APPENDIX 4E

Annual financial report

for the period ended 30 June 2019

Name of entity	Aventus Group – Aventus Holdings Limited

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.

This Appendix 4E relates to AHL and its controlled entities ("AHL Group") and should be read in conjunction with the consolidated financial report of AHL for the period ended 30 June 2019.

Explanation of reporting periods

AHL was incorporated on 20 July 2018. Accordingly, current period balances disclosed in AHL's consolidated financial report are for the period 20 July 2018 to 30 June 2019.

There is no previous corresponding reporting period.

Results for announcement to the market

	30 June 2019 $'000
Revenue from ordinary activities	14,450
Net loss from ordinary activities after tax attributable to securityholders	(462)
Net loss after tax attributable to securityholders	(462)

The net loss after tax for the period was mainly attributable to $689,000 in transaction costs associated with the acquisition of Aventus Property Group Pty Ltd and its controlled entities ("APG Group") on 1 October 2018.

Dividends

No dividends were declared and/or paid to securityholders during the period 20 July 2018 to 30 June 2019.

Distribution reinvestment plan ("DRP")

During the financial period 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%.

Dividends (continued)

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
Net tangible assets ($'000)	(127,394)
Net tangible assets per security ($)	(0.24)

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 HOLDINGS LIMITED

ACN 627 640 180

Annual report

for the period ended 30 June 2019

CONTENTS

DIRECTORS' REPORT

The directors of Aventus Holdings Limited ("AHL") present their report together with the consolidated financial statements of AHL and its consolidated entities ("the Group") for the period ended 30 June 2019.

Directors and company secretaries

The following persons were directors of AHL during the whole of the financial period and up to the date of this report, unless otherwise stated:

> Bruce Carter	Independent Non-Executive Chair (appointed 2 August 2018)
> Kieran Pryke	Independent Non-Executive Director (appointed 2 August 2018)
> Robyn Stubbs	Independent Non-Executive Director (appointed 2 August 2018)
> Darren Holland	Executive Director (appointed 1 October 2018)
> Brett Blundy	Non-Executive Director (appointed 1 October 2018)
> Nico van der Merwe	Alternative Director to Brett Blundy (appointed 2 October 2018)
> Lawrence Wong	Executive Director (appointed 20 July 2018 and resigned 2 August 2018)
> Mary Weaver	Executive Director (appointed 20 July 2018 and resigned 2 August 2018)
> Cameron Male	Executive Director (appointed 20 July 2018 and resigned 2 August 2018)

The company secretaries are Mary Weaver AGIA and Lawrence Wong.

Principal activity

The principal activity of the Group during the financial period was providing property investment, management, leasing and development services to owners of large format retail property assets.

There was no significant change in the Group's principal activity during the financial period.

Review of operations and results

Incorporation

AHL was incorporated on 20 July 2018.

Acquisition of Aventus Property Group Pty Ltd

On 1 October 2018 AHL acquired Aventus Property Group Pty Ltd and its controlled entities ("APG Group").

The acquisition was part of the internalisation of management of the Aventus Retail Property Fund ("ARPF"). As part of the transaction each share in AHL was stapled to existing units in ARPF to form a new stapled security.

Details of the acquisition are disclosed in note 4 to the consolidated financial statements.

DIRECTORS' REPORT

Review of operations and results (continued)

Summary of financial performance

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

	20 July 2018 to 30 June 2019 $'000
Total revenue	14,450
Net loss after tax for the financial period	(462)
Basic and diluted earnings per security for the financial period (cents per security)	(0.1)

The net loss after tax for the period was mainly attributable to $689,000 in transaction costs associated with the acquisition of Aventus Property Group Pty Ltd and its controlled entities ("APG Group") on 1 October 2018.

Dividends

No dividends were declared and/or paid to securityholders during the period 20 July 2018 to 30 June 2019.

Summary of financial position

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

	30 June 2019 $'000
Total assets	193,622
Borrowings	89,511
Net assets	58,608

Borrowings

On 1 October 2018 the Group entered into an intra-staple loan agreement with ARPF. Key terms and conditions of the loan are disclosed in note 18 to the financial statements.

