in the event that either of them wishes to sell their respective Kotara properties ("Pre-emptive Right").

Further information relating to the Call Option and the Pre-emptive Right is outlined below.

Call option

Where as a result of a vote of the unitholders in the Fund, there is a change of the responsible entity of the Fund to an entity who is not a member of the Aventus Property Group ("Call Option Event") the following process will apply:

> The owner of Kotara North may require a valuation to be conducted on Kotara South, with two independent valuers to be appointed – one by the owner of Kotara North Owner and one by the new responsible entity;
> the purchase price for Kotara South will be the average of the two valuations; and
> upon receipt of those valuations, the owner of Kotara North may exercise the call option and purchase Kotara South for the relevant purchase price so determined.

Pre-emptive right

Under the pre-emptive right, where an owner wishes to deal with their Kotara property, it must give notice to the other owner of the proposed sale terms which will constitute an offer to the relevant recipient to acquire the selling owner's Kotara property. The owner will have 40 days to accept those sale terms. If the offer is not accepted, then the owner selling its Kotara asset may sell to another third party within six months on terms and at a price that are no more favourable to the proposed purchaser than the terms offered under the pre-emptive right.

Refer to the Fund's annual financial report for the year ended 30 June 2016 for further information on related parties and related party transactions.

15. Events occurring after the reporting period

There has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

   i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
   ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date, and

b) there are reasonable grounds to believe that Aventus Retail Property Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of the Responsible Entity made pursuant to s303(5) of the Corporations Act 2001.

Darren Holland
Executive Director

Sydney
15 February 2017

Bruce Carter
Chairman

Sydney
15 February 2017

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To the Unitholders of Aventus Retail Property Fund

Report on the Interim Financial Report

We have reviewed the accompanying interim consolidated financial report of Aventus Retail Property Fund, which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Interim Financial Report

The directors of Aventus Capital Limited, the Responsible Entity of Aventus Retail Property Fund, are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the interim period ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 . As the auditor of Aventus Retail Property Fund and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Aventus Retail Property Fund is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the interim period ended on that date; and

b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
15 February 2017