APPENDIX 4E

Annual financial report

for the financial year ended 30 June 2019

Name of entity	Aventus Group – Aventus Retail Property Fund

Aventus Group

The Aventus Group is a stapled entity comprising the Aventus Retail Property Fund ("ARPF") (ARSN 608 000 764) and its controlled entities and Aventus Holdings Limited ("AHL") (ACN 627 640 180) and its controlled entities.

For financial reporting purposes ARPF has been deemed the parent entity of the Aventus Group.

This Appendix 4E should be read in conjunction with the consolidated financial report for the year ended 30 June 2019.

Explanation of reporting periods

The annual financial report of ARPF is for the period 1 July 2018 to 30 June 2019. The previous corresponding period was 1 July 2017 to 30 June 2018.

Results for announcement to the market

		Change $m	Change %		2019 $m
Revenue from ordinary activities	Up	2.7	1.6%	to	167.3
Net profit after tax attributable to securityholders	Down	25.2	18.6%	to	110.4
Funds from operations attributable to securityholders	Up	7.3	8.2%	to	96.2

The $2.7 million increase in revenue from ordinary activities during the financial year was mainly attributable to increases in rental and other property income and property management fees derived from the management of Kotara Home (North) for the period 1 October 2018 to 30 June 2019.

The $25.2 million decrease in net profit compared to the prior financial year was mainly attributable to:

a) $38.7 million decrease in net fair value gains on investment properties;
b) $13.1 million increase in fair value losses on interest rate swaps and a $2.8 million increase in interest costs;
c) $21.7 million decrease in transaction costs;
d) $5.4 million decrease in property expenses; and
e) $10.1 million decrease in management and performance fees and a $9.5 million increase in expenses resulting from the internalisation of management.

Distributions

	Distribution per security (cents)	Total distribution $m	Ex-distribution date	Record date	Payment date
September 2018	4.09	20.2	27/09/2018	28/09/2018	23/11/2018
December 2018	4.14	22.0	28/12/2018	31/12/2018	27/02/2019
March 2019	4.16	22.3	28/03/2019	29/03/2019	22/05/2019
June 2019	4.18	22.5	27/06/2019	28/06/2019	30/08/2019[1]
Total	16.57	87.0			
September 2017	4.05	19.9	28/09/2017	29/09/2017	23/11/2017
December 2017	4.07	20.1	28/12/2017	29/12/2017	22/02/2018
March 2018	4.07	20.1	28/03/2018	29/03/2018	24/05/2018
June 2018	4.07	20.1	28/06/2018	29/06/2018	31/08/2018
Total	16.26	80.2			

1- Estimated payment date

Distribution reinvestment plan ("DRP")

During the financial year the Aventus Group operated a distribution reinvestment plan ("DRP") under which securityholders may elect to reinvest all or part of their distributions or dividends in new stapled securities rather than being paid in cash. 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 distribution or dividend. The DRP price is determined as the average of the daily volume weighted average price of the stapled securities sold on the Australian Securities Exchange during a ten-day trading period prior to the payment date for the distribution or dividend, less a discount (if any). The DRP unit price for the quarters ended 31 December 2018, 31 March 2019 and 30 June 2019 included a discount of 2%.

DRP underwriting agreement

On 1 July 2019 the Aventus Group entered into an underwriting agreement with Macquarie Capital (Australia) Limited to act as sole underwriter of a $22.5 million offer of stapled securities in the Aventus Group under its DRP. The underwriting agreement relates to the distribution for the quarter ended 30 June 2019. The stapled securities are expected to be issued on 30 August 2019 and will rank pari passu with existing stapled securities.

Net tangible assets

	30 June 2019	30 June 2018
Net tangible assets ($m)	1,155.3	1,175.2
Net tangible assets per security ($)	2.15	2.38

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

Refer to note 4 "Business combinations" in the attached consolidated financial report.

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 financial report which has been audited by Ernst & Young.

AVENTUS RETAIL PROPERTY FUND & CONTROLLED ENTITIES (AVENTUS GROUP)

ARSN 608 000 764

Annual report

for the financial year ended 30 June 2019

CONTENTS

DIRECTORS' REPORT

The directors of Aventus Capital Limited ("ACL") (ACN 606 555 480), the responsible entity of the Aventus Retail Property Fund ("ARPF" or "Fund") (ARSN 608 000 764), present their report together with the consolidated financial statements of ARPF and its consolidated entities ("the Aventus Group") for the financial year ended 30 June 2019.

Directors and company secretaries

The following persons were directors of ACL during the whole of the financial year 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
> Brett Blundy	Non-Executive Director
> Nico van der Merwe	Alternate Director to Brett Blundy

The company secretaries of ACL are Mary Weaver AGIA and Lawrence Wong.

Principal activity

The principal activity of the Aventus Group during the financial year was investment and management of large format retail property assets. There was no significant change in the principal activity during the financial year.

Review of operations and results

Internalisation of management

On 25 September 2018 ARPF unitholders approved a proposal to internalise management. The internalisation involved:

1. ARPF forming a new 100% owned subsidiary – Aventus Holdings Limited ("AHL");
2. ARPF distributing one fully paid ordinary share in AHL to unitholders for each existing unit held in ARPF;
3. stapling each share in AHL to each existing unit in ARPF to form a new stapled security; and
4. AHL acquiring Aventus Property Group Pty Ltd and its controlled entities ("APG Group") comprising ARPF's responsible entity, fund manager, property manager and services company. Details of the acquisition are disclosed in note 4 to the consolidated financial statements. The transaction also resulted in the acquisition of management rights for Kotara Home (North) which is owned by a director related entity.

The internalisation of management and stapling of ARPF and AHL occurred on 1 October 2018.

Review of operations and results (continued)

Summary of financial performance

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

	2019 $m	2018 $m
Net profit for the financial year	110.4	135.6
Funds from operations ("FFO")	96.2	88.9
FFO per security (cents)	18.4	18.1
Basic and diluted earnings per security (cents)	21.1	27.5
Distributions to securityholders	87.0	80.2
Distributions to securityholders (cents)	16.6	16.3

The $25.2 million decrease in net profit compared to the prior financial year was mainly attributable to:

a) $38.7 million decrease in net fair value gains on investment properties;
b) $13.1 million increase in fair value losses on interest rate swaps and a $2.8 million increase in interest costs;
c) $21.7 million decrease in transaction costs;
d) $5.4 million decrease in property expenses; and
e) $10.1 million decrease in management and performance fees and a $9.5 million increase in expenses resulting of the internalisation of management which is disclosed in note 4 to the consolidated financial statements.

FFO

The table below provides a reconciliation between the statutory net profit for the financial year and FFO. FFO represents the net profit for the year 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;
- portfolio transaction costs;
- performance fees; and
- other non-cash or non-recurring amounts outside core operating activities.

	2019 $m	2018 $m
Net profit for the year	110.4	135.6
Straight-lining of rental income	0.9	(3.3)
Amortisation of rental guarantees	2.3	3.1
Amortisation of debt establishment costs	2.7	1.3
Net gain on movement in fair value of investment properties	(39.5)	(78.2)
Net loss on movement in fair value of derivative financial instruments	14.0	0.9
Transaction costs	5.2	26.9
Performance fee	-	2.8
Other - rounding	0.2	(0.2)
FFO	96.2	88.9

Review of operations and results (continued)

Summary of financial performance (continued)

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 Aventus Group's distribution policy is to distribute between 90 and 100% of FFO to securityholders.

Distributions

Distributions declared and/or paid to securityholders during the financial year were as follows:

	Distribution per security (cents)	Total distribution $m	Ex-distribution date	Record date	Payment date
September 2018	4.09	20.2	27/09/2018	28/09/2018	23/11/2018
December 2018	4.14	22.0	28/12/2018	31/12/2018	27/02/2019
March 2019	4.16	22.3	28/03/2019	29/03/2019	22/05/2019
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Total	16.57	87.0			
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June 2018	4.07	20.1	28/06/2018	29/06/2018	31/08/2018
Total	16.26	80.2			

1 -Estimated payment date

Summary of financial position

A summary of the Aventus Group's financial position at 30 June 2019 is set out below.

	30 June 2019 $m	30 June 2018 $m
Assets		
Investment property portfolio (excluding rental guarantees)	1,973.8	1,886.9
Total assets	2,133.8	1,900.5
Net tangible assets	1,155.3	1,175.2
Net tangible assets ($ per security)	2.15	2.38
Net asset value	1,299.5	1,175.2
Net asset value ($ per security)	2.42	2.38
Capital management		
Drawn debt	775.4	678.0
Debt facility limit	820.0	800.0
Cash and undrawn debt	52.7	125.6
Gearing ratio (%)	38.7%	35.6%
Interest rate hedging	520.0	420.0
Hedged debt to drawn debt ratio (%)	67.1%	61.9%

DIRECTORS' REPORT

Review of operations and results (continued)

Summary of financial position (continued)

Investment property portfolio

> At 30 June 2019 the Group owned 20 large format retail investment properties across Australia with a combined value of $1.97 billion. The weighted average capitalisation rate of the portfolio was 6.7% (30 June 2018: 6.7%).

> Net fair value gains on the portfolio for the year ended 30 June 2019 amounted to $39.5 million (June 2018: $78.2 million).

> Key development highlights included:

a) the opening of level 1 at Tuggerah Super Centre, adding approximately 10,000 square metres of additional GLA to the centre;

b) the opening of pad sites at Cranbourne Home and Bankstown Home.

c) commencement of development works at MacGregor Home, Logan Super Centre and Caringbah Home.

Debt portfolio

> Gearing increased from 35.6% at 30 June 2018 to 38.7% at 30 June 2019 mainly due to the acquisition of the APG Group on 1 October 2018. Management are considering various capital management initiatives to manage gearing in future financial periods.

> During the year the Aventus Group undertook the following refinancing activities:

a) the maturity dates of $400.0 million of debt under the syndicated bank debt facility were extended by an additional 12 months;

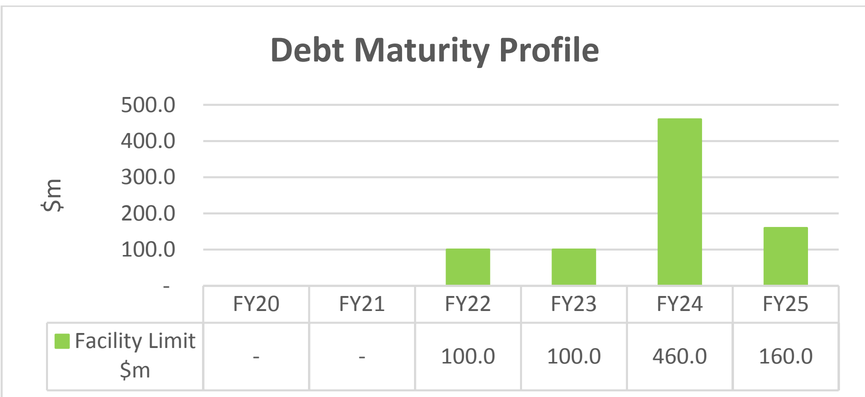
b) $60.0 million of new 5 year bi-lateral bank debt facilities were entered into during July 2018. The proceeds were used to repay a portion of debt under the syndicated bank debt facility.

c) a $50.0 million expansion of the syndicated loan note facility was finalised in September 2018. The proceeds were used to repay debt under the syndicated bank debt facility.

d) Tranche B of the syndicated bank debt facility was permanently repaid in September 2018.

e) Tranche A of the syndicated bank debt facility was refinanced and replaced with $200.0 million of bi-lateral bank debt facilities in March 2019. Tranche A was permanently repaid in March 2019. The new bi-lateral facilities expire in October 2023.

> Following the above refinancing activities the Aventus Group has no debt expiring before May 2022. The debt maturity profile of the Aventus Group as at 30 June 2019 was as follows:



> The Aventus Group continued to comply with and maintain significant headroom for all key debt covenants during the financial year.

Hedging

- A net $100.0 million in additional interest rate swaps were entered into during the financial year. At 30 June 2019 the Aventus Group had $520.0 million in interest rate swaps (30 June 2018: $420.0 million).
- Hedging coverage as a percentage of drawn debt increased from 61.9% at 30 June 2018 to 67.1% at 30 June 2019.

Significant changes in state of affairs

With the exception of the internalisation of management, property redevelopments and debt refinancing activities outlined in the "review of operations and results" section above there were no other significant changes in the state of affairs of the Aventus Group during the financial year.

Business strategies and prospects for future financial years

The Aventus Group will continue to engage in its principal activity in accordance with the investment objectives and guidelines as set out in the governing documents of ARPF and in accordance with the provisions of the ARPF's constitution.

The key business strategies of the Aventus Group include:

- optimising the tenancy mix across the portfolio through proactive management and leasing leverage;
- executing on future development projects;
- participating in sector consolidation through acquisition of additional centres; and
- monitor potential regulatory changes in the LFR sector which could enable a broader range of tenants to occupy centres within the portfolio.

Information on directors

The following information is current as at the date of this report.

Bruce Carter	Independent non-executive chair
Experience and expertise	Bruce has spent over 30 years in corporate recovery and insolvency. Bruce is a consultant at Ferrier Hodgson in Adelaide where he was previously the managing partner for 19 years. He was formerly a partner at Ernst & Young, Chair of the South Australian Economic Development Board and a member of the Executive Committee of Cabinet. Bruce is currently Chair of the Australian Submarine Corporation, Deputy Chair of SkyCity Entertainment Group Limited, a director of the Bank of Queensland Limited and a director of Genesee & Wyoming Inc. He holds a Masters of Business Administration from Heriot-Watt University and a Bachelor of Economics from University of Adelaide. He is a Fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.
Other current listed and government directorships	ASC Pty Limited SkyCity Entertainment Group Limited Bank of Queensland Limited Genesee & Wyoming Inc
Special responsibilities	Member of the Audit, Risk and Compliance Committee Member of the People, Culture and Remuneration Committee
Interest in stapled securities	1,189,312

Information on directors (continued)

Kieran Pryke	Independent non-executive director
Experience and expertise	Kieran has over 25 years experience in the property industry. He spent 9 years in various finance roles across the construction, development and investment management divisions within Lend Lease Corporation before becoming CFO of General Property Trust ("GPT") in 1996. He remained as CFO of GPT during and after the internalisation of management of GPT. Kieran was CFO of Australand Property Group between 2010 and 2014 and the CFO of Grocon between July 2016 and July 2018. Kieran holds a Bachelor of Commerce (Accounting) from the University of Wollongong and is a Fellow of CPA Australia.
Other current listed and not-for-profit directorships	OzHarvest Limited
Special responsibilities	Chair of the Audit, Risk and Compliance Committee
Interest in stapled securities	70,873

Robyn Stubbs	Independent non-executive director
Experience and expertise	Robyn is a board director and executive coach working across the commercial, government and not-for-profit sectors. Drawing on a successful 25+ year career as a senior executive in large, complex organisations, Robyn sits on the Board of ASX-listed Invocare Limited as well as Lifeline Northern Beaches. She provides executive coaching services to a diverse range of corporate clients via ECI Partners. Prior to joining the Aventus Board in 2015, Robyn spent 8 years with Stockland as a General Manager, her last role heading up Retail Leasing across a portfolio of 40 shopping centres nationally. Robyn is a graduate of the Australian Institute of Company Directors, she holds a Master of Science degree in Coaching Psychology from The University of Sydney and was awarded a University Medal with her business degree from the University of Technology, Sydney.
Other current listed and not-for-profit directorships	Lifeline Northern Beaches Invocare Limited
Special responsibilities	Chair of the People, Culture and Remuneration Committee Member of the Audit, Risk and Compliance Committee
Interest in stapled securities	41,364

Information on directors (continued)

Darren Holland	Executive director
Experience and expertise	Darren has more than 25 years experience in the retail property industry. He is experienced in leasing, development, asset management and acquisitions, and has grown assets under management from one centre in 2004 to 20 centres at the date of this report, valued at $1.9 billion. Prior to co-founding the Aventus Property Group, Darren played a leading role in the development and management of the only pure-play listed Australian LFR owner and operator to date, Homemaker Retail Group (ASX: HRP). He holds a Bachelor of Business (Land Economics) from the University of Western Sydney and is a Licensed Real Estate Agent.
Other current listed directorships	None
Special responsibilities	None
Interest in stapled securities	12,330,177

Brett Blundy	Non-executive director
Experience and expertise	Brett is a substantial securityholder in the Aventus Group. Brett is also Chairman and Founder of BB Retail Capital (BBRC). BBRC is a pre-eminent private investment group with diverse interests across three key portfolios including global retail brands, retail properties and the beef industry. Brett also sits on the Board of Directors of Human Longevity Inc.
Other current listed and not-for-profit directorships	Human Longevity Inc Accent Limited Lovisa Limited
Special responsibilities	Member of the People, Culture and Remuneration Committee
Interest in stapled securities	170,887,938

Information on directors (continued)

Nico van der Merwe	Alternate director
Experience and expertise	Nico joined BBRC in 1997. He has held a number of senior finance roles across BBRC and is currently the Group Chief Financial Officer. Nico has over 30 years experience in commercial roles across the retail, real estate and cattle industry sectors. He holds Bachelor of Accounting Science (Hons) and Bachelor of Commerce degrees and is a member of the Institute of Chartered Accountants in Australia.
Other current listed directorships	None
Special responsibilities	None
Interest in stapled securities	-

Remuneration report

The People, Culture and Remuneration Committee ("the Committee") presents the remuneration report of the Aventus Group for the year ended 30 June 2019. The report has been audited in accordance with section 300A of the Corporations Act 2001.