Significant changes in state of affairs

With the exception of the acquisition of the APG Group outlined in the "review of operations and results" section above there were no other significant changes in the state of affairs of the Group during the financial period.

Likely developments and expected results of operations

The Group will continue to engage in its principal activities in future financial years. Expected results of operations for the year ending 30 June 2020 are disclosed to the market as part of the consolidated earnings guidance of the Aventus Group.

DIRECTORS' REPORT

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

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

DIRECTORS' REPORT

Information on directors (continued)

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 People, Culture and Remuneration Committee Member of the Audit, Risk and Compliance Committee
Interest in stapled securities	41,364

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 $1.98 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 units in the Fund	12,330,177

Information on directors (continued)

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

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	-

DIRECTORS' REPORT

Meetings of directors

The number of meetings of the board of directors and each board committee held during the period and the numbers of meetings attended by each director are as follows:

	Board meeting		Audit committee		Remuneration committee	
	Attended	Eligible to attend [1]	Attended	Eligible to attend [1]	Attended	Eligible to attend [1]
Bruce Carter	10	10	3	3	2	2
Kieran Pryke	9	10	3	3	N/A	N/A
Robyn Stubbs	10	10	3	3	2	2
Darren Holland	6	6	N/A	N/A	N/A	N/A
Brett Blundy	5	6	N/A	N/A	1	2
Nico van der Merwe (alternate director to Brett Blundy)	1	1	N/A	N/A	-	1

1 – Represents the number of meetings held during the time the director held office or was a member of the committee during the period 20 July 2018 to 30 June 2019.

Remuneration report

The People, Culture and Remuneration Committee ("the Committee") presents the remuneration report of the AHL Group for the period 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.

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 period
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 a 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 period 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 period 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.

DIRECTORS' REPORT

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 period ended 30 June 2019 were as follows:

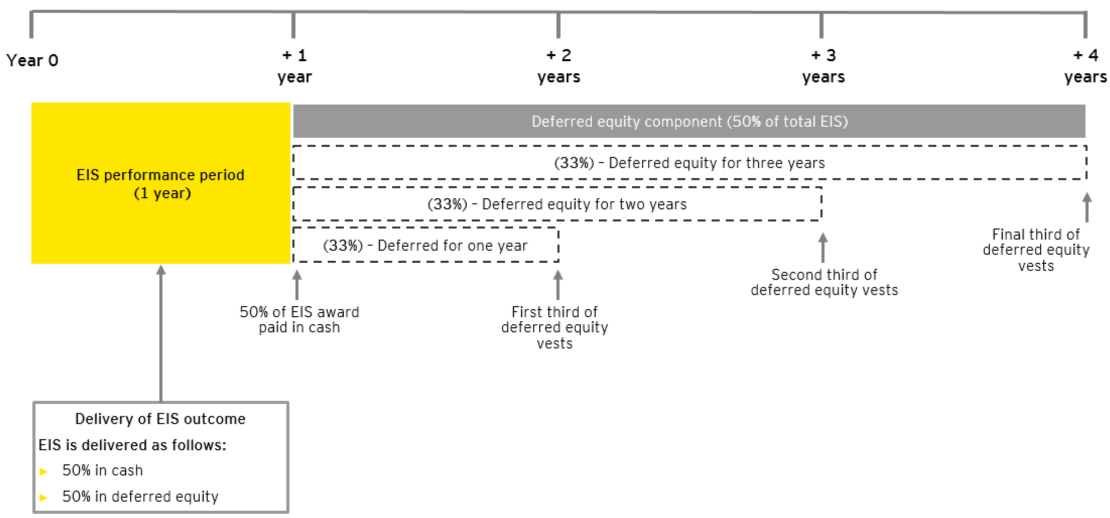
Name	Position
Executive director	
Darren Holland	Chief Executive Officer (CEO)
Senior Executive	
Lawrence Wong	Chief Financial Officer (CFO)
Independent non-executive directors	
Bruce Carter	Chair
Kieran Pryke	Director
Robyn Stubbs	Director
Non-executive directors	
Brett Blundy	Director
Nico van der 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?	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 will be 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 period 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 period 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 period 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 index > 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 the Group's executive KMP for the period 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 period 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 period 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.

DIRECTORS' REPORT

Remuneration report (continued)

I. Performance based remuneration granted and forfeited during the period

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 period 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 period 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 period or at 30 June 2019.

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 period or at 30 June 2019.

Reliance on external remuneration consultants

During the period 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 period.

Securities under option

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

Environmental regulations

The 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 period 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.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period 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 period, AHL paid a premium to insure the directors, company secretaries and officers of the 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.

To the extent permitted by law, AHL has agreed to indemnify the auditors of the 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 period.

AHL 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 AHL.

DIRECTORS' REPORT

Proceedings on behalf of AHL

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of AHL or to intervene in any proceedings to which AHL is a party, for the purposes of taking responsibility on behalf of AHL for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of AHL with leave of the Court under section 237 of the Corporations Act 2001.

Audit and non-audit services

Details of amounts paid or payable to the Group's auditors for audit and non-audit services during the financial period are disclosed in note 32 to the financial statements.

The directors are 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 25.

Rounding of amounts

AHL is an entity 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 thousand dollars, or in certain cases, to the nearest dollar.

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

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

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Building a better working world

Auditor's independence declaration to the Directors of Aventus Holdings Limited

As lead auditor for the audit of the financial report of Aventus Holdings Limited 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 Holdings Limited 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 PERIOD ENDED 30 JUNE 2019

	Notes	20 July 2018 to 30 June 2019 $'000
Revenue		
Revenue from services	6	13,808
Other revenue		642
Total revenue		14,450
Expenses		
Finance costs		(3,335)
Employee benefits expense	7	(7,557)
Payroll tax expense		(403)
Rent expense		(728)
Transaction costs		(689)
Insurance expenses		(174)
Depreciation expenses		(49)
Other expenses		(2,189)
Total expenses		(15,124)
Loss before income tax		(674)
Income tax benefit	8	212
Loss for the period		(462)
Other comprehensive income for the period net of tax		-
Total comprehensive loss for the period		(462)
Earnings per security		
Basic (cents per security)	9	(0.1)
Diluted (cents per security)	9	(0.1)

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 $'000
Assets		
Current assets		
Cash and cash equivalents	10	5,484
Trade and other receivables	11	1,861
Other assets	12	166
Total current assets		7,511
Non-current assets		
Plant and equipment	13	109
Intangible assets	14	186,002
Total non-current assets		186,111
Total assets		193,622
Liabilities		
Current liabilities		
Trade and other payables	15	(2,178)
Current tax liabilities	16	(653)
Provision for employee benefits	17	(532)
Total current liabilities		(3,363)
Non-current liabilities		
Trade and other payables	15	(140)
Borrowings	18	(89,511)
Deferred tax liabilities	19	(41,807)
Provision for employee benefits	17	(193)
Total non-current liabilities		(131,651)
Total liabilities		(135,014)
Net assets		58,608
Equity		
Contributed equity	20	59,062
Reserves	21	8
Accumulated losses	22	(462)
Total equity		58,608

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

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

	Notes	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 20 July 2018		-	-	-	-
Loss for the period		-	-	(462)	(462)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	-	(462)	(462)
Issue of securities net of transaction costs	20	59,062	-	-	59,062
Security based payments	21	-	8	-	8
Dividends paid or provided for	23	-	-	-	-
Balance at 30 June 2019		59,062	8	(462)	58,608

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	20 July 2018 to 30 June 2019 $'000
Cash flows from operating activities		
Receipts from services		14,443
Other revenue received		684
Payments to suppliers and employees		(11,938)
Finance costs paid		(3,335)
Transaction costs paid		(4)
Income tax paid		(15)
Net cash outflows from operating activities	24(a)	(165)
Cash flows from investing activities		
Net cash acquired from business combination		6,875
Advances to related parties		(2,064)
Repayment of advances to related parties		900
Payment for plant and equipment		(62)
Net cash inflows from investing activities		5,649
Net increase in cash and cash equivalents		5,484
Cash at the beginning of the financial period		-
Cash at the end of the financial period	10	5,484

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

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 and Aventus Holdings Limited ("AHL") (ACN 627 640 180) and its controlled entities.