Remuneration balances disclosed in the remuneration report are for the period of 1 October 2018 to 30 June 2019 which represents the period the Aventus Group was internally managed.

For the period 1 July 2018 to 30 September 2018 ARPF was externally managed by ACL. During this period the ACL directors were remunerated by the APG Group. Director fees of independent non-executive directors of ACL were reimbursed by ARPF for the period 1 July 2018 to 30 September 2018 and are disclosed in 33(d) 'Related party transactions'.

Contents

The remuneration report is structured as follows:

Section	What it covers
A	Introduction from the Committee chair
B	Governance and remuneration strategy
C	Key management personnel (KMP)
D	Overview of executive remuneration
E	Contractual arrangements with executive KMP
F	Remuneration outcomes
G	Remuneration expenses for executive KMP
H	Actual remuneration received by executive KMP
I	Performance based remuneration granted and forfeited during the year
J	Restricted stapled securities
K	Overview of non-executive director remuneration
L	Additional information

Remuneration report (continued)

A. Introduction from the Committee chair

To our valued securityholders,

On behalf of the board, I present the Aventus Group's remuneration report for 2019

As the recently appointed chair of the People, Culture & Remuneration Committee I am pleased to present the 2019 remuneration report. This report has been approved by the board and is intended to be informative while complying with our statutory reporting obligations.

Our remuneration philosophy aims to fairly reward and retain our team, while promoting sustainable, long-term performance. A fundamental requirement is that remuneration outcomes are clearly linked to the performance of the Aventus Group and are reflected in our pay for performance approach.

In October 2018, we implemented our first incentive plan, the Executive Incentive Scheme (EIS), as approved by you in September 2018, to align short and long-term performance by setting annual key performance indicators (KPIs) and delivering a proportion of variable remuneration in equity. The Aventus Group has a team of circa 70 people in total with a small executive team and the remuneration framework was designed to be simple and transparent for all stakeholders.

The Aventus Group has performed well in a challenging market with growth of net property income ranking well against our peers. For the period 1 October 2018 to 30 June 2019, KMPs have 100% of their EIS at risk based on financial and non-financial measures KPIs. Of the financial measures, relative total shareholder return was not achieved and resulted in a 30% forfeiture of EIS for KMPs.

While the Aventus Group's EIS has been in operation for less than 12 months, the board regularly reviews our remuneration policies with input from securityholders and proxy advisors. This also allows for full consultation in line with our desire to align shareholder interest, incentivising our KMPs and the broader Aventus team to create a strong culture.

We remain confident our approach to remuneration is reflective of our performance and in line with our business strategy.

Robyn Stubbs
Chair, People, Culture & Remuneration Committee

Remuneration report (continued)

B. Governance and remuneration strategy

Committee members

The Committee consists of the following non-executive directors who were appointed on 1 October 2018:

- Robyn Stubbs (Chair)
- Bruce Carter
- Brett Blundy

In accordance with the Committee's charter the Committee may only consist of non-executive directors, a majority of independent directors, an independent chair (who is not chair of the board) and a minimum of 3 members of the board.

Remuneration governance framework

Key responsibilities of the board of directors and the Committee are outlined as follows:

Board of directors	• Ensuring the remuneration framework is aligned with the Aventus Group's purpose, core values and securityholders. • Setting and overseeing the implementation of remuneration policy.
Committee	• Review and recommend to the board of directors: a) remuneration packages for the Chief Executive Officer (CEO) and senior management including participation in the EIS; b) fees for non-executive directors including committee fees; and c) policies and procedures relating to people and remuneration to create a high-performance culture. • Determine performance targets, executive achievement and outcomes. • Oversee succession planning and nomination processes for the CEO and senior management. • Engage with external remuneration consultants where necessary. A copy of the Committee's charter is available on the Aventus Group website. During the year ended 30 June 2019 the Committee: a) Benchmarked remuneration for KMP and executives, in consultation with independent advisors, in preparation for the internalisation of management; b) established and approved the EIS for the year ended 30 June 2019; c) recommended changes to the EIS for the year ending 30 June 2020 (refer to section D below); d) established and approved performance objectives and KPIs for executives; e) reviewed the team engagement survey approach, results, management strategies and actions; and f) implemented and monitored the people metrics dashboard.

Remuneration report (continued)

B. Governance and remuneration strategy (continued)

Remuneration strategy

Remuneration strategy	To attract and retain executives with the capability and experience to deliver on our business strategies and achieve sustainable returns for securityholders.	
Remuneration principles	The remuneration strategy is underpinned by the following remuneration principles:	
	Alignment to performance	To reward executives for performance which is aligned with our business strategies.
	Culture	To align remuneration with a high-performance culture.
	Market competitive	To ensure remuneration is market competitive in terms of quantum, mix and design to support the attraction and retention of executives. Remuneration comprises fixed and variable components.
	Sustainable	To balance financial and non-financial priorities of the Aventus Group.
	Simple and transparent	The remuneration framework and strategy should be simple, transparent and easy to understand for executives and securityholders.

The remuneration strategy focuses on short-term and long-term performance by setting annual KPIs and delivering a material proportion of variable remuneration in equity which will be subject to vesting conditions over 2, 3, and 4 years.

Remuneration report (continued)

B. Governance and remuneration strategy (continued)

Remuneration strategy (continued)

Executive remuneration components	Fixed remuneration	Variable remuneration
Purpose and alignment	To attract and retain executives with the capability and experience to deliver on business strategies.	To reward annual performance against annual KPIs and encourage sustainable long-term value creation for securityholders.
Performance measures and link to performance	Role specific accountability that drives a high-performance culture and execution of business strategy.	Annual financial and non-financial KPIs for executives.
Delivery	Competitive market based fixed remuneration.	Executive incentive scheme (EIS) comprising: • 50% cash award; and • 50% deferred stapled securities subject to vesting conditions over 2, 3 and 4 years.

C. Key management personnel ("KMP")

KMP for the year ended 30 June 2019 were as follows:

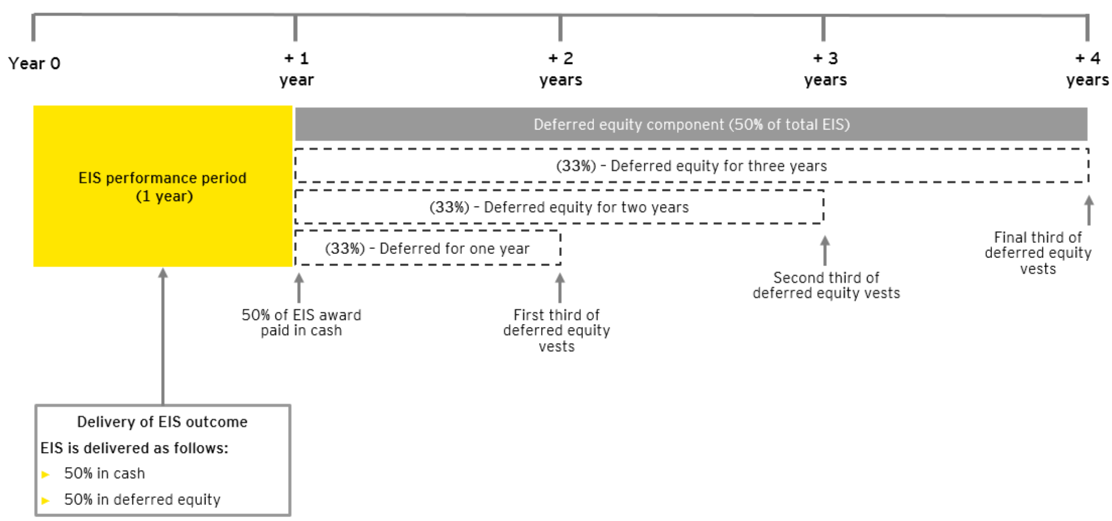
Name	Position
Executive director	
Darren Holland	Chief Executive Officer (CEO)
Senior Executive	
Lawrence Wong	Chief Financial Officer (CFO)
Independent non-executive directors	
Bruce Carter	Chair
Kieran Pryke	Director
Robyn Stubbs	Director
Non-executive directors	
Brett Blundy	Director
Nico van der Merwe (alternate director to Brett Blundy)	Alternate director

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Aventus Group. There have been no changes to KMP between balance date and the date of the remuneration report.

Remuneration report (continued)

D. Overview of executive remuneration

How are executives remunerated?	Executives are remunerated via fixed and variable remuneration components. Variable remuneration for executives will be delivered via the EIS, where participants are eligible to achieve annual cash awards and grants of stapled securities vesting over 2, 3 and 4 years. The Committee will review the EIS on an annual basis to ensure the remuneration arrangements are driving business performance and are aligned with the long-term strategy of the Aventus Group. The Committee will, as required, obtain advice from external remuneration advisers on aspects of the Aventus Group's remuneration policies and structures.
What is total annual fixed remuneration comprised of?	Total annual fixed remuneration (TFR) consists of base salary, employer superannuation contributions and salary sacrifice benefits. TFR is set based on the role, responsibilities, experience and qualifications of the individual, and with reference to market data of comparable companies. An employee's TFR will generally be reviewed on an annual basis.
What is variable remuneration comprised of?	Variable remuneration consists of an annual opportunity to receive a short-term variable cash award and a grant of restricted stapled securities under the EIS, awarded to the extent that certain KPIs are achieved for the financial year. The diagram below provides an illustration of how the EIS operates for a single performance period of one year, assuming all KPIs are achieved. The Aventus Group intends to offer EIS awards annually. As the EIS progresses, the vesting of restricted equity awards will become cumulative:



Remuneration report (continued)

D. Overview of executive remuneration (continued)

Who is eligible to participate in the EIS?	Offers are made at the board's discretion to executives and other employees of the Aventus Group. Details of CEO and CFO entitlements and KPIs are set out below. Non-Executive Directors are not eligible to participate in the EIS.
How are awards under the EIS delivered to participants?	KPIs set by the board must be satisfied over the performance period being 1 October 2018 to 30 June 2019. To the extent the KPIs are satisfied, EIS awards will be delivered 50% in cash and 50% in restricted stapled securities. The cash award will be paid following the end of the performance period. The restricted stapled securities will be granted following the end of the performance period, and will vest in three tranches following release of full-year results for the first, second and third financial years immediately following the performance period: • 33.33% of the restricted stapled securities will vest approximately two years after the start of the performance period; • 33.33% of the restricted stapled securities will vest approximately three years after the start of the performance period; and • 33.34% of the restricted stapled securities will vest approximately four years after the start of the performance period; providing the participant remains an employee until the relevant vesting date and the board has not determined that a "clawback" of any restricted stapled securities is required. The board may claw back restricted stapled securities granted under the EIS in certain circumstances (e.g. gross misconduct, material misstatement, fraud or where in the board's opinion performance that led to cash payments / equity being awarded is later determined to have been incorrectly measured or not sustained). The number of restricted stapled securities to be allocated to each participant will be determined by dividing the dollar value of the equity component of the EIS by the volume weighted average price of stapled securities, measured over the ten trading days following release of full-year results for the performance period's financial year. Restricted stapled securities relating to Darren Holland must also be approved by securities holders at the annual general meeting. Restricted stapled securities will be held in an employee share trust on behalf of participants until the relevant vesting date.
What is the acquisition price paid by executives for restricted stapled securities?	Restricted stapled securities under the EIS are issued for nil consideration.

Remuneration report (continued)

D. Overview of executive remuneration (continued)

What are the key performance indicators of the EIS and why were they chosen?	KPIs were designed to create alignment to the Aventus Group's financial performance, both short term and long term, and drive a strong culture. KPIs have both financial and non-financial measures, take into account the relative size and nature of the business and are designed to be simple and transparent. KPIs are documented for each EIS participant in relation to each performance period, including: • the percentage weighting for each KPI; • threshold and stretch performance hurdles; and • the maximum opportunity that may be delivered in cash and equity, expressed as a percentage of TFR. EIS awards for the period ended 30 June 2019 will be subject to the following financial and non-financial KPIs tested over the performance period, ended 30 June 2019. No EIS award will be granted unless either the funds from operations (FFO) of the Aventus Group or the relative total shareholder return (RTSR) KPIs are met: • FFO is a calculation of the Aventus Group's underlying and recurring earnings from its operations. This is determined by adjusting statutory net profit for certain non-cash and other non-recurring amounts outside core operating activities. FFO is determined in accordance with best practice guidelines published by the Property Council of Australia. Targeted FFO for the year ended 30 June 2019 was 18.4 cents per security. FFO was chosen to align executives with investor expectations for earnings growth. • RTSR is measured against the S&P/ASX 200 A-REIT accumulation index (Index). RTSR measures performance against industry peers and aligns executives with returns delivered to investors for the respective performance period. • A cost control measure based on expenses against revenue (Cost Control Measure). The Cost Control Measure aims to align executives with running a cost efficient platform. • People and culture is measured against regretted attrition of less than 5% and an annual engagement score above 75%. People and culture KPIs aim to create a high-performance culture, retain executives and staff who can deliver on strategy and promote team engagement and satisfaction. • Board discretion allows assessment of individual executive performance by the board. The following KPIs and weightings will apply to the CEO and CFO for the year ended 30 June 2019:

Role	Financial KPIs			Non-financial KPIs	
	FFO	**RTSR**	**Cost Control Measure**	**People & culture**	**Board discretion**
CEO	30%	30%	15%	15%	10%
CFO	30%	30%	15%	15%	10%

Remuneration report (continued)

D. Overview of executive remuneration (continued)

Are distributions and dividends paid during the vesting period?	Participants who have been granted restricted stapled securities will be entitled to dividends and distributions during the vesting period on the same basis as other securityholders.
What happens on cessation of employment?	Unless the board determines otherwise: • if a participant's employment is terminated for cause, misconduct, or gives notice of their resignation, they will not be entitled to receive any EIS award for the performance period in which they cease employment and any unvested restricted stapled securities will be forfeited; and • if a participant ceases employment for any other reason, the participant will be entitled to a pro-rated EIS award for the performance period in which they cease employment (based on performance achieved against the performance conditions and the time served during the performance period). In this case the EIS award may be paid fully in cash (at the normal payment date). Any restricted stapled securities granted will continue to be restricted until the original vesting dates.
What happens on change of control?	Unless the board determines otherwise, restricted stapled securities will vest in full upon a change of control.
Are there any changes expected to the EIS for the 2020 financial year?	For the year ending 30 June 2020 KPI weightings for people and culture will be increased from 15% to 20% and the weighting for board discretion will be decreased from 10% to 5%. The change is designed to place greater emphasis on enhancing our high-performance culture. There are no other expected changes to key terms and conditions for the year ending 30 June 2020.