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) AHL statement of compliance

AHL is a public company incorporated and domiciled in Australia. The financial statements comprise the consolidated financial statement of AHL and its subsidiaries ("the Group").

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. AHL is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the 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) AHL incorporation and current period balances

AHL was incorporated on 20 July 2018. Accordingly, current period balances disclosed in the consolidated financial statements are for the period 20 July 2018 to 30 June 2019.

d) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis.

e) Rounding of amounts

AHL is an entity 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 thousand dollars, or in certain cases, to the nearest dollar.

f) Functional and presentation currency

All amounts presented in the consolidated financial statements are expressed in Australian dollars which is the function and presentational currency of the Group.

g) New and amended accounting standards adopted by the Group

The Group has adopted all of the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operation and effective from 1 July 2018.

1. Basis of preparation (continued)

h) New and amended accounting standards issued but not yet adopted

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.

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 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.

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 Group has non-cancellable operating lease commitments of $3,150,000 including GST.

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

	$'000
Assets	
Property, plant & equipment – right of use assets	2,864
Prepayments	(67)
Liabilities	
Lease liabilities	(2,797)
Net increase/(decrease) in net assets on 1 July 2019	-
Depreciation expenses	(859)
Operating lease expenses	866
Operating profit	7
Finance costs	(7)
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 the consolidated financial statements. The consolidated financial statements are for the Group consisting of AHL and its subsidiaries.

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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

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.

2. Summary of significant accounting policies (continued)

b) Business combinations (continued)

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.

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 Group has only one reportable segment being the management of Australian large format retail assets.

The directors of AHL are the chief operating decision makers of the 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 in exchange for services provided to customers. Revenue derived from significant business activities is recognised on the following basis:

Revenue from services
The 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 revenue' in the consolidated statement of comprehensive income.

2. Summary of significant accounting policies (continued)

e) Expenses

Borrowing costs

Borrowing costs 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 loan facility.

Other expenses

All other expenses are recognised on an accruals basis.

f) Leases

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.

g) Income tax

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.

2. Summary of significant accounting policies (continued)

g) Income tax (continued)

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.

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.

h) 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 consolidated 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.

i) Cash and cash equivalents

For the purpose of presentation in the consolidated 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.

2. Summary of significant accounting policies (continued)

j) 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.

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) Intangible assets

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.

2. Summary of significant accounting policies (continued)

l) Intangible assets (continued)

Management rights

Management rights reflect the right to provide management services in accordance with underlying 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.

m) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life 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.

Other 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. 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 other than goodwill 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 the management rights and a corresponding decrease in goodwill.

n) 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.

o) 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.

2. Summary of significant accounting policies (continued)

o) Employee benefits (continued)

Superannuation contributions

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

Executive incentive scheme

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.

p) 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.

q) Dividends payable

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

r) 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 securities are recognised directly in equity as a deduction from the proceeds received.

s) 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 period, adjusted for bonus elements in ordinary securities issued during the period.

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 period.

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
Management rights with an indefinite useful life	The recoverable amount of 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.	14

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 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 unitholders of ARPF approved a proposal to internalise management of the fund. 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 they 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 (“the APG Group”). Controlled entities of Aventus Property Group Pty Ltd include Aventus Capital Limited (Responsible Entity of ARPF), Aventus Funds Management Pty Ltd (Fund Manager), Aventus Property Management Pty Ltd (Property Manager) and Aventus Services Pty Ltd (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.

Details of the purchase consideration, the net assets acquired and goodwill relating to the acquisition of the APG Group are as follows:

	$’000
Purchase consideration	
Cash	63,029
Stapled securities issued	85,050
Total purchase consideration	148,079

4. Business combinations (continued)

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

	Fair Value $'000
Cash and cash equivalents	6,875
Trade and other receivables	141
Other assets	56
Plant and equipment	98
Management rights	143,079
Deferred tax assets	686
Trade and other payables	(1,515)
Current tax liabilities	(486)
Provision for employee benefits	(855)
Deferred tax liabilities	(42,923)
Net identifiable assets acquired	105,156
Goodwill	42,923
Net assets acquired	148,079

The cash component of the purchase consideration was paid by ARPF on behalf of AHL.

Revenue and profit contributions

From the date of acquisition to 30 June 2019 the acquired businesses contributed revenues of $14,533,000 and a net profit of $2,242,000 to the AHL Group.

5. Segment information

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

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

6. Revenue from services

	20 July 2018 to 30 June 2019 $'000
Revenue from services	
Investment management fees	600
Property management, leasing and development fees	13,208
Total	13,808

7. Employee benefits expense

	20 July 2018 to 30 June 2019 $'000
Superannuation expenses	584
Security based payments expenses	165
Other employee benefits	6,808
Total	7,557

8. Income tax benefit

	20 July 2018 to 30 June 2019 $'000
a) Income tax benefit	
Current tax	
Current tax on losses for the period	185
Adjustment for current tax of prior periods	-
Total current tax expense/(benefit)	185
Deferred income tax	
(Increase)/decrease in deferred tax assets	(397)
Total deferred tax expense/(benefit)	(397)
Income tax benefit	(212)
b) Numerical reconciliation of prima facie tax payable to income tax benefit	
Loss before income tax expense	(674)
Tax at 30%	(202)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income	
Entertainment expenses	3
Other	(13)
Income tax benefit	(212)

9. Earnings per security

	20 July 2018 to 30 June 2019
Net loss for the period ($'000)	(462)
Weighted average number of securities used in calculating basic and diluted earnings per security ('000)	420,817
Basic and diluted earnings per security (cents)	(0.1)

10. Cash and cash equivalents

	30 June 2019 $'000
Current	
Cash at bank and in hand	2,984
Deposits at call	2,500
Total	5,484

11. Trade and other receivables

	30 June 2019 $'000
Current	
Trade receivables	887
Loss allowance	-
Other receivables	974
Total	1,861

Trade receivables represent outstanding investment management, property management, leasing and development fees.

Information about the impairment, ageing of receivables and the Group's exposure to credit risk is disclosed in note 29(c).

12. Other assets

	30 June 2019 $'000
Current	
Prepayments	166

13. Plant and equipment

	30 June 2019 $'000
Non-current	
Plant and equipment – at cost	292
Accumulated depreciation	(183)
Total	109

14. Intangible assets

	30 June 2019 $'000
Management rights	143,079
Goodwill	42,923
Total	186,002

A reconciliation of the movement in intangibles during the period is outlined below.

	Management rights $'000	Goodwill $'000
Balance at the beginning of the financial period	-	-
Acquisition of APG Group	143,079	42,923
Balance at the end of the financial period	143,079	42,923

Management rights and goodwill were recognised during the period as part of the acquisition of the APG Group disclosed in note 4 to the financial statements.

Management rights

Management rights relate to the following investment and property management agreements:

- Management Services Agreement between ARPF and Aventus Funds Management Pty Ltd;
- Property Management and Development Agreements between ARPF and Aventus Property Management Pty Ltd; and
- Property and Development Management Agreement between a director related entity and Aventus Property Management Pty Ltd.

The above agreements have indefinite useful lives.

Goodwill

Goodwill relates solely to a corresponding deferred tax liability on management rights with an indefinite useful life which was recognised on the acquisition of the APG Group.

14. Intangible assets (continued)

Impairment testing of management rights

Management rights with an indefinite useful life are tested annually for impairment or when there are indicators of impairment. Management rights are considered to be impaired if their recoverable amount is less than their carrying amount.

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

The recoverable amount of management rights was determined based on the fair value less cost to sell approach and valued using discounted cash flow projections. Cash flow projections were based on management contracts. 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	8.3%

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

The recoverable amount of management rights would equal its carrying amount if the terminal growth rate decreased from 2.0% to 0.3% or the discount rate increased from 8.3% to 9.7%.

As growth and discount rates are unobservable inputs in the valuation process they are considered 'Level 3' in the fair value hierarchy.

Impairment testing of goodwill

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.

15. Trade and other payables

	30 June 2019 $'000
Current	
Trade creditors and accruals	2,178
Non-current	
Other payables	140

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

16. Current tax liabilities

	30 June 2019 $'000
Current	
Provision for income tax	653

17. Provision for employee benefits

	30 June 2019 $'000
Current	
Provision for employee benefits	532
Non-current	
Provision for employee benefits	193

Employee benefits relating to the 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.