Remuneration report (continued)

E. Contractual arrangements with executive KMP

The following table outlines the annual contracted remuneration of executive KMP (including statutory superannuation). Remuneration contracts commenced on 1 October 2018.

Role	Name	Total annual fixed remuneration	Total maximum variable remuneration	Maximum remuneration amount paid in cash (fixed + variable)	Maximum remuneration amount in restricted stapled securities (fixed + variable)	Total maximum remuneration (fixed + variable)
Chief Executive Officer	Darren Holland	$725,000	$725,000	$1,087,500	$362,500	$1,450,000
Chief Financial Officer	Lawrence Wong	$437,750	$437,750	$656,625	$218,875	$875,500

Key terms and conditions of KMP employment agreements are summarised as follows:

Darren Holland	Executive director and CEO
Remuneration	Mr Holland is entitled to receive annual fixed remuneration (including superannuation) of $725,000, and an EIS opportunity of $725,000.
Term of employment	Mr Holland's current employment contract with Aventus Services Pty Ltd is for an initial 3 year period commencing 1 October 2018. The contract will automatically extend for 6 months if Aventus Services Pty Ltd does not provide Mr Holland with notice that it intends to terminate the contract at least one month before end of the 3 year period (and any subsequent 6 month period).
Termination	Aventus Services Pty Ltd or Mr Holland may terminate employment on 6 months notice (or payment in lieu of notice). Any payment in lieu of notice is calculated on total fixed remuneration (inclusive of superannuation). If Mr Holland's employment is terminated by Aventus Services Pty Ltd otherwise than for cause: • within two years of the initial 3 year term - Aventus Services Pty Ltd will provide a termination payment equal to 12 months salary (including superannuation) (less any actual notice or payment in lieu of notice); • after two years of the initial 3 year term but before 1 April 2021 - Aventus Services Pty Ltd will provide a termination payment equal to the amount payable to the end of the initial term (less any actual notice or payment in lieu of notice);

Remuneration report (continued)

E. Contractual arrangements with executive KMP (continued)

Darren Holland	Executive director and CEO
Termination (continued)	• after 1 April 2021 - Aventus Services Pty Ltd will provide a termination payment equal to 6 months salary (including superannuation) (less any actual notice or payment in lieu of notice). Any incentive payments will be governed by the applicable EIS plan rules, as summarised above. The contract contains a provision stating that any termination benefits will not exceed the termination benefits cap calculated in accordance with Part 2D.2 of the Corporations Act.
Post-employment restraints	Mr Holland is restrained from soliciting suppliers, customers and staff for a maximum of 12 months after employment ends.

Lawrence Wong	CFO
Remuneration	Mr Wong is entitled to receive annual fixed remuneration (including superannuation) of $437,750, and have an EIS opportunity of $437,750.
Term of employment	Mr Wong is a permanent employee of Aventus Services Pty Ltd and his employment has no fixed term.
Termination	Aventus Services Pty Ltd or Mr Wong may terminate employment on three months notice (or payment in lieu of notice). Any payment in lieu of notice is calculated on total fixed remuneration (inclusive of superannuation). Any incentive payments will be governed by the applicable EIS plan rules, as summarised above. If Mr Wong ceases employment for redundancy, he is entitled to the higher of a redundancy payment calculated in accordance with the National Employment Standards, or two weeks salary per completed year of service plus a pro-rata amount for any partially completed year.
Post-employment restraints	Mr Wong is restrained from soliciting suppliers, customers and staff for a maximum of 12 months after employment ends.

In addition to the above Mr Wong is entitled to receive a one-off issue of 224,554 restricted stapled securities at a value of $2.38 per security or $534,438. The restricted stapled securities will vest in two equal tranches over a two year period from 1 October 2018 subject to forfeiture of unvested amounts on resignation or termination for cause during that period. This entitlement was awarded in place of forgone actual and potential pre-internalisation cash bonus entitlements of $267,219.

Remuneration report (continued)

F. Remuneration outcomes

Performance of executive KMP against KPIs for the year ended 30 June 2019 is summarised as follows:

			Darren Holland		Lawrence Wong	
Metric	**Target**	**Actual**	**KPI met**	**KPI weighting**	**KPI met**	**KPI weighting**
Financial KPIs						
FFO	1.6% growth	1.7% growth	✓	30%	✓	30%
RTSR	17.8%	14.7%	X	30%	X	30%
Cost control	Below 10.2%	10.0%	✓	15%	✓	15%
Non-financial KPIs						
People and culture	Regretted attrition < 5% Engagement score > 75%	3.2% 90%	✓	15%	✓	15%
Board discretion	N/A	N/A	✓	10%	✓	10%
Total KPIs met				70%		70%

Refer to section H below for a summary of variable remuneration (comprising cash bonus and restricted stapled securities) awarded and forfeited for each KMP.

Commentary on financial and non-financial KPIs are as follows:

KPI	Commentary
FFO	Targeted FFO of the Aventus Group for the year ended 30 June 2019 was 18.4 cents per security representing growth of 1.7% on the prior financial year. FFO aligns executives with investor expectations for earnings growth.
RTSR	RTSR is measured against the S&P/ASX 200 A-REIT accumulation index (Index). RTSR for the year ended 30 June 2019 was 14.7% which was below the Index return of 17.8%. RTSR measures performance against industry peers and aligns executives with returns delivered to investors for the respective performance period.
Cost Control	Cost control is measured based on a ratio of expenses against revenue and seeks to align executives with running a cost efficient platform.
People and culture	The regretted attrition target of less than 5% was measured against a pool of high potential team members. The engagement score was based on a team engagement survey conducted in November 2018. People and culture KPIs aim to create a high-performance culture, retain executives and staff who can deliver on strategy and promote team engagement and satisfaction.
Board discretion	Board discretion involves an assessment of executive performance including consideration of over/under performance in individual roles and demonstration of key values embedded in the Aventus culture. The KPI for board discretion is only awarded for outperformance by the executive in their role during the financial year.

Remuneration report (continued)

G. Remuneration expenses for executive KMP

The following table outlines the remuneration expense recognised for executive KMP for the year ended 30 June 2019 measured in accordance with accounting standards disclosed in note 2 to the financial statements. Remuneration expenses for executive KMP were incurred for the period 1 October 2018 to 30 June 2019 representing the period the Aventus Group was internally managed.

	Fixed remuneration				Variable remuneration				
Name	Cash salary [1] $	Non-monetary benefits [1] $	Annual leave and long service leave [2] $	Post-employment benefits (super annuation) $	FY19 EIS Cash component [1] $	FY19 EIS restricted stapled securities [3] $	Other restricted stapled securities $	Total remuner-ation $	Performance related %
Darren Holland	471,155	6,330	42,133	18,750	190,313	68,724	-	797,405	32.5%
Lawrence Wong	276,226	-	23,812	18,750	114,909	41,495	133,610[4]	608,802	47.6%

1 - Short-term benefits as per Corporations Regulation 2M.3.03(1) Item 6.
2 - Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8. The amounts disclosed in this column represent annual leave and long service leave accrued during the period.
3 – The cost of restricted stapled securities, to be granted to KMPs under the EIS, are expensed over the performance period and the subsequent vesting period of the restricted securities. Restricted stapled securities represent equity settled share based payments as per Corporations Regulation 2M.3.03(1) Item 11.
4 – Balance represents the current year cost of the one-off issue of restricted stapled securities referred to in section E 'Contractual arrangements with executive KMP'.

H. Actual remuneration received by executive KMP

The following table outlines the actual benefits received by each KMP during the year ended 30 June 2019. Actual benefits received were for the period 1 October 2018 to 30 June 2019 which representing the period the Aventus Group was internally managed.

Executive KMP	Fixed remuneration $	EIS cash component $	Vested stapled securities $	Total $
Darren Holland	543,750	-	-	543,750
Lawrence Wong	328,313	-	-	328,313
Total	872,063	-	-	872,063

The EIS cash component relating to the period ended 30 June 2019 will be paid in September 2019.

The amounts disclosed above are not the same as the remuneration expensed to the income statement in accordance with the accounting standards. The directors believe remuneration received is more relevant to the users of the financial statements for the following reasons:

> The statutory remuneration expense is based on historic cost and does not reflect the value of the stapled securities when they are actually received by the KMPs.

> The statutory remuneration expense shows benefits before they are actually received by the KMPs.

Remuneration report (continued)

I. Performance based remuneration granted and forfeited during the year

The table below show for each KMP how much of their variable remuneration (comprising cash bonus and restricted stapled securities) were awarded and how much were forfeited.

KMP	Maximum variable remuneration	Awarded $	Awarded %	Forfeited $	Forfeited %
Darren Holland	543,750	380,625	70%	163,125	30%
Lawrence Wong	328,313	229,819	70%	98,494	30%

J. Restricted stapled securities

A reconciliation of the movement in restricted stapled securities granted during the year is outlined as follows:

KMP	Year granted	Balance 1 Oct 2018	Issued	Vested	Forfeited	Balance at 30 June 2019 (unvested)	Maximum value yet to vest $
Darren Holland	2019	-	-	-	-	-	-
Lawrence Wong	2019	-	224,554	-	-	224,554	534,438

K. Overview of non-executive director remuneration

Non-executive directors are entitled to a board fee and fees for chairing or participating on board committees of AHL and ACL. Fees are inclusive of superannuation.

Non-executive directors are not entitled to participate in any variable remuneration schemes or receive any performance-based remuneration entitlements.

The following table outlines annual remuneration of non-executive directors (including statutory superannuation).

	Board	Audit, risk and compliance committee	People, culture & remuneration committee
Chair	$180,000	$10,000	$10,000
Member	$90,000	$5,000	$5,000

The chair of the board does not receive an additional fee for participation on the respective committees. Fees will be reviewed annually by the board taking into account comparable roles and market data provided by independent remuneration advisors. For the year ending 30 June 2020 the Committee has approved a 3% remuneration increase for non-executive directors.

The AHL constitution provides a limit of $1 million (or such greater amount as may be fixed by AHL in a general meeting) on the total aggregate remuneration which may be provided to all non-executive directors of AHL in any financial year for their services as directors.

Remuneration report (continued)

K. Overview of non-executive director remuneration (continued)

Actual remuneration derived by non-executive directors for the year ended 30 June 2019 is summarised as follows:

Name	Board [1]	Audit, risk and compliance committee [1]	People, culture & remuneration committee [1]	Superannuation	Total
Bruce Carter	123,288	-	-	11,712	135,000
Kieran Pryke	61,644	6,849	-	6,507	75,000
Robyn Stubbs	61,644	3,425	6,849	6,832	78,750
Brett Blundy	67,500	-	3,750	-	71,250
Total	314,076	10,274	10,599	25,051	360,000

1 - Short-term benefits as per Corporations Regulation 2M.3.03(1) Item 6

L. Additional information

Stapled security holdings of KMP

	Balance at 1 Oct 2018	Received on vesting of restricted securities	Other changes	Balance at 30 June 2019
Bruce Carter	1,189,312	-	-	1,189,312
Kieran Pryke	70,873	-	-	70,873
Robyn Stubbs	41,364	-	-	41,364
Brett Blundy	168,593,671	-	2,294,267	170,887,938
Nico van der Merwe (alternative director to Brett Blundy)	-	-	-	-
Darren Holland (CEO)	12,330,177	-	-	12,330,177
Lawrence Wong (CFO)	369,768	-	-	369,768

Option holdings of KMP

There were no options over stapled securities held by KMP during the financial year or at 30 June 2019.

DIRECTORS' REPORT

Remuneration report (continued)

L. Additional information (continued)

Loans to KMP and their related parties

There were no loans to KMP or their related parties during the financial year or at 30 June 2019.

Reliance on external remuneration consultants

During the year the board engaged Ernst & Young to review remuneration policies, review employment contracts and to assist with the design and establishment of the EIS. Ernst & Young was paid $141,000 for these services.

No remuneration recommendations were provided by Ernst & Young or any other advisor during the financial year.

ACL's interests in ARPF

ACL did not hold any securities in the ARPF at balance date.

Fees paid to ACL and associates

Fees paid to ACL and associates during the financial year are disclosed in note 33 to the financial statements.

Interests in ARPF

The number of securities in ARPF issued during the financial year and the total number of securities on issue at 30 June 2019 are disclosed in note 27 to the financial statements.

Securities under option

No options over unissued securities were granted during the financial year. There were no securities under option at 30 June 2019 or at the date of this report.

Environmental regulations

The Aventus Group's development activities are subject to development approvals and environmental regulations under Commonwealth, state and local government legislation. To the best of the directors' knowledge, development activities during the financial year have been undertaken in compliance with development approvals and applicable environmental regulations.

Events occurring after the reporting period

DRP underwriting agreement

On 1 July 2019 the Aventus Group entered into an underwriting agreement with Macquarie Capital (Australia) Limited to act as sole underwriter of a $22.5 million offer of stapled securities in the Aventus Group under its DRP. The underwriting agreement relates to the distribution for the quarter ended 30 June 2019. The stapled securities are expected to be issued on 30 August 2019 and will rank pari passu with existing stapled securities.

Former Masters Lease at Cranbourne Home

A subsidiary of the Aventus Group, Aventus Cranbourne Thompsons Road Pty Ltd, is the lessor (Landlord) under the lease of the former Masters store at Cranbourne Home (Head Lease).

Masters Home Improvement Australia Pty Ltd (the Tenant) sought the Landlord's consent to sub-lease part of the premises. Consent was withheld and in March 2019 the Tenant commenced proceedings in the Supreme Court of Victoria seeking declarations with respect to the consent of the sub-lease.

The Supreme Court of Victoria delivered judgement on 8 August 2019 in relation into the claim by the Tenant and has found the Landlord is required to consent to a proposed sub-lease.

The Landlord is considering the judgement.

The Head Lease remains on foot until 30 September 2030 including the guarantee by Woolworths Limited for the performance by the Tenant of its obligations under the Head Lease.

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

Insurance of officers and indemnities

During the financial year, the Aventus Group paid a premium to insure the directors, company secretaries and officers of the Aventus Group against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. So long as officers act in accordance with ARPF's constitution and the law, the officers remain indemnified out of the assets of the Aventus Group against losses incurred while acting on behalf of the Aventus Group.

To the extent permitted by law, ACL has agreed to indemnify the auditors of the Aventus Group, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit except for any loss in respect of any matters which are finally determined to have resulted from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the financial year.

The Aventus Group has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Aventus Group.

DIRECTORS' REPORT

Audit and non-audit services

Details of amounts paid or payable to Ernst & Young for audit and non-audit services during the financial year are disclosed in note 39 to the financial statements.

ACL is satisfied that the provision of non-audit services did not compromise the auditor's independence requirements under the Corporations Act 2001 as:

> all non-audit services have been reviewed by the audit, risk and compliance committee to ensure they do not impact on the impartiality and objectivity of the auditor; and

> none of the services undermine the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards Board APES 110 Code of Ethics for Professional Accountants.

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 28.

Rounding of amounts

ARPF is a registered scheme of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and the financial report. In accordance with that Legislation Instrument amounts in the directors' report and the financial report have been rounded off to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars or nearest dollar.

This report is made in accordance with a resolution of the directors of ACL made pursuant to s298(2) of the Corporations Act 2001.

Darren Holland
Executive Director

Sydney
21 August 2019

Bruce Carter
Chair

Sydney
21 August 2019

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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 audit of the financial report of Aventus Retail Property Fund for the financial year ended 30 June 2019, 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 audit; and

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

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

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
21 August 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	2019 $m	2018 $m
Revenue			
Rental and other property revenue		166.3	163.4
Revenue from services		0.6	-
Other revenue		0.4	1.2
		167.3	164.6
Other income			
Net gain on movement in fair value of investment properties		39.5	78.2
Total revenue and other income		206.8	242.8
Expenses			
Property expenses		(35.4)	(40.8)
Finance costs	6	(42.6)	(25.3)
Management fees	33(d)	(2.6)	(9.9)
Performance fees	33(d)	-	(2.8)
Transaction costs	7	(5.2)	(26.9)
Employee benefits expense	8	(6.4)	-
Rent expense		(0.7)	-
Other expenses		(3.7)	(1.5)
Total expenses		(96.6)	(107.2)
Profit before income tax		110.2	135.6
Income tax benefit	9(a)	0.2	-
Profit for the year		110.4	135.6
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		110.4	135.6
Profit/(loss) for the year and total comprehensive income/(loss) for the year attributable to:			
ARPF		119.7	135.6
AHL		(9.3)	-
Total		110.4	135.6
Earnings per security			
Basic and diluted earnings per security attributable to the securityholders of ARPF (cents per security)	10	22.9	27.5
Basic and diluted earnings per security attributable to the securityholders of Aventus Group (cents per security)	10	21.1	27.5

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

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2019

	Notes	30 June 2019 $m	30 June 2018 $m
Assets			
Current assets			
Cash and cash equivalents	11	8.1	3.6
Trade and other receivables	12	1.9	2.1
Rental guarantees	13	1.1	3.3
Other assets	14	2.1	2.1
Total current assets		13.2	11.1
Non-current assets			
Derivative financial instruments	21	-	0.4
Rental guarantees	13	2.5	2.1
Plant and equipment	15	0.1	-
Investment properties	16	1,973.8	1,886.9
Intangible assets	17	144.2	-
Total non-current assets		2,120.6	1,889.4
Total assets		2,133.8	1,900.5
Liabilities			
Current liabilities			
Trade and other payables	18	(21.6)	(15.9)
Distributions payable	19	(22.5)	(20.1)
Borrowings	20	-	(89.9)
Derivative financial instruments	21	(0.3)	(0.1)
Current tax liabilities	22	(0.7)	-
Provision for employee benefits	23	(0.5)	-
Provision for performance fees	24	-	(9.1)
Deferred revenue	25	(2.4)	(4.0)
Total current liabilities		(48.0)	(139.1)
Non-current liabilities			
Trade and other payables	18	(0.1)	-
Borrowings	20	(770.8)	(584.5)
Derivative financial instruments	21	(15.2)	(1.7)
Deferred tax liabilities	26	-	-
Provision for employee benefits	23	(0.2)	-
Total non-current liabilities		(786.3)	(586.2)
Total liabilities		(834.3)	(725.3)
Net assets		1,299.5	1,175.2

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2019

	Notes	30 June 2019 $m	30 June 2018 $m
Equity			
Contributed equity	27	1,071.2	975.1
Reserves	28	0.1	-
Retained earnings	29	232.8	200.1
Total equity attributable to ARPF		1,304.1	1,175.2
Contributed equity	27	4.7	-
Reserves	28	-	-
Accumulated losses	29	(9.3)	-
Total equity attributable to AHL		(4.6)	-
Total equity		1,299.5	1,175.2

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	ARPF Contributed equity $m	ARPF Reserves $m	ARPF Retained earning $m	ARPF Total equity $m	AHL Contributed equity $m	AHL Reserves $m	AHL Retained earning $m	AHL Total equity $m	Aventus Group Total equity $m
Balance at 1 July 2017		967.0	-	144.7	1,111.7	-	-	-	-	1,111.7
Profit for the year		-	-	135.6	135.6	-	-	-	-	135.6
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	135.6	135.6	-	-	-	-	135.6
Issue of securities net of transaction costs	27	8.1	-	-	8.1	-	-	-	-	8.1
Distributions paid or provided for	30	-	-	(80.2)	(80.2)	-	-	-	-	(80.2)
Balance at 30 June 2018		975.1	-	200.1	1,175.2	-	-	-	-	1,175.2
Balance at 1 July 2018		975.1	-	200.1	1,175.2	-	-	-	-	1,175.2
Profit/(loss) for the year		-	-	119.7	119.7	-	-	(9.3)	(9.3)	110.4
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year		-	-	119.7	119.7	-	-	(9.3)	(9.3)	110.4
Equity recognised on stapling		-	-	-	-	3.9	-	-	3.9	3.9
Issue of securities net of transaction costs	27	96.1	-	-	96.1	0.8	-	-	0.8	96.9
Security based payments	28	-	0.1	-	0.1	-	-	-	-	0.1
Distributions paid or provided for	30	-	-	(87.0)	(87.0)	-	-	-	-	(87.0)
Balance at 30 June 2019		1,071.2	0.1	232.8	1,304.1	4.7	-	(9.3)	(4.6)	1,299.5

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	2019 $m	2018 $m
Cash flows from operating activities			
Rental and other property revenue received		185.2	177.1
Receipts from services		0.5	-
Other revenue received		0.3	3.0
Payments to suppliers and employees		(73.5)	(67.5)
Payment of transaction costs		(5.8)	(2.3)
Finance costs paid		(26.0)	(22.0)
Net cash inflows from operating activities	31(a)	80.7	88.3
Cash flows from investing activities			
Payments for capital expenditure		(44.3)	(40.4)
Payment for plant and equipment		(0.1)	-
Payments for businesses net of cash acquired		(56.2)	(416.0)
Proceeds on sale of investment properties		-	59.9
Net cash outflows from investing activities		(100.6)	(396.5)
Cash flows from financing activities			
Security issue transaction costs		-	(0.3)
Proceeds from borrowings		447.4	580.9
Repayment of borrowings		(350.0)	(232.2)
Payment of debt establishment costs		(3.7)	(2.7)
Distributions paid		(69.3)	(67.8)
Net cash inflows from financing activities		24.4	277.9
Net increase/(decrease) in cash and cash equivalents		4.5	(30.3)
Cash at the beginning of the financial year		3.6	33.9
Cash at the end of the financial year	11	8.1	3.6

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) The Aventus Group

The Aventus Group is a stapled entity comprising the Aventus Retail Property Fund (“ARPF”) (ARSN 608 000 764) and its controlled entities (“the ARPF Group”) and Aventus Holdings Limited (“AHL”) (ACN 627 640 180) and its controlled entities (“the AHL Group”). For financial reporting purposes ARPF has been deemed the parent entity of the Aventus Group. The consolidated financial statements of the Aventus Group comprise ARPF and its controlled entities which includes AHL.

The stapled securities of the Aventus Group comprise one unit in ARPF and one share in AHL. Securities of ARPF and AHL were stapled on 1 October 2018. Stapled securities cannot be traded or dealt with separately. ARPF and AHL remain separate legal entities in accordance with the Corporations Act 2001.

b) Statement of compliance

These general purpose financial statements have been prepared in accordance with the ARPF’s constitution, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The Aventus Group is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the Aventus Group also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the directors on 21 August 2019.

c) Excess of current liabilities over current assets

The Aventus Group’s current liabilities exceeded its current assets by $34.8 million at 30 June 2019. The deficiency is mainly attributable to distributions payable of $22.5 million and trade and other payables of $21.6 million which are recorded as current liabilities at balance date.

Distributions and trade and other payables will be settled in the normal course of business via available cash and debt reserves and future cash flows from operations. Distributions will be paid on or around 30 August 2019.

d) Comparative information

Where necessary, comparative information has been adjusted to conform with changes in presentation in the current year.

e) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- financial assets and derivative financial instruments measured at fair value; and
- investment properties measured at fair value.

f) Rounding of amounts

ARPF is a registered scheme of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the ‘rounding off’ of amounts in the directors’ report and the financial report. In accordance with that Legislation Instrument amounts in the directors’ report and the financial report have been rounded off to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars or nearest dollar.

1. Basis of preparation (continued)

g) Functional and presentation currency

All amounts presented in the consolidated financial statements are expressed in Australian dollars which is the functional and presentation currency of the Aventus Group.

h) New and amended accounting standards and interpretations adopted by the Aventus Group

The Aventus Group has adopted all of the new and revised accounting standards issued by the Australian Accounting Standards Board that are relevant to its operation and effective for the financial reporting period beginning 1 July 2018 including AASB 9 *Financial Instruments* ("AASB 9") and AASB 15 *Revenue from Contracts with Customers* ("AASB 15"). The directors' assessment of the impact of AASB 9 and AASB 15 is set out below.

Other new and amended accounting standards adopted from 1 July 2018 did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

AASB 9

AASB 9 "Financial Instruments" addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It has also introduced new rules for hedge accounting and impairment of financial assets. From 1 July 2018, the new standard requires expected credit losses associated with receivables to be assessed on a forward looking basis using either the general or simplified approach. There has not been any other impact on the recognition or measurement of financial instruments. The new standard has not resulted in the restatement of prior year comparatives.

AASB 15

AASB 15 replaces AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts and establishes a five-step model to account for revenue arising from contracts with customers.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the previous notion of risks and rewards. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The scope of AASB 15 excludes income derived from leases which is accounted for under AASB 117 *Leases*. As the Aventus Group's main source of revenue is rental income derived from tenants in accordance with operating leases, the adoption of the new revenue recognition rules has not had a significant impact on the Group's accounting policies or the amounts recognised in the financial statements.

i) New and amended accounting standards and interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2019 and have not been early adopted by the Aventus Group. The directors' assessment of the impact of these new standards and interpretations is set out below.

AASB 16 Leases

AASB 16 *Leases* ("AASB 16") supersedes AASB 117 *Leases* and associated interpretations and provides a comprehensive model for the identification of leasing arrangements and their treatment in the financial statements of both lessees and lessors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation (continued)

i) New and amended accounting standards and interpretations issued but not yet adopted (continued)

AASB 16 Leases (continued)

Key features of AASB 16 from a lessor perspective include:

> AASB 16 substantially carries forward the lessor accounting requirements from AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases.

> AASB 16 also requires enhanced disclosure to be provided by lessors that will improve information disclosed about a lessor's risk exposure.

Lessees will be required to recognise all leases on the balance sheet, except for short-term leases and leases of low value assets. Rent expenses will be replaced by depreciation of the leased asset and interest expenses relating to the lease liability.

The new standard is effective for annual reporting periods commencing 1 January 2019. The Aventus Group will adopt the new standard from 1 July 2019. The Group intends to apply the modified retrospective approach and will not restate comparative amounts for the year prior to first adoption.

As AASB 16 retains the distinction between operating leases and finance leases for lessors there is no fundamental change in accounting for leases between the Aventus Group and its tenants. The new standard will result in increased disclosure in the financial report.

The directors anticipate the application of AASB 16 will impact on amounts reported and disclosed in the consolidated financial statements relating to non-cancellable operating leases. At 30 June 2019 the Aventus Group has non-cancellable operating lease commitments of $3.2 million including GST.

Expected impact on the consolidated financial statements in relation non-cancellable operating lease are summarised as follows:

	$m
Assets	
Property, plant & equipment – right of use assets	2.9
Prepayments	(0.1)
Liabilities	
Lease liabilities	(2.8)
Net increase/(decrease) in net assets on 1 July 2019	-
Depreciation expenses	(0.9)
Operating lease expenses	0.9
Operating profit	-
Finance costs	-
Net increase/(decrease) in net profit	-

2. Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. References to "Group" apply to the Aventus Group unless otherwise stated in the relevant accounting policy. With the exception of changes to accounting policies resulting from the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* the accounting policies adopted are consistent with those of the previous financial year and corresponding interim financial reporting period.

a) Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-entity transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to consolidate for an investment because of a loss of control any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

b) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2. Summary of significant accounting policies (continued)

b) Business combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

c) Segment reporting

The Aventus Group has only one reportable segment being investment and management of Australian large format retail assets.

The directors of ACL are the chief operating decision makers of the Aventus Group. Information provided to the directors for strategic decision making is consistent with that presented in the financial report.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of allowances, rebates and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue for the Group's business activities is recognised on the following basis:

Rental income
Rental income derived from investment properties (inclusive of outgoings recovered from tenants) is recognised on a straight- line basis over the term of the lease.

The portion of rental income relating to fixed increases in rent in future years is recognised as a separate component of investment properties and amortised on a straight-line basis over the term of the lease.

Revenue from services
The AHL Group derives revenue from the provision of property investment, management, development and leasing services. Revenue is recognised in accordance with underlying management agreements in the period in which performance obligations are satisfied and actual services are rendered. Fees are recognised net of rebates.

Interest income
Interest income is recognised on an accruals basis using the effective interest method. Interest income is disclosed as 'other income' in the statement of comprehensive income.

2. Summary of significant accounting policies (continued)

e) Expenses

Property expenses
Property expenses include rates, taxes and other property outgoings incurred in relation to investment properties. Property expenses are recorded on an accruals basis.

Finance costs
Finance costs include interest, fair value movements in derivative financial instruments, payments in respect of derivative financial instruments and the amortisation of other costs incurred in respect of obtaining finance.

Finance costs associated with the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset during the period that is required to complete and prepare the asset for its intended use.

Borrowing costs not associated with qualifying assets are recognised as an expense when incurred.

Other costs incurred in respect of obtaining finance, including loan establishment fees, are deferred and expensed over the term of the respective loan facility.

Management fees
Management fees are recognised on an accruals basis.

Lease expenses
Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Other expenses
All other expenses are recognised on an accruals basis.

f) Income tax

ARPF Group
Under current income tax legislation, ARPF is not liable to pay income tax as the net income of ARPF is assessable in the hands of the beneficiaries (the securityholders) who are ‘presently entitled’ to the income of ARPF. There is no income of ARPF to which the securityholders are not presently entitled.

As a result, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that taxable gains are realised by ARPF, these gains would be included in the taxable income that is assessable in the hands of the securityholders as noted above.

Realised capital losses are not distributed to securityholders but are retained within ARPF to be offset against any realised capital gains. The benefit of any carried forward capital losses are generally not recognised in the financial statements, on the basis that ARPF is a flow through trust for Australian tax purposes. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of securityholders in that period and is distributed to securityholders in accordance with the requirements of ARPF’s constitution.

2. Summary of significant accounting policies (continued)

f) Income tax (continued)

AHL Group

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

AHL and its wholly-owned controlled entities are implementing the tax consolidation legislation.

The head entity, AHL, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, AHL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities are also entering into a tax funding agreement under which the wholly-owned entities fully compensate AHL for any current tax payable assumed and are compensated by AHL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to AHL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

2. Summary of significant accounting policies (continued)

f) Income tax (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

g) Goods and service tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included within receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Trade and other receivables

Trade and other receivables are initially recognised at the amounts due to the Group, and subsequently at amortised cost, less any provision for doubtful debts. Receivables are usually settled within 30 days of recognition. Receivables are presented as current assets unless collection is not expected for greater than 12 months after reporting date.

Collectability of receivables is reviewed on an ongoing basis. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Expected loss rates are based on historical payment profiles adjusted for current and forward looking macroeconomic factors affecting the ability of debtors to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

j) Rental guarantees

Rental guarantees are measured as the expected future cash flows to be received under the guarantee arrangements and are disclosed as a separate asset in the balance sheet. Guarantees are recognised in the statement of comprehensive income on an amortised cost basis over the period of the guarantee.

2. Summary of significant accounting policies (continued)

k) Plant and equipment

Plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the asset, net of any residual amount, over its estimated useful life. The useful life of plant and equipment ranges from 2.5 years to 20 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

l) Investment properties

Investment properties comprise large format retail centres which are held for long-term rental yields and/or capital appreciation and are not occupied by the Group.

With the exception of investment properties acquired as part of a business combination (refer to note 2b), investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value.

Fair value is the amount at which the investment property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A willing seller is neither a forced seller nor one prepared to sell at a price not considered reasonable in the market.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows;
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Gains and losses arising from changes in fair value of investment properties are recognised in profit or loss in the period in which they arise.

The Group obtains independent valuations for its investment properties at least every two years.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. Fair value is determined using a long-term investment period. Specific circumstances of the owner are not taken into account.

2. Summary of significant accounting policies (continued)

l) Investment properties (continued)

The carrying amount of investment properties recorded in the balance sheet may include the cost of acquisition, additions, refurbishments, improvements, lease incentives, leasing costs and assets relating to fixed increases in operating lease rentals in future years.

Existing investment properties being developed for continued future use are also carried at fair value.