18. Borrowings

	30 June 2019 $'000
Non-current	
Unsecured	
Interest bearing loan – ARPF	89,511

Intra-staple loan

On 1 October 2018 the Group entered into an intra-staple loan agreement with ARPF. Key terms are summarised as follows:

Facility limit	$89,511,000
Term	9 years 11 months
Maturity	September 2028
Interest	90 day BBSW + margin
Repayment	At the maturity date or such earlier date determined by the lender and borrower.

19. Deferred taxes

Deferred taxes comprise temporary differences attributable to:

	30 June 2019 $'000
Non-current	
Deferred tax assets	
Accrued expenses	557
Employee benefits	442
Other	117
Total	1,116
Deferred tax liabilities	
Management rights	(42,923)
Net deferred tax liabilities	(41,807)

20. Contributed equity

	30 June 2019 $'000
537,474,903 fully paid stapled securities	59,062

A reconciliation of the movement in issued securities during the financial period is outlined below.

	Number of securities	$'000
Securities issued at incorporation	5	-
Securities issued on initial capitalisation	494,471,467	54,388
Securities issued as consideration for business combinations	35,735,034	4,179
Securities issued under distribution reinvestment plan	6,980,816	718
Securities issued under executive incentive scheme	287,581	34
Security issue costs	-	(257)
Balance at the end of the period	537,474,903	59,062

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.

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.

21. Reserves

	30 June 2019 $'000
EIS reserve	42
Deferred stapled securities reserve	(34)
Total	8

A reconciliation of the movement in reserves during the financial period is as follows:

	EIS reserve $'000	Restricted stapled securities reserve $'000
Balance at the beginning of the financial period	-	-
Security based payments expense	42	-
Issue of restricted stapled securities	-	(34)
Balance at the end of the financial period	42	(34)

Nature and purpose of reserves

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 25 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.

22. Accumulated losses

	30 June 2019 $'000
Accumulated losses	(462)

A reconciliation of the movement in accumulated losses during the financial period is as follows:

	$'000
Balance at the beginning of the financial period	-
Loss for the period	(462)
Dividends paid or payable	-
Balance at the end of the financial period	(462)

23. Dividends

No dividends were declared and/or paid to securityholders during the period 20 July 2018 to 30 June 2019. The directors have not declared a dividend subsequent to the end of the financial period.

Distribution reinvestment plan ("DRP")

During the financial period 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.

24. Statement of cash flow information

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

	30 June 2019 $'000
Loss for the period	(462)
Adjustments for:	
Employee benefits expense	
Depreciation	49
Loss on disposal of plant and equipment	2
Expenses not paid in cash	692
Other	(35)
Change in operating assets and liabilities:	
(Increase)/decrease in trade and other receivables	(746)
(Increase)/decrease in other assets	(111)
Increase/(decrease) in trade and other payables	804
Increase/(decrease) in provision for income tax	168
Increase/(decrease) in deferred tax	(395)
Increase/(decrease) in provision for employee benefits	(131)
Net cash outflow from operating activities	(165)

b) Non-cash investing and financing activities

	30 June 2019 $'000
Interest bearing loan – ARPF	89,511
Issue of stapled securities	59,062

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

25. Security based payments

Executive incentive scheme (EIS)