Where the Group disposes of an investment property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, with a corresponding adjustment recorded in profit or loss.

m) Lease incentives and leasing fees

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including rent-free periods, upfront cash payments, or a contribution to certain lessee costs such as a fit out contribution. Leasing fees may also be incurred for the negotiation of leases. Incentives and leasing fees are capitalised in the consolidated balance sheet as a component of investment properties and amortised on a straight-line basis over the term of the lease as an adjustment to rental income.

n) Intangible assets

i. Goodwill

Goodwill is measured as described in note 2(b). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing except for goodwill that arises from the recognition of deferred tax on management rights with an indefinite useful life. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

ii. Management rights

Management rights reflect the right to provide investment and property management services in accordance with management agreements. Management rights acquired as part of a business combination are recognised at fair value at the date of acquisition.

Management rights have an indefinite useful life. Management rights are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

o) Impairment of assets

Assets, other than intangible assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

2. Summary of significant accounting policies (continued)

o) Impairment of assets (continued)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment of management rights acquired via business combinations will result in a decrease to deferred tax liabilities associated with management rights and a corresponding decrease in goodwill.

p) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

q) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimate future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

The obligations are presented as current liabilities in the consolidated balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Superannuation contributions

Superannuation contributions are recognised as employee benefits expenses when employees have rendered service entitling them to the contributions.

Executive incentive scheme (EIS)

Senior management and executives participate in an EIS whereby, subject to achieving certain KPIs, they will be eligible for annual cash awards and restricted stapled securities vesting over 2, 3 and 4 years.

Annual cash awards are recognised on an accruals basis as part of employee benefits expenses.

The fair value of the restricted stapled securities are estimated at the beginning of the annual EIS performance period and recognised as employee benefits expenses on a straight-line basis over the relevant vesting period with a corresponding increase in equity via an EIS reserve.

When restricted stapled securities are issued they are held in trust, on behalf of EIS participants, for the duration of the vesting period by the Aventus Group Employee Security Trust. The cost of issued restricted stapled securities is initially recognised in a reserve and subsequently transferred to the EIS reserve on vesting date.

2. Summary of significant accounting policies (continued)

r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

s) Derivative financial instruments

The Group has entered into derivative financial instruments, in the form of interest rate swap agreements, to partially hedging against interest rate fluctuations on its debt facilities.

The Group has not adopted hedge accounting. Derivative financial instruments are classified as financial instruments at fair value through profit or loss. Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Subsequent changes in fair value are recognised in profit or loss.

Fair value is determined using valuation techniques with reference to observable market inputs for similar instruments. The fair value of all derivative contracts has been confirmed with the counter party.

Derivative financial instruments are presented as current assets or liabilities as appropriate if they are expected to be settled within 12 months, or presented as non-current assets or liabilities if they are expected to be settled more than 12 months after the end of the reporting period.

t) Distributions/dividends payable

A payable is recognised for the amount of any distribution or dividend declared, appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

u) Contributed equity

Stapled securities are classified as equity and recognised at the fair value of the consideration received. Transaction costs directly attributable to the issue of new ordinary securities are recognised directly in equity as a deduction from the proceeds received.

v) Earnings per security

Basic earnings per security
Basic earnings per security is calculated by dividing the profit or loss attributable to securityholders by the weighted average number of ordinary securities outstanding during the financial year, adjusted for bonus elements in ordinary securities issued during the financial year.

Diluted earnings per security
Diluted earnings per security is calculated by dividing the profit or loss attributable to securityholders, adjusted for the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities, by the weighted average number of ordinary securities and dilutive potential ordinary securities outstanding during the financial year.

The weighted average number of securities used in calculating basic and diluted earnings per security is retrospectively adjusted for bonus elements in ordinary securities issued during the financial year.

3. Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires the use of critical accounting estimates and judgement. Financial statement balances or transactions involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements are as follows:

Account balance or transaction	Critical estimates and judgements	Note
Investment properties	Critical assumptions underlying the estimated fair value of investment properties are those relating to passing and market rents, capitalisation rates, terminal yields and discount rates. If there is any change in these assumptions or economic conditions the fair value of the investment properties may differ.	34
Derivative financial instruments	The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The fair value of the derivatives reported at the reporting date may differ if there is volatility in market rates.	34
Goodwill and management rights with an indefinite useful life	The recoverable amount of goodwill and management rights with an indefinite useful life are estimated based on projected future cash flows. Key assumptions underlying these calculations include growth rates and discount rates. Significant differences between actual and projected cash flows or changes in discount rates may result in changes to the estimated recoverable amount.	17

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, that may have a financial impact on the Aventus Group and are believed to be reasonable under the circumstances.

The resulting accounting estimates may differ from actual results.

4. Business combinations

Acquisition of Aventus Property Group Pty Ltd

On 25 September 2018 ARPF unitholders approved a proposal to internalise management. The internalisation involved:

1. ARPF forming a new 100% owned subsidiary – AHL;
2. ARPF distributing one fully paid ordinary share in AHL to unitholders for each existing unit held in ARPF;
3. stapling each share in AHL to each existing unit in ARPF to form a new stapled security; and
4. AHL acquiring Aventus Property Group Pty Ltd and its controlled entities ("APG Group") comprising ARPF's responsible entity, fund manager, property manager and services company. The transaction also resulted in the acquisition of management rights for Kotara Home (North) which is owned by a director related entity.

The acquisition of the APG Group and stapling of ARPF and AHL occurred on 1 October 2018.

4. Business combinations (continued)

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$m
Purchase consideration	
Cash	63.0
Stapled securities issued	85.1
Total purchase consideration	148.1

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $m
Cash and cash equivalents	6.9
Trade and other receivables	0.1
Other assets	0.1
Plant and equipment	0.1
Management rights	3.8
Deferred tax assets	0.7
Trade and other payables	(1.5)
Current tax liabilities	(0.5)
Provision for employee benefits	(0.9)
Deferred tax liabilities	(1.1)
Net identifiable assets acquired	7.7
Goodwill	140.4
Net assets acquired	148.1

Revenue and profit contributions

From the date of acquisition to 30 June 2019 the acquired businesses contributed revenues of $0.8 million and a net loss of $9.3 million to the Aventus Group. The net loss is after the elimination of $13.6 million of fee revenue which would have previously been derived as an external manager.

Transaction costs

Transaction costs relating to the acquisition of the APG Group are disclosed in note 7 to the consolidated financial statements.

5. Segment information

The Aventus Group has only one reportable segment being investment and management of Australian large format retail assets.

The directors of ACL are the chief operating decision makers of the Aventus Group. Information provided to the directors for strategic decision making is consistent with that presented in the financial report.

6. Finance costs

	2019 $m	2018 $m
Interest expenses	26.2	23.4
Amortisation of debt establishment costs	2.7	1.3
Less: amounts capitalised relating to redevelopment of investment properties	(0.3)	(0.3)
	28.6	24.4
Fair value losses on interest rate swaps	14.0	0.9
Finance costs expensed	42.6	25.3

The capitalisation rate used to determine the amount of borrowing costs capitalised during the financial year was the weighted average interest rate applicable to the Aventus Group's general borrowings.

7. Transaction costs

	2019 $m	2018 $m
Stamp duty costs	-	24.0
Advisory fees	3.9	2.7
Other	1.3	0.2
Total	5.2	26.9

8. Employee benefits expense

	2019 $m	2018 $m
Superannuation expenses	0.5	-
Security based payments expenses	0.1	-
Other employee benefits	5.8	-
Total	6.4	-

9. Income tax benefit

	2019 $m	2018 $m
a) Income tax benefit		
Current tax		
Current tax on profits for the year	(0.2)	-
Adjustment for current tax of prior periods	-	-
Total current tax expense/(benefit)	(0.2)	-
Deferred income tax		
(Increase)/decrease in deferred tax assets	(1.1)	-
Increase/(decrease) in deferred tax liabilities	1.1	-
Total deferred tax expense/(benefit)	-	-
Income tax benefit	(0.2)	-
b) Numerical reconciliation of prima facie tax payable to income tax benefit		
Profit before income tax expense	110.2	135.6
Less: ARPF profit not subject to tax	(119.7)	(135.6)
Loss subject to taxation	(9.5)	-
Prima facie tax at 30%	(2.9)	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Intra-staple transactions	2.7	-
Income tax benefit	(0.2)	-

10. Earnings per security

	2019	2018
ARPF		
Net profit for the year ($m)	119.7	135.6
Weighted average number of securities used in calculating basic and diluted earnings per security	523.6	492.4
Basic and diluted earnings per security (cents)	22.9	27.5
Aventus Group		
Net profit for the year ($m)	110.4	135.6
Weighted average number of securities used in calculating basic and diluted earnings per security (m)	523.6	492.4
Basic and diluted earnings per security (cents)	21.1	27.5

11. Cash and cash equivalents

	30 June 2019 $m	30 June 2018 $m
Cash at bank and in hand	5.6	3.6
Deposits at call	2.5	-
Total	8.1	3.6

12. Trade and other receivables

	30 June 2019 $m	30 June 2018 $m
Current		
Trade receivables	1.2	0.9
Loss allowance	(0.6)	(0.4)
	0.6	0.5
Other receivables	1.3	1.6
Total	1.9	2.1

Trade receivables represent outstanding rental income and outgoings due from tenants.

Information about the impairment and ageing of receivables and the Aventus Group's exposure to credit risk is disclosed in note 36(c).

13. Rental guarantees

	30 June 2019 $m	30 June 2018 $m
Current		
Rental guarantees	1.1	3.3
Non-current		
Rental guarantees	2.5	2.1

Rental guarantees relate to six investment properties with expiry dates ranging from May 2021 to July 2022.

14. Other assets

	30 June 2019 $m	30 June 2018 $m
Current		
Prepayments	2.1	2.1

15. Plant and equipment

	30 June 2019 $m	30 June 2018 $m
Non-current		
Plant and equipment – at cost	0.3	-
Accumulated depreciation	(0.2)	-
Total	0.1	-

16. Investment properties

Property	Last independent valuation date	Independent valuation $m	Carrying value 30 June 2019 $m	Carrying value 30 June 2018 $m
Ballarat Home	30 June 2019	42.5	42.5	40.6
Bankstown Home	30 June 2018	60.9	63.8	60.9
Belrose Super Centre	31 Dec 2018	183.0	183.0	176.5
Caringbah Home	30 June 2019	97.0	97.0	92.3
Castle Hill Super Centre	30 June 2018	347.0	359.3	347.0
Cranbourne Home	31 Dec 2017	133.0	142.9	133.9
Epping Hub	31 Dec 2018	44.0	44.7	43.4
Highlands Hub	31 Dec 2017	33.0	33.5	33.3
Jindalee Home	30 June 2019	135.5	135.5	124.7
Kotara Home (South)	31 Dec 2017	120.0	124.1	121.0
Logan Super Centre	30 June 2018	91.3	95.2	91.2
MacGregor Home	31 Dec 2018	20.6	25.2	24.0
Marsden Park Home	30 June 2018	101.0	101.0	101.0
McGraths Hill Home	30 April 2019	42.5	42.5	40.5
Midland Home	31 Dec 2017	62.0	63.3	62.8
Mile End Home	30 June 2019	104.0	104.0	97.7
Peninsula Home	31 Dec 2018	85.5	89.2	83.7
Sunshine Coast Home	30 June 2018	95.8	100.0	95.8
Tuggerah Super Centre	30 June 2018	85.0	91.6	85.0
Warners Bay Home	31 Dec 2017	37.0	39.1	37.0
		1,920.6	1,977.4	1,892.3
Less amounts classified as rental guarantees			(3.6)	(5.4)
Total			1,973.8	1,886.9

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

	2019 $m	2018 $m
Balance at the beginning of the financial year	1,886.9	1,392.4
Additions via business combinations (excluding rental guarantees)	-	431.0
Disposals	-	(60.1)
Capitalised expenditure	48.8	41.9
Straight-lining of rental income	(0.9)	3.3
Net gain on movement in fair value of investment properties	39.5	78.2
Amounts reclassified from rental guarantees	(0.5)	0.2
Balance at the end of the financial year	1,973.8	1,886.9

Refer to note 34 for information on how the Aventus Group determines fair value of investment properties.

16. Investment properties (continued)

Leasing arrangements

The Aventus Group's investment properties are leased to tenants under non-cancellable operating leases with rentals payable on a monthly basis. Future minimum rentals receivable under the leases as at 30 June 2019 and 30 June 2018 are as follows:

	30 June 2019 $m	30 June 2018 $m
Within 1 year	106.9	97.6
Later than 1 year but not later than 5 years	291.4	271.4
Later than 5 years	80.6	86.5
Total	478.9	455.5

17. Intangible assets

	30 June 2019 $m	30 June 2018 $m
Goodwill	140.4	-
Management rights	3.8	-
Total	144.2	-

A reconciliation of the movement in intangibles during the year is outlined as follows:

	Goodwill $m	Management rights $m
Balance at the beginning of the financial year	-	-
Acquisition of APG Group	140.4	3.8
Balance at the end of the financial year	140.4	3.8

Goodwill and management rights were recognised as part of the acquisition of the APG Group disclosed in note 4 to the consolidated financial statements.

Goodwill

Goodwill represents the incremental value created in relation to the Aventus Group's investment properties by replacing external management fees with an internalised cost structure.

Management rights

Management rights relate to the Kotara Home (North) property which is owned by a director related entity. The underlying property and development management agreement is between the director related entity and Aventus Property Management Pty Ltd and has an indefinite useful live.

17. Intangible assets (continued)

Impairment testing

Goodwill and management rights with an indefinite useful life are tested annually for impairment or when there are indicators of impairment. Goodwill and management rights are considered to be impaired if their recoverable amount is less than their carrying amount. Goodwill generated as a result of the recognition of deferred tax on management rights with an indefinite useful life is excluded from annual impairment testing.

No impairment expense was recognised for the year ended 30 June 2019.

The recoverable amount of goodwill and management rights was determined using the value in use approach and valued using discounted cash flow projections. Cash flow projections were based on financial budgets including the board approved budget for the year ending 30 June 2020. Cash flows beyond the projected period are extrapolated using estimated growth rates. Key assumptions adopted in the discounted cash flow valuation are as follows:

Assumption	2019
Cash flows	5 years
Terminal growth rate	2.0%
Discount rate applied to cash flow projections	6.9%

Terminal growth rates are estimated based on the expected long-term earnings growth of the Aventus Group and macro-economic factors. Discount rates applied to cash flow projections are calculated by reference to the Aventus Group's weighted average cost of capital. Discount rates are adjusted for risks specific to the cash generating unit.

The recoverable amount of goodwill would equal its carrying amount if the terminal growth rate decreased from 2.0% to 0.7% or the discount rate increased from 6.9% to 8.1%.

18. Trade and other payables

	30 June 2019 $m	30 June 2018 $m
Current		
Trade creditors and accruals	19.6	12.7
Other payables	2.0	3.2
Total	21.6	15.9
Non-current		
Other payables	0.1	-

Trade payables are unsecured and are usually paid within 30 days of recognition.

19. Distributions payable

	30 June 2019 $m	30 June 2018 $m
Current		
Distributions payable	22.5	20.1

20. Borrowings

	30 June 2019 $m	30 June 2018 $m
Current		
Secured		
Syndicated bank debt facility	-	90.0
Less: unamortised transaction costs	-	(0.1)
	-	89.9
Non-current		
Secured		
Syndicated bank debt facility	355.4	478.0
Syndicated loan note facility	160.0	110.0
Bi-lateral bank debt facilities	260.0	-
Less: unamortised transaction costs	(4.6)	(3.5)
Total	770.8	584.5

20. Borrowings (continued)

a) Financing arrangements

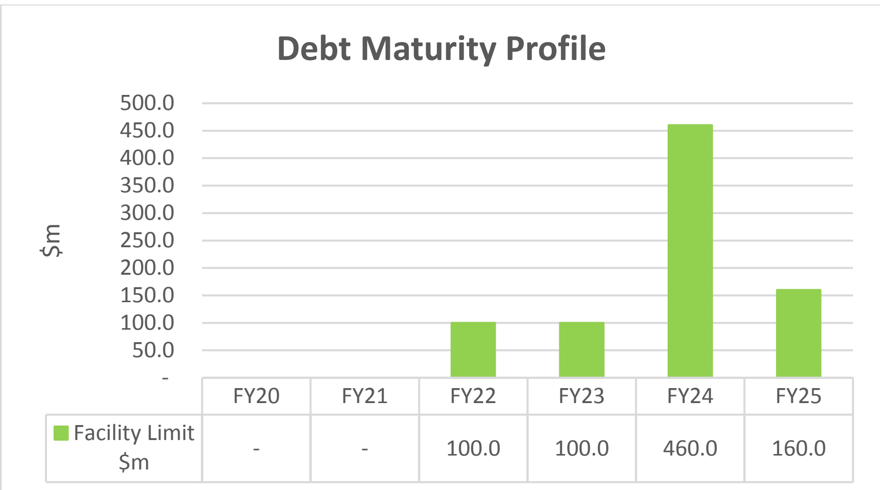
The Aventus Group had access to the following undrawn borrowing facilities at the end of the financial year:

	30 June 2019			30 June 2018		
	Limit $m	Drawn $m	Undrawn $m	Limit $m	Drawn $m	Undrawn $m
Syndicated bank debt facility						
- Tranche A	-	-	-	200.0	200.0	-
- Tranche B	-	-	-	90.0	90.0	-
- Tranche C	100.0	95.0	5.0	100.0	95.3	4.7
- Tranche E	50.0	50.0	-	50.0	50.0	-
- Tranche F	50.0	50.0	-	50.0	50.0	-
- Tranche G	75.0	35.4	39.6	75.0	-	75.0
- Tranche H	125.0	125.0	-	125.0	82.7	42.3
Syndicated loan note facility	160.0	160.0	-	110.0	110.0	-
Bi-lateral bank debt facilities	260.0	260.0	-	-	-	-
Total	820.0	775.4	44.6	800.0	678.0	122.0

Undrawn debt under the syndicated bank debt facility and bi-lateral bank debt facilities may be drawn at any time.

An additional tranche (tranche D) of up to $100 million may be added to the existing syndicated bank debt facility subject to the satisfaction of certain conditions. No commitment is provided by the banks for this additional tranche and there is no certainty that it will be available in future financial periods.

b) Debt maturity profile



20. Borrowings (continued)

c) Syndicated bank debt facility

The Aventus Group's syndicated bank debt facility is a revolving cash advance facility.

Loan repayments are interest only with a lump sum payment of all amounts outstanding at the end of the term. Key features of each tranche are summarised as follows:

	Tranche C	Tranche E	Tranche F	Tranche G	Tranche H
Tranche limit	A$100 million	A$50 million	A$50 million	A$75 million	A$125 million
Maturity	May 2022	July 2022	July 2022	July 2023	July 2023
Interest	30 day BBSY + margin	90 day BBSY + margin	90 day BBSY + margin	90 day BBSY + margin	30 day BBSY + margin

Tranches A and B were permanently repaid in March 2019 and September 2018 respectively.

d) Syndicated loan note facility

Key terms of the syndicated loan note facility at 30 June 2019 are summarised as follows:

Facility limit	A$160 million
Term	7 years (5 year initial term plus 2 x 1 year extensions at the option of the Aventus Group)
Maturity	January 2025
Interest	90-day BBSY + margin
Repayments	Before 3rd anniversary – non-call period Before 4th anniversary – 105% prepayment Before 5th anniversary – 101% prepayment

In September 2018 a $50.0 million extension of the facility was finalised increasing the facility limit from $110.0 million to $160.0 million. The proceeds were used to repay debt under the syndicated bank debt facility.

e) Bi-lateral bank debt facility

The Aventus Group has an aggregate of $260.0 million in bi-lateral bank debt facilities. The facilities are revolving cash advance facilities which maturity dates of July and October 2023.

Loan repayments are interest only with a lump sum payment of all amounts outstanding at the end of the term. Interest is based on 90-day BBSY plus a margin.

20. Borrowings (continued)

f) Compliance with debt covenants

The Aventus Group complied with the financial covenants of its borrowing facilities during the financial year. Key financial covenants under the syndicated bank debt and loan note facilities are summarised as follows:

- Interest cover ratio is at least 2 times;
- Loan to value ratio is less than or equal to 55%; and
- Total liabilities to total tangible assets ratio is less than or equal to 55%.

Covenants are assessed semi-annually.

g) Security

The Aventus Group's debt facilities are secured by:

- a first ranking real property mortgage in respect of each property in the portfolio;
- a first ranking general security deed over all the assets of the guarantors;
- a first ranking specific security deed over all the shares and units held by the guarantors; and
- a limited recourse share mortgage provided by ACL.

21. Derivative financial instruments

	30 June 2019 $m	30 June 2018 $m
Non-current assets		
Interest rate swaps - at fair value	-	0.4
Current liabilities		
Interest rate swaps - at fair value	0.3	0.1
Non-current liabilities		
Interest rate swaps - at fair value	15.2	1.7

The Aventus Group utilises interest rate swaps to partially hedge against interest rate risk fluctuations. Interest rate swaps have the economic effect of converting borrowings from floating interest rates to fixed interest rates.

At 30 June 2019 the Aventus Group had entered into interest rate swap agreements totalling $520.0 million (30 June 2018: $420.0 million) representing 67.1% (30 June 2018: 61.9%) of drawn debt. Key features of the interest rate swaps are summarised as follows:

21. Derivative financial instruments (continued)

Maturity date	Notional amount 30 June 2019 $m	Notional amount 30 June 2018 $m	Fair value 30 June 2019 $m	Fair value 30 June 2018 $m
FY19	-	80.0	-	(0.1)
FY20	60.0	60.0	(0.3)	(0.1)
FY21	125.0	125.0	(2.3)	(0.1)
FY22	120.0	30.0	(3.1)	(0.1)
FY23	125.0	125.0	(5.2)	(1.0)
FY24	90.0	-	(4.6)	-
Total	520.0	420.0	(15.5)	(1.4)

As at 30 June 2019 the fixed rate on the interest rate swaps ranged from 1.83% to 2.43% per annum (30 June 2018: 1.83% to 2.43%).

Interest rate swap contracts require settlement of net interest receivable or payable on a monthly or quarterly basis.

22. Current tax liabilities

	30 June 2019 $m	30 June 2018 $m
Current		
Provision for income tax	0.7	-

23. Provision for employee benefits

	30 June 2019 $m	30 June 2018 $m
Current		
Provision for employee benefits	0.5	-
Non-current		
Provision for employee benefits	0.2	-

Employee benefits relating to the Aventus Group's liability for annual leave and long service leave.

The current portion of this liability includes all of the accrued annual leave and the unconditional entitlements to long service leave where employees have completed the required period of service. The entire amount of the annual leave provision is presented as current, since the Aventus Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

24. Provision for performance fees

	30 June 2019 $m	30 June 2018 $m
Current		
Provision for performance fees	-	9.1

25. Deferred revenue

	30 June 2019 $m	30 June 2018 $m
Current		
Deferred revenue	2.4	4.0

Deferred revenue represents rental income received in advance. Deferred revenue will be recognised as revenue in accordance with note 2(d).

26. Deferred taxes

Deferred taxes comprise temporary differences attributable to:

	30 June 2019 $m	30 June 2018 $m
Non-current		
Deferred tax assets		
Accrued expenses	0.6	-
Employee benefits	0.4	-
Other	0.1	-
Total	1.1	-
Deferred tax liabilities		
Management rights	(1.1)	-
Net deferred tax liabilities	-	-

27. Contributed equity

	Number of securities	ARPF $m	AHL $m	Total $m
Balance at 1 July 2017	490,421,802	967.0	-	967.0
Securities issued in accordance with the distribution reinvestment plan	3,752,448	8.2	-	8.2
Security issue costs	-	(0.1)	-	(0.1)
Balance at 30 June 2018	494,174,250	975.1	-	975.1
Balance at 1 July 2018	494,174,250	975.1	-	975.1
Securities issued as consideration for business combinations	35,735,034	80.9	4.2	85.1
Securities issued in accordance with the distribution reinvestment plan	7,278,038	14.5	0.7	15.2
One off grant of restricted stapled securities in connection with the internalisation of management	287,581	0.7	-	0.7
Security issue costs	-	-	(0.2)	(0.2)
Balance at 30 June 3019	537,474,903	1,071.2	4.7	1,075.9

The stapled securities of the Aventus Group comprise one unit in ARPF and one share in AHL. Stapled securities cannot be traded or dealt with separately.

ARPF units

As stipulated in ARPF's constitution, each unit represents a right to an individual share in ARPF and does not extend to a right to the underlying assets of ARPF.

Each unit ranks equally and has the same rights attached to it as with all other units on issue.

Each unit confers the right to vote at meetings of unitholders, subject to any voting restrictions imposed on a unitholder under the Corporations Act and the ASX Listing Rules.

AHL shares

Shares in AHL entitle the holder to participate in dividends and to share in the proceeds of winding up AHL in proportion to the number of and amounts paid on the shares held. On a show of hands every shareholder present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Shares have no par value and AHL does not have a limited amount of authorised capital.

28. Reserves

	EIS reserve		Restricted stapled securities reserve		Total	Total
	ARPF $m	AHL $m	ARPF $m	AHL $m	ARPF $m	AHL $m
Balance at 1 July 2018	-	-	-	-	-	-
Security based payments	0.8	-	-	-	0.8	-
Issue of restricted stapled securities	-	-	(0.7)	-	(0.7)	-
Balance at 1 July 2019	0.8	-	(0.7)	-	0.1	-

Nature and purpose of reserve

EIS reserve

The EIS reserve is used to recognise the fair value of equity settled security based payments provided to executives, including key management personnel, as part of their remuneration. Refer to note 32 for details of the EIS and security based payments.

Restricted stapled securities reserve

The restricted stapled securities reserve is used to recognise the cost of restricted stapled securities issued and held in trust on behalf of EIS participants for the duration of the vesting period by the Aventus Group Employee Security Trust. At the vesting date amounts recorded in the restricted stapled securities reserve are transferred to the EIS reserve.

29. Retained earnings

	ARPF $m	AHL $m	Total $m
Balance at 1 July 2017	144.7	-	144.7
Net profit for the year	135.6	-	135.6
Distributions/dividends paid or payable	(80.2)	-	(80.2)
Balance at 30 June 2018	200.1	-	200.1
Balance at 1 July 2018	200.1	-	200.1
Net profit/(loss) for the year	119.7	(9.3)	110.4
Distributions/dividends paid or payable	(87.0)	-	(87.0)
Balance at 30 June 2019	232.8	(9.3)	223.5

30. Distributions

	2019 Distribution - cents per security	2019 Distribution $m	2018 Distribution - cents per security	2018 Distribution $m
Fully paid ordinary securities				
September quarter	4.09	20.2	4.05	19.9
December quarter	4.14	22.0	4.07	20.1
March quarter	4.16	22.3	4.07	20.1
June quarter	4.18	22.5	4.07	20.1
Total	16.57	87.0	16.26	80.2

Distribution reinvestment plan ("DRP")

During the financial year the Aventus Group operated a distribution reinvestment plan ("DRP") under which securityholders may elect to reinvest all or part of their distributions or dividends in new stapled securities rather than being paid in cash. 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 distribution or dividend. The DRP price is determined as the average of the daily volume weighted average price of the stapled securities sold on the Australian Securities Exchange during a ten-day trading period prior to the payment date for the distribution or dividend, less a discount (if any). The DRP unit price for the quarters ended 31 December 2018, 31 March 2019 and 30 June 2019 included a discount of 2%.

DRP underwriting agreement

On 1 July 2019 the Aventus Group entered into an underwriting agreement with Macquarie Capital (Australia) Limited to act as sole underwriter of a $22.5 million offer of stapled securities in the Aventus Group under its DRP. The underwriting agreement relates to the distribution for the quarter ended 30 June 2019. The stapled securities are expected to be issued on 30 August 2019 and will rank pari passu with existing stapled securities.

31. Statement of cash flow information

a) Reconciliation of profit to net cash flows from operating activities

	2019 $m	2018 $m
Profit for the year	110.4	135.6
Adjustments for		
Finance costs capitalised	(0.3)	(0.3)
Straight-lining of rental income	0.9	(3.3)
Amortisation of rental guarantees	2.3	3.1
Amortisation of debt establishment costs	2.7	1.3
Net gain on movement in fair value of investment properties	(39.5)	(78.2)
Net loss on movement in fair value of interest rate swaps	14.0	0.9
Expenses not paid in cash	0.6	-
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
(Increase)/decrease in trade and other receivables	0.4	(1.1)
(Increase)/decrease in other assets	0.1	23.3
Increase/(decrease) in trade and other payables	0.2	3.3
Increase/(decrease) in current tax	0.2	-
Increase/(decrease) in deferred tax	(0.4)	-
Increase/(decrease) in provision for employee benefits	(0.1)	-
Increase/(decrease) in provision for performance fees	(9.1)	2.8
Increase/(decrease) in deferred revenue	(1.7)	0.9
Net cash inflow from operating activities	80.7	88.3

b) Non-cash investing and financing activities

	2019 $m	2018 $m
Securities issued in accordance with the distribution reinvestment plan	15.3	8.2

There were no other non-cash investment or financing activities during the financial year.

32. Security based payments

Executive incentive scheme (EIS)

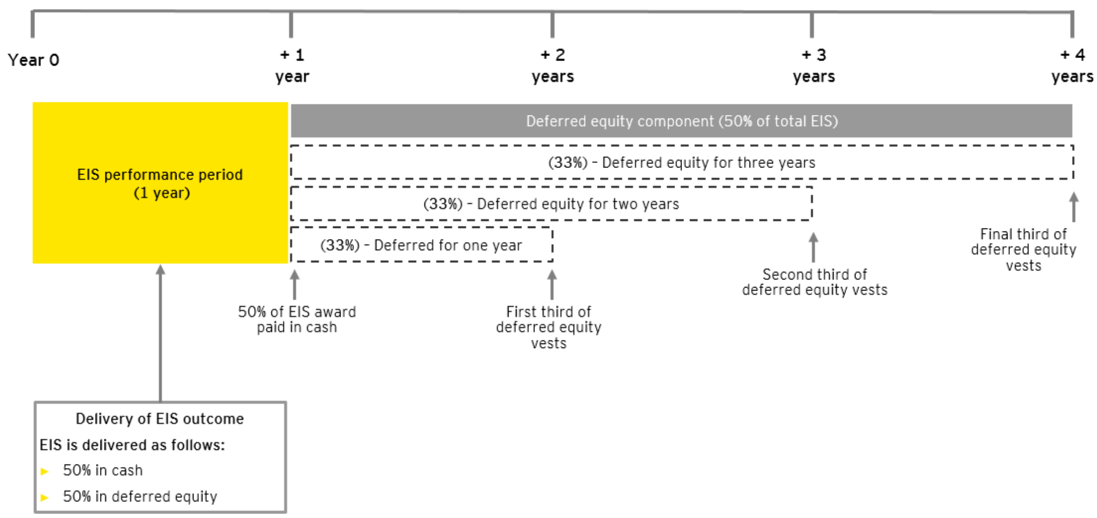
On 1 October 2018 the Aventus Group introduced an EIS where participants, subject to achieving certain KPIs, are entitled to receive variable remuneration consisting of annual cash awards and grants of stapled securities vesting over 2, 3 and 4 years.

KPIs set by the board must be satisfied over the performance period being 1 October 2018 to 30 June 2019. To the extent the KPIs are satisfied, EIS awards will be delivered 50% in cash and 50% in restricted stapled securities. The cash award will be paid following the end of the performance period. The restricted stapled securities will be granted following the end of the performance period, and will vest in three tranches following release of full-year results for the first, second and third financial years immediately following the performance period:

- 33.33% of the restricted stapled securities will vest approximately two years after the start of the performance period;
- 33.33% of the restricted stapled securities will vest approximately three years after the start of the performance period; and
- 33.34% of the restricted stapled securities will vest approximately four years after the start of the performance period;

providing the participant remains an employee until the relevant vesting date and the board has not determined that a "clawback" of any restricted stapled securities is required.