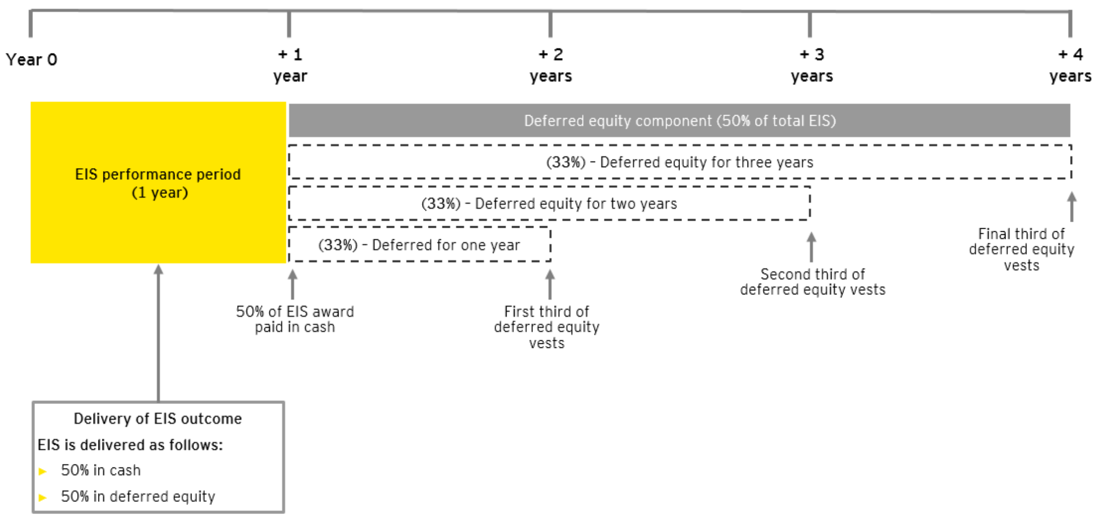
On 1 October 2018 the Aventus Group introduced an EIS where participants, subject to achieving certain KPIs, are entitled to receive variable remuneration consisting of annual cash awards and grants of stapled securities vesting over 2, 3 and 4 years.

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:



25. 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 period 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 $'000
EIS restricted stapled securities for the period ended 30 June 2019	165
One-off grant of restricted stapled securities in connection with internalisation of management	684
Total	849

26. Related party transactions

a) Subsidiaries

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

Name of entity	Ownership interest		Principal activities
	2019 %	2018 %	
Subsidiaries			
Aventus Property Group Pty Ltd			
Aventus Capital Limited [1]	100%	-	Responsible entity for the Aventus Retail Property Fund
Aventus Custodian Pty Ltd [2]	100%	-	Trustee company
Aventus Kotara South Pty Ltd [2]	100%	-	Trustee company
Aventus Cranbourne Thompsons Road Pty Ltd [2]	100%	-	Trustee company
Aventus Cranbourne Pty Ltd [2]	100%	-	Trustee company
Aventus Epping Pty Ltd [2]	100%	-	Trustee company
Aventus Peninsula Pty Ltd [2]	100%	-	Trustee company
Aventus Caringbah Pty Ltd [2]	100%	-	Trustee company
Aventus Jindalee Pty Ltd [2]	100%	-	Trustee company
Aventus Mild End Pty Ltd [2]	100%	-	Trustee company
Aventus Mild End Stage 3 Pty Ltd [2]	100%	-	Trustee company
Aventus Midland Pty Ltd [2]	100%	-	Trustee company
Aventus Belrose Pty Ltd [2]	100%	-	Trustee company
Aventus Sunshine Coast Pty Ltd [2]	100%	-	Trustee company
Aventus Tuggerah Pty Ltd [2]	100%	-	Trustee company
Aventus Diversified Pty Ltd [2]	100%	-	Trustee company
Aventus Properties Pty Ltd [2]	100%	-	Trustee company
Aventus Landowner Pty Ltd [2]	100%	-	Trustee company
Aventus Funds Management Pty Ltd [1]	100%	-	Funds management
Aventus Property Management Pty Ltd [1]	100%	-	Property management
Aventus Services Pty Ltd [1]	100%	-	Administration
Aventus Investment Management Pty Ltd	100%	-	Trustee company

1 – Company is a 100% owned subsidiary of Aventus Property Group Pty Ltd.
2 – Company is a 100% owned subsidiary of Aventus Capital Limited.

b) Key management personnel compensation

	2019 $
Short term employee benefits	1,459,827
Security based payments expense	110,219
Post-employment benefits	62,551
Total	1,632,597

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

26. Related party transactions (continued)

c) Transactions with other related parties

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

	20 July 2018 to 30 June 2019 $
Transactions with Aventus Retail Property Fund	
Management fee revenue	599,793
Property management, leasing and development fee revenue	12,634,325
Other revenue	389,093
Finance costs	(3,335,160)
Transactions with other related parties	
Property management fee revenue	574,227
Rental revenue	77,069

d) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	30 June 2019 $
Current receivables	
Aventus Retail Property Fund	1,735,760
Other related parties	80,393
Total	1,816,153

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.

e) Borrowings from related parties

Borrowings from related parties are disclosed in note 18 to the financial statements.