The diagram below provides an illustration of how the EIS operates for a single performance period of one year, assuming all KPIs are achieved. The Aventus Group intends to offer EIS awards annually. As the EIS progresses, the vesting of restricted equity awards will become cumulative:



32. Security based payments (continued)

The number of restricted stapled securities to be allocated to each participant is determined by dividing the dollar value of the equity component of the EIS by the volume weighted average price of stapled securities, measured over the ten trading days following release of full-year results for the performance period's financial year.

In addition to the above a one-off grant of restricted stapled securities was issued to selected employees in October 2018 in connection with the internalisation of management. The restricted stapled securities will vest in two equal tranches over a two year period from 1 October 2018 subject to forfeiture of unvested amounts on resignation or termination for cause during that period.

Grants of restricted stapled securities are accounted for in accordance with AASB 2 Share Based Payments. The fair value of the restricted stapled securities are recognised as employee benefits expenses over the relevant vesting period with a corresponding increase in equity via an EIS reserve. When restricted stapled securities are issued they are held in trust, on behalf of EIS participants, for the duration of the vesting period by the Aventus Group Employee Security Trust. The cost of issued restricted stapled securities is initially recognised in a reserve and subsequently transferred to the EIS reserve on vesting date.

A reconciliation of the number of restricted stapled securities granted, vested and forfeited during the financial year is as follows:

	Number of restricted stapled securities
Balance at 1 October 2018	-
Issued	287,581
Vested	-
Forfeited	-
Balance at 30 June 2019	287,581

Amounts recognised in profit or loss relating to restricted stapled securities are summarised as follows:

	2019 $	2018 $
EIS restricted stapled securities for the period ended 30 June 2019	0.1	-
One-off grant of restricted stapled securities in connection with internalisation of management	0.7	-
Total	0.8	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. Related party transactions

a) Subsidiaries

The Aventus Group's subsidiaries are set out below. All subsidiaries are incorporated in Australia.

Name of entity	ARPF ownership interest		Principal activities
Parent entity	**2019 %**	**2018 %**	
Aventus Retail Property Fund			
Subsidiaries			
Aventus Bankstown Holding Trust	100%	100%	Investment holding trust
Aventus Bankstown Unit Trust – 1	100%	100%	Property investment
Aventus Belrose Unit Trust	100%	100%	Property investment
Aventus Caringbah Unit Trust	100%	100%	Property investment
Aventus Castle Hill Unit Trust	100%	100%	Property investment
Aventus Cranbourne Unit Trust	100%	100%	Property investment
Aventus Cranbourne Thompsons Road Unit Trust	100%	100%	Property investment
Aventus Diversified Unit Trust	100%	100%	Investment holding trust
Aventus Ballarat Unit Trust - 2	100%	100%	Property investment
Aventus Highlands Unit Trust – 2	100%	100%	Property investment
Aventus Tweed Unit Trust – 2	100%	100%	Dormant
Aventus Warners Bay Unit Trust – 2	100%	100%	Property investment
Aventus Epping Unit Trust	100%	100%	Property investment
Aventus Jindalee Unit Trust	100%	100%	Property investment
Aventus Kotara South Unit Trust	100%	100%	Property investment
Aventus Logan Holding Trust	100%	100%	Investment holding trust
Aventus Logan Unit Trust – 3	100%	100%	Property investment
Aventus MacGregor Holding Trust	100%	100%	Investment holding trust
Aventus MacGregor Unit Trust – 4	100%	100%	Property investment
Aventus Marsden Park Unit Trust	100%	100%	Property investment
Aventus McGraths Hill Holding Trust	100%	100%	Investment holding trust
Aventus McGraths Hill Unit Trust – 5	100%	100%	Property investment
Aventus Midland Unit Trust	100%	100%	Property investment
Aventus Mile End Unit Trust	100%	100%	Property investment
Aventus Mile End Stage 3 Unit Trust	100%	100%	Property investment
Aventus Peninsula Unit Trust	100%	100%	Property investment
Aventus Property Administration Pty Ltd	100%	100%	Administration
Aventus Shepparton Unit Trust	100%	100%	Dormant
Aventus Sunshine Coast Unit Trust	100%	100%	Property investment
Aventus Tuggerah Unit Trust	100%	100%	Property investment

1 - Entity is a 100% owned subsidiary of Aventus Bankstown Holding Trust.

2 - Entity is a 100% owned subsidiary of Aventus Diversified Unit Trust.

3 - Entity is a 100% owned subsidiary of Aventus Logan Holding Trust.

4 - Entity is a 100% owned subsidiary of Aventus MacGregor Holding Trust.

5 - Entity is a 100% owned subsidiary of Aventus McGraths Hill Holding Trust.

33. Related party transactions

a) Subsidiaries (continued)

Name of entity	ARPF ownership interest		Principal activities
	2019 %	2018 %	
Subsidiaries			
Aventus Holdings Limited -1	-	N/A	
Aventus Property Group Pty Ltd -2	-	N/A	Investment holding company
Aventus Capital Limited -3	-	N/A	Responsible entity for ARPF
Aventus Custodian Pty Ltd -4	-	N/A	Trustee company
Aventus Kotara South Pty Ltd -4	-	N/A	Trustee company
Aventus Cranbourne Thompsons Road Pty Ltd -4	-	N/A	Trustee company
Aventus Cranbourne Pty Ltd -4	-	N/A	Trustee company
Aventus Epping Pty Ltd -4	-	N/A	Trustee company
Aventus Peninsula Pty Ltd -4	-	N/A	Trustee company
Aventus Caringbah Pty Ltd -4	-	N/A	Trustee company
Aventus Jindalee Pty Ltd -4	-	N/A	Trustee company
Aventus Mild End Pty Ltd -4	-	N/A	Trustee company
Aventus Mild End Stage 3 Pty Ltd -4	-	N/A	Trustee company
Aventus Midland Pty Ltd -4	-	N/A	Trustee company
Aventus Belrose Pty Ltd -4	-	N/A	Trustee company
Aventus Sunshine Coast Pty Ltd -4	-	N/A	Trustee company
Aventus Tuggerah Pty Ltd -4	-	N/A	Trustee company
Aventus Diversified Pty Ltd -4	-	N/A	Trustee company
Aventus Properties Pty Ltd -4	-	N/A	Trustee company
Aventus Landowner Pty Ltd -4	-	N/A	Trustee company
Aventus Funds Management Pty Ltd -3	-	N/A	Funds management
Aventus Property Management Pty Ltd -3	-	N/A	Property management
Aventus Services Pty Ltd -3	-	N/A	Administration
Aventus Investment Management Pty Ltd -2	-	N/A	Trustee company

1 – As disclosed in note 1 to the financial statements the Aventus Group is a stapled entity comprising ARPF and its controlled entities and AHL and its controlled entities. In accordance with AASB 3 *Business Combinations* ARPF has been deemed the parent entity of the Aventus Group. ARPF has no legal ownership of AHL and its controlled entities.

2 – Company is a 100% owned subsidiary of Aventus Holdings Limited.

3 – Company is a 100% owned subsidiary of Aventus Property Group Pty Ltd.

4 – Company is a 100% owned subsidiary of Aventus Capital Limited.

b) Responsible entity

The responsible entity of ARPF is Aventus Capital Limited (“ACL”). ACL is not entitled to a fee for services provided in its capacity as responsible entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. Related party transactions (continued)

c) Key management personnel

	2019 $'000	2018 $'000
Short term employee benefits	1,460	-
Security based payments expense	110	-
Post-employment benefits	63	-
Total	1,633	-

Detailed remuneration disclosures for key management personnel are outlined in the remuneration report.

d) Transactions with other related parties

The following transactions occurred with related parties during the financial year:

	2019 $'000	2018 $'000
APG Group		
Rental revenue -1	281	289
Management fees -1	2,548	9,937
Performance fees 1	-	2,790
Property management, leasing and development fees -1	5,459	16,766
Reimbursement of independent director fees	97	469
Transactions with other related parties		
Property management and leasing fee revenue	574	-
Rental revenue	77	-

1 – Current year amounts are for the period 1 July 2018 to 30 September 2018 representing the period ARPF was externally managed by the APG Group.

e) Outstanding balances with related parties

	30 June 2019 $'000	30 June 2018 $'000
Current receivables		
Other related parties	80	-
Current payables		
APG Group	-	11,891

Related party receivables are unsecured and are usually collected within 30 days of recognition. There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

Related party payables are unsecured and are usually paid within 30 days of recognition.

33. Related party transactions (continued)

f) Terms and conditions of transactions with the APG Group

i. Management fees

Aventus Funds Management Pty Limited (“Manager”) is entitled to remuneration in the form of an investment management fee and a performance fee in accordance with a Management Services Agreement.

Investment management fee

For the period 1 July 2018 to 30 September 2018 the investment management fee was calculated as 0.6% per annum of the gross asset value (“GAV”) of ARPF, where GAV is less than or equal to $2.0 billion; and 0.5% of the GAV of the Aventus Group, where GAV is greater than $2.0 billion.

For the period 1 October 2018 to 30 June 2019 the investment management fee was calculated as 0.045% per annum of the gross asset value (“GAV”) of ARPF, where GAV is less than or equal to $2.0 billion; and 0.0375% of the GAV of the Aventus Group, where GAV is greater than $2.0 billion. The investment management fee is calculated and payable on a monthly basis.

As part of the acquisition of Castle Hill Super Centre and Marsden Park Home the Manager agreed to waive 50% of its investment management fee relating to the assets for the financial years ending 30 June 2018 and 30 June 2019.

Performance fee

The Manager is also entitled to a performance fee of 20% of the percentage by which the total return of the ARPF exceeds a hurdle of 12%. This is calculated as:

20% x Outperformance % x Closing NTA
(together with any carry forward outperformance as further described below) where:

- **Outperformance %** = Total Return less the Hurdle Rate
- **Total Return** = Change in the NTA per unit over the relevant period plus the distributions per security paid during the relevant period dividend by the NTA per unit at the commencement of the relevant period (expressed as a percentage).

  Total return is measured on a three year rolling basis and annualised as a compounded annual growth rate.
- **Hurdle Rate** = 12%
- **Closing NTA** = The NTA of ARPF on the last day of the relevant period.

Performance fees are calculated and payable annually.

The total fee payable (comprising the investment management fee plus the performance fee) in any year is capped at 1.0% of GAV of ARPF. Any excess fee is carried over to subsequent performance fee periods (subject to the performance of ARPF and any application of the cap during that period). Any prior period underperformance must be recovered before the Manager becomes entitled to the payment of a performance fee in respect of a subsequent period. The performance fee may be paid to the Manager in cash or securities (at the election of the Manager).

33. Related party transactions (continued)

f) Terms and conditions of transactions with the APG Group (continued)

ii. Property and development management fees

Aventus Property Management Pty Limited ("Property Manager") is entitled to the following fees in accordance with the Property Management and Development Agreement:

Fee type	Basis of calculation
Leasing fee for new tenants	15% of face rental (being gross rent payable by a tenant, disregarding incentives and rent abatements) for the first year of the lease term.
Leasing renewal fee (existing tenant not exercising an option)	10% of face rental for the first year of a new lease or additional leased space (as applicable) if an existing tenant enters into a new lease for premises it currently occupies (excluding by way of exercise of an option), relocates to new premises within the relevant property or enters into a new lease for new space in a property in the portfolio.
Leasing renewal fee (existing tenant exercising an option)	7% of face rental for the first year of a new lease if an existing tenant exercises an option to continue leasing their current space in a property in the portfolio.
Leasing market rent review fee	7% of the increase between the rent payable for the year before the relevant rent review and the rent payable for the year after that rent review date as a result of the market rent review.
Leasing administration fee	$4,000 per lease documentation negotiated and prepared by the Property Manager (without double servicing where relevant lease agreements are prepared by external parties).
Asset and property management fee	4% of face rental (payable in equal monthly instalments in arrears) provided that where, immediately prior to a property becoming subject to the Property and Development Management Agreement (for example, the acquisition of a new property), the property management fee in respect of that property (which is recoverable from tenants as outgoings under the terms of the relevant lease agreements) is higher than 4% of the total face rent, the Property Manager shall be entitled to that higher fee for so long as it remains recoverable from the tenants under the relevant lease agreements. The property manager is also entitled to salary and on-cost recoveries associated with managing the property.
Development services fee	5% of total development costs (being the total cost of any development works undertaken in respect of a property), calculated and payable monthly in arrears. The Property Manager will only be able recover an amount equal to 2% of the total development cost from the time the development proposal is approved to the commencement of construction, with the balance to be paid in instalments from the time that construction commences to delivery of the project.

33. Related party transactions (continued)

g) Terms and conditions of transactions with other related parties

i. Property management fees

Aventus Property Management Pty Limited ("Property Manager") is entitled to the following fees in accordance with the Property Management and Development Agreement:

Fee type	Basis of calculation
Leasing fee for new tenants	7.5% of face rental (being gross rent payable by a tenant, disregarding incentives and rent abatements) for the first year of the lease term.
Leasing renewal fee (existing tenant not exercising an option)	5% of face rental for the first year of a new lease or additional leased space (as applicable) if an existing tenant enters into a new lease for premises it currently occupies (excluding by way of exercise of an option), relocates to new premises within the relevant property or enters into a new lease for new space in a property in the portfolio.
Leasing renewal fee (existing tenant exercising an option)	3.5% of face rental for the first year of a new lease if an existing tenant exercises an option to continue leasing their current space in a property in the portfolio.
Leasing market rent review fee	3.5% of the increase between the rent payable for the year before the relevant rent review and the rent payable for the year after that rent review date as a result of the market rent review.
Leasing administration fee	Actual costs incurred by external parties for lease preparation.
Property management fee	3.7% of face rental payable in equal monthly instalments in arrears. The property manager is also entitled to salary and on-cost recoveries associated with managing the property.
Development services fee	2.5% of total development costs (being the total cost of any development works undertaken in respect of a property), calculated and payable monthly in arrears. The Property Manager will only be able recover an amount equal to 2% of the total development cost from the time the development proposal is approved to the commencement of construction, with the balance to be paid in instalments from the time that construction commences to delivery of the project.

ii. Rent revenue

Rent revenue from other related parties is derived based on market rates.

33. Related party transactions (continued)

h) Key related party contracts

Kotara Home call option and pre-emptive deed

The Aventus 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 ARPF, there is a change of the responsible entity of ARPF to an entity who is not a member of the APG 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.

34. Fair value measurement

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

a) Assets and liabilities measured at fair value on a recurring basis

The Aventus Group measures investment properties and 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 Aventus Group classifies its 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 Aventus Group's assets and liabilities measured and recognised at fair value on a recurring basis:

		Level 2		Level 3		Total	
	Note	30 June 2019 $m	30 June 2018 $m	30 June 2019 $m	30 June 2018 $m	30 June 2019 $m	30 June 2018 $m
Non-financial assets							
Derivative financial instruments	21	-	0.4	-	-	-	0.4
Investment properties	16	-	-	1,973.8	1,886.9	1,973.8	1,886.9
Financial liabilities							
Derivative financial instruments	21	15.5	1.8	-	-	15.5	1.8

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

The Aventus Group did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 30 June 2019 or 30 June 2018.

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.

34. Fair value measurement (continued)

Valuation techniques used to derive level 3 fair values

The only level 3 assets or liabilities measured at fair value are investment properties.

The Aventus Group obtains independent valuations for its investment properties at least every two years.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The fair value of investment properties is determined using recognised valuation techniques such as the capitalisation of net income method and discounted cash flow method.

Key inputs used in determining property values as at 30 June 2019 and 30 June 2018 are outlined below. Terminal yields and discount rates relate solely to independent valuations.

	Range 30 June 2019	Weighted average 30 June 2019	Range 30 June 2018	Weighted average 30 June 2018
Net passing rent ($ per square metre)	$143 to $388	$278	$119 to $377	$264
Net market rent ($ per square metre)	$159 to $388	$280	$150 to $379	$267
Adopted capitalisation rate (%)	5.5% to $7.5%	6.7%	5.5% to 7.8%	6.7%
Adopted terminal yield (%)	7.3% to 7.8%	7.5%	5.8% to 7.3%	6.5%
Adopted discount rate (%)	7.8% to 8.8%	8.1%	7.5% to 8.5%	7.8%

In determining the valuation of all investment properties measured at recurring fair value, consideration has been given to the highest and best use of those properties.

Sensitivity analysis

Valuation input	Relationship of valuation input to fair value
Net passing rent	The higher net passing rent, the higher the fair value.
Net market rent	The higher net market rent, the higher the fair value.
Adopted capitalisation rate	The higher the capitalisation rate, the lower the fair value.
Adopted terminal yield	The higher the termination yield, the lower the fair value.
Adopted discount rate	The higher the discount rate, the lower the fair value.

b) Assets and liabilities not measured at fair value

The Aventus 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.

35. Capital management

The Aventus Group has a capital management framework which is approved and monitored by the board of directors. The framework aims to safeguard the Aventus Group's ability to continue as a going concern, so it can continue to provide returns for security holders and maintain an optimal capital structure to reduce the cost of capital.

The Aventus Group's capital structure consists of cash, borrowings and equity. In determining the optimal capital structure, the Aventus Group takes into account a number of factors including the capital needs of its business, the relative cost of debt versus equity, the execution and market risk of raising equity or debt, the financial risks of debt including increased volatility of earnings due to exposure to interest rate movements, the liquidity risk of maturing debt facilities and the market in general.

The Aventus Group may adjust its capital mix by issuing stapled securities, adjusting the amount of distributions and dividends paid to securityholders, increase borrowings or sell assets to reduce debt.

The Aventus Group's capital position is monitored using the following gearing ratio:

	30 June 2019 $m	30 June 2018 $m
Gross borrowings	775.4	678.0
Less: cash and cash equivalents	(8.1)	(3.6)
Net debt	767.3	674.4
Total tangible assets less cash and cash equivalents	1,981.5	1,896.9
Gearing ratio (%)	38.7%	35.6

The Aventus Group's strategy is to maintain a gearing ratio of between 30% and 40%.

36. Financial risk management

The Aventus Group's activities expose it to financial risks including interest rate risk, liquidity risk and credit risk.

a) Interest rate risk

Interest rate risk is the risk that the fair value of cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Aventus Group's main interest rate risk arises from borrowings with variable interest rates.

The Aventus Group manages interest rate risk by using floating to fixed interest rate swaps which have the effect of converting a portion of borrowings from variable to fixed interest rates. The Aventus Group's policy for maintaining minimum levels of borrowings at fixed rates using interest rate swaps varies depending upon the maturity profile of the debt.

36. Financial risk management (continued)

a) Interest rate risk (continued)

The Aventus Group's exposure to interest rate risk from borrowings is summarised in the table below:

	30 June 2019 $m	30 June 2018 $m
Floating rate borrowings		
Syndicated bank debt facility	355.4	568.0
Syndicated loan note facility	160.0	110.0
Bilateral bank debt facilities	260.0	-
Derivative financial instruments		
Interest rate swaps (notional principal amount)	(520.0)	(420.0)
Net interest rate exposure	255.4	258.0

Further details of the Aventus Group's borrowings and interest rate swaps held at 30 June 2019 and 30 June 2018 are disclosed in notes 20 and 21 respectively.

Interest rate risk sensitivity

The impact of a 0.5% increase/decrease in market interest rates at balance date would result in a $1.3 million (2018: $1.3 million) decrease/increase in profit or loss per annum.

b) Liquidity risk

Liquidity risk is the risk that the Aventus Group will not be able to meet its financial obligations as they fall due. Management manages liquidity by ensuring there is sufficient cash and/or committed undrawn borrowings available.

Management prepares and monitors rolling forecasts of liquidity reserves, comprising cash and undrawn borrowing facilities, on the basis of expected future cash flows.

The Aventus Group's financing arrangements, debt maturity profiles and access to undrawn borrowing facilities at 30 June 2019 and 30 June 2018 are disclosed in note 20.

Maturities of financial liabilities

The tables below analyse the Aventus Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and
b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

36. Financial risk management (continued)

b) Liquidity risk (continued)

30 June 2019

Contractual maturities of financial liabilities	Less than 6 months $m	6-12 months $m	1 to 3 years $m	3-5 years $m	Greater than 5 years $m	Total contracted cash flows $m	Carrying amount of liabilities $m
Non-derivative							
Payables	21.6	-	-	-	-	21.6	21.6
Distributions payable	22.5	-	-	-	-	22.5	22.5
Borrowings	10.8	10.7	142.7	583.7	163.0	910.9	770.8
Total	54.9	10.7	142.7	583.7	163.0	955.0	814.9
Derivative							
Interest rate swaps	2.1	1.9	5.7	0.8	-	10.5	15.5

30 June 2018

Contractual maturities of financial liabilities	Less than 6 months $m	6-12 months $m	1 to 3 years $m	3-5 years $m	Greater than 5 years $m	Total contracted cash flows $m	Carrying amount of liabilities $m
Non-derivative							
Payables	15.9	-	-	-	-	15.9	15.9
Distributions payable	20.1	-	-	-	-	20.1	20.1
Borrowings	101.1	10.2	331.5	194.8	116.8	754.4	674.4
Provision for performance fees	9.1	-	-	-	-	9.1	9.1
Total	146.2	10.2	331.5	194.8	116.8	799.5	719.5
Derivative							
Interest rate swaps	0.5	0.4	1.4	0.5	-	2.8	1.8

36. Financial risk management (continued)

c) Credit risk

Risk management and security

Credit risk is the risk that a customer or counterparty to a financial instrument will default on their contractual obligations resulting in a financial loss to the Aventus Group. The Aventus Group's credit risk arises from cash and cash equivalents and receivables. The carrying amount of these financial assets disclosed in the balance sheet represents the maximum credit exposure to the Aventus Group at 30 June 2019 and 30 June 2018.

To manage credit risk in relation to cash and cash equivalents, deposits are held with financial institutions with AA- Standards and Poor's credit ratings.

To manage credit risk in relation to receivables, tenants are billed monthly in advance. For some tenants the Aventus Group may also obtain collateral in the form of security deposits, bank guarantees or rental guarantees. Management also monitors tenancy exposure across its portfolio on a monthly basis.

Impaired receivables

Impaired receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- significant financial difficulties of the debtor;
- probability the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 120 days overdue).

Impairment losses on receivables are presented as net impairment losses in the consolidated statement of comprehensive income. Subsequent recovery of amounts previously written-off are credited against the same line item.

Receivables past due but not impaired

As at 30 June 2019 trade receivables of $0.6 million (30 June 2018: $0.5 million) were past due but not impaired. These relate to tenants for whom there is no recent history of default.

37. Commitments

a) Capital commitments

The Aventus Group has entered into contracts for the redevelopment of a number of its investment properties. Development expenditure contracted for at balance date but not recognised as liabilities is as follows:

	30 June 2019 $m	30 June 2018 $m
Development expenditure	2.9	3.0

b) Non-cancellable operating leases

The Aventus Group leases office premises under a non-cancellable operating lease which expires in October 2022. Commitments over the remaining term of the lease are summarised as follows:

	30 June 2019 $m	30 June 2018 $m
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	0.9	-
Later than one year but not later than five years	2.3	-
Total	3.2	-

38. Contingencies

Bank guarantees

	30 June 2019 $m	30 June 2018 $m
ARPF facility	1.1	1.1
Aventus Services Pty Ltd facility	0.5	-
Total	1.6	1.1

ARPF facility

ARPF has a $5.0 million bank guarantee facility which expires in September 2019. At 30 June 2019 and 30 June 2018 ARPF had given $1.1 million in bank guarantees relating to redevelopments of investment properties.

Aventus Services Pty Ltd facility

Aventus Services Pty Ltd has a $0.5 million bank guarantee facility which expires in April 2023. At 30 June 2019 and 30 June 2018 the company had given a $0.5 bank guarantee relating to the lease of office premises.

Drawn bank guarantees represent contingent liabilities and do not form part of borrowings disclosed in the consolidated balance sheet. Drawn bank guarantees are also excluded from total borrowings when calculating debt covenants.

There were no other contingent liabilities or assets at 30 June 2019 or 30 June 2018.

39. Remuneration of auditors

The auditor of the Aventus Group is Ernst & Young. The following fees were paid or payable to Ernst & Young for services provided during the financial year.

	2019 $'000	2018 $'000
Audit and other assurance services		
Audit and review of financial statements	348	233
Compliance plan audit	20	20
Other assurance services	467	98
Due diligence services	-	135
Total audit and other assurance services	835	486
Non-audit or other assurance services		
Remuneration services	141	67
Consulting services	20	21
Tax advisory services	-	4
Total non-audit services	161	92
Total auditor's remuneration	996	578

40. Offsetting financial assets and liabilities

At 30 June 2019 there were no financial assets and liabilities that were offset in the consolidated balance sheet.

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Aventus Group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

ISDA Master Agreements

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position payable/ receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated.

41. Events occurring after the reporting period

DRP underwriting agreement

On 1 July 2019 the Aventus Group entered into an underwriting agreement with Macquarie Capital (Australia) Limited to act as sole underwriter of a $22.5 million offer of stapled securities in the Aventus Group under its DRP. The underwriting agreement relates to the distribution for the quarter ended 30 June 2019. The stapled securities are expected to be issued on 30 August 2019 and will rank pari passu with existing stapled securities.

41. Events occurring after the reporting period (continued)

Former Masters Lease at Cranbourne Home

A subsidiary of the Aventus Group, Aventus Cranbourne Thompsons Road Pty Ltd, is the lessor (Landlord) under the lease of the former Masters store at Cranbourne Home (Head Lease).

Masters Home Improvement Australia Pty Ltd (the Tenant) sought the Landlord's consent to sub-lease part of the premises. Consent was withheld and in March 2019 the Tenant commenced proceedings in the Supreme Court of Victoria seeking declarations with respect to the consent of the sub-lease.

The Supreme Court of Victoria delivered judgement on 8 August 2019 in relation into the claim by the Tenant and has found the Landlord is required to consent to a proposed sub-lease.

The Landlord is considering the judgement.

The Head Lease remains on foot until 30 September 2030 including the guarantee by Woolworths Limited for the performance by the Tenant of its obligations under the Head Lease.

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

42. Parent entity information

a) Summary financial information

The individual financial statements for ARPF show the following aggregate amounts:

	2019 $m	2018 $m
Statement of comprehensive income		
Profit for the year	45.7	21.0
Total comprehensive income for the year	45.7	21.0

	30 June 2019 $m	30 June 2018 $m
Balance sheet		
Current assets	6.4	6.0
Non-current assets	1,665.0	1,567.6
Total assets	1,671.4	1,573.6
Current liabilities	(27.7)	(125.7)
Non-current liabilities	(785.9)	(586.2)
Total liabilities	(813.6)	(711.9)
Net assets	857.8	861.7
Issued capital	1,107.0	1,010.9
Accumulated losses	(249.2)	(149.2)
Total equity	857.8	861.7

42. Parent entity information (continued)

b) Guarantees entered into by the parent entity

With the exception of guarantees provided in relation to the Aventus Group's debt facilities ARPF had not provided any guarantees as at 30 June 2019 or 30 June 2018.

c) Contingent liabilities of the parent entity

With the exception of items disclosed in note 38 to the financial statements ARPF did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

d) Contractual commitments

ARPF did not have any contractual commitments as at 30 June 2019 or 30 June 2018.

e) Determining the parent entity financial information

The financial information for ARPF has been prepared on the same basis as the consolidated financial statements with the exception of the following:

> Investments in subsidiaries are recorded at cost in the financial statements of ARPF. Distributions received from subsidiaries are recognised in ARPF's profit or loss when its right to receive the distribution is established.

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 30 June 2019 and of its performance for the financial 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.

The financial statements also comply with International Financial Reporting Standards as disclosed in note 1(b) to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors of ACL made pursuant to s295(5) of the Corporations Act 2001.

Darren Holland Executive Director	Bruce Carter Chair
Sydney 21 August 2019	Sydney 21 August 2019

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Independent Auditor's Report to the Unitholders of Aventus Retail Property Fund

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aventus Retail Property Fund (the Fund) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Investment Property Portfolio – Determination of fair value

Why significant	How our audit addressed the key audit matter
The Group owns large format retail centres classified as investment property. The carrying value of investment properties which are recorded at fair value amounted to $1,978.2 million at 30 June 2019 and represents 92.5% of total assets. As disclosed in Note 3 of the financial report, fair values are determined by the directors at the end of each reporting period with reference to external independent property valuations or internal directors' valuations, with changes in fair value recognised in the consolidated statement of comprehensive income. This was considered a key audit matter due to the number of judgments required in determining fair value. These judgments include determining the capitalisation rate, discount rate, market rent, re-leasing costs and forecast occupancy levels. Minor changes in certain assumptions can lead to significant changes in the valuation. Note 16 of the financial report discloses the sensitivity of these valuations to changes in key assumptions.	Our audit procedures included the following: • We assessed the competence, capabilities, and the objectivity of the independent valuers and the competence and capabilities of the internal experts that prepared the internal directors' valuations. • For both independent valuations and internal directors valuations we: ○ Assessed the appropriateness of the valuation methodology; ○ Assessed the key assumptions and inputs including the net passing rent, operating expenses, occupancy rates, lease terms, and capital expenditure. ○ Evaluated the capitalisation rates adopted, and movement in the year, based on our knowledge of the property portfolio, published industry reports and comparable property valuations. • We involved our real estate valuation specialists to assist with: ○ the assessment of capitalisation rates adopted across the portfolio; and ○ the review and assessment of the property valuations for a sample of properties based on size, geographical location and other property valuation specific risk factors.

Impairment assessment for goodwill and other intangible assets

Why significant	How our audit addressed the key audit matter
At 30 June 2019 the Group's consolidated statement of financial position includes goodwill and other intangible assets amounting to $144.2 million. The directors have assessed goodwill and other intangible assets for impairment at 30 June 2019. As disclosed within Note 3 to the financial report, the assessment of the impairment of the Group's goodwill and other intangible assets incorporated significant judgments and estimates, specifically concerning factors such as forecast cashflows, discounts rates and terminal growth rates. These estimates and assumptions incorporate future performance, market and economic conditions. Minor changes in certain assumptions can lead to significant changes in the recoverable amount of these assets. Accordingly, we considered this to be a key audit matter.	Our audit procedures included the following: • Considered the appropriateness and application of valuation methodologies applied; • Assessed the cash flow forecasts, assumptions and estimates used by the Group, by considering the reliability of the Group's historical cash flow forecasts, our knowledge of the business and corroborating data with external information where possible; • Evaluated the appropriateness of discount and terminal growth rates applied with involvement from our valuation specialists; • Tested the mathematical accuracy of the impairment testing models including the consistency of relevant data with latest Board approved forecasts; • Performed sensitivity analysis on key assumptions including discount rates, terminal growth rates and EBIT forecasts; and • Assessed the adequacy of the disclosure in the financial report.

Business Combinations

Why significant	How our audit addressed the key audit matter
The Group acquired Aventus Property Group Pty Ltd for a total purchase consideration of $148.1 million, as set out in Note 4 of the financial report. Accounting for this transaction is complex, requiring the group to exercise judgement to determine the fair value of acquired assets and liabilities and the allocation of goodwill and separately identifiable intangible assets. This was considered a key audit matter due to the size of the acquisition and the judgment involved in accounting for this transaction.	Our audit procedures included the following: • Assessed the accounting treatment of the business combination, including the purchase price allocation, against the requirements of relevant accounting standards; • Assessed the Group's determination of fair values for assets and liabilities acquired and the methods used to value underlying assets and liabilities; and • Assessed the adequacy of the relevant disclosures in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of Aventus Capital Limited, the Responsible Entity of the Group, are responsible for the other information. The other information comprises the information included in the Group's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report of the Responsible Entity of the Aventus Retail Property Fund included in pages 10 to 25 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of the Aventus Capital Limited as responsible entity of the Aventus Retail Property Fund for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors voluntarily presented the Remuneration Report of the Responsible Entity of Aventus Retail Property Fund. The directors are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
21 August 2019