26. Related party transactions (continued)

f) Terms and conditions of transactions with Aventus Retail Property Fund

i. Management fee revenue

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

Aventus Funds Management Pty Ltd is also entitled to a performance fee of 20% of the percentage by which the total return of the Aventus Retail Property Fund 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 unit 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. For the 2016 financial year, total return is measured from the commencement date of the Management Services Agreement to 30 June 2016 and the first performance fee period ends on 30 June 2018.

- **Hurdle Rate** = 12%

- **Closing NTA** = The NTA of the Aventus Retail Property Fund on the last day of the relevant period.

The first performance fee amount (if any) will become payable on the publication of the Aventus Retail Property Fund's financial results after the third financial year after commencement of the Management Services Agreement (i.e. after 30 June 2018), with performance fees calculated and payable annually thereafter.

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

26. Related party transactions (continued)

f) Terms and conditions of transactions with Aventus Retail Property Fund (continued)

ii. Property and development management fee revenue

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 rent 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.

iii. Rent expenses

Rent expenses are incurred at market rates.

iv. Finance costs

Finance costs are calculated based on the 90 day BBSW rate, plus a margin, in accordance with the intra-staple loan agreement.

26. 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.

27. Fair value measurement

The Group does not have any financial assets and liabilities which are measured at fair value.

The fair values of these assets and liabilities are not materially different to their carrying amounts disclosed in the balance sheet.

28. Capital management

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

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

The Group may adjust its capital mix by issuing additional stapled securities, adjusting the amount of dividends paid to securityholders or increase borrowings.

29. Financial risk management

The 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 Group's main interest rate risk arises from borrowings from ARPF which are disclosed in note 18 to the financial statements.

Interest rate risk sensitivity

The impact of a 0.5% increase/decrease in market interest rates at balance date would result in a $448,000 increase/decrease in profit or loss per annum.

b) Liquidity risk

Liquidity risk is the risk that the 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 Group's financing arrangements, debt maturity profiles and access to undrawn borrowing facilities at 30 June 2019 are disclosed in note 18.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

29. Financial risk management (continued)

b) Liquidity risk (continued)

30 June 2019

Contractual maturities of financial liabilities	Less than 6 months $'000	6-12 months $'000	1 to 3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total contracted cash flows $'000	Carrying amount of liabilities $'000
Payables	2,178	-	-	-	-	2,178	2,178
Borrowings	1,900	1,879	7,537	7,547	105,235	124,098	89,511
Total	4,078	1,879	7,537	7,547	105,235	126,276	91,689

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 Group.

The 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 Group at 30 June 2019.

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.

In relation to receivables, the Group has a significant concentration of receivables due from the Aventus Retail Property Fund. Management has no concerns regarding the recoverability of these receivables taking into account the underlying financial position of the Aventus Retail Property Fund and past payment history.

Impaired receivables

There were no impaired receivables at 30 June 2019.

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 no trade receivables were past due.

30. Commitments

Non-cancellable operating leases

The 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 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	
Within one year	904
Later than one year but not later than five years	2,246
Total	3,150

31. Contingencies

Bank guarantees

As at 30 June 2019 the Group had given a $478,000 bank guarantee relating to the lease of office premises.

The Group's bank guarantee facility is fully drawn at 30 June 2019 and expires in April 2023.

Drawn bank guarantees represent contingent liabilities and do not form part of borrowings disclosed in the balance sheet.

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

32. Remuneration of auditors

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

	20 July 2018 to 30 June 2019 $
Audit services	
Audit and review of financial statements	41,000
Audit of Australian financial services licence	6,000
Total auditor's remuneration	47,000

33. Offsetting financial assets and liabilities

At 30 June 2019 there were no financial assets and liabilities that were offset in the balance sheet. Financial assets and liabilities are offset and the net amount reported in the balance sheet where:

- the 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.

34. 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.

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

35. Parent entity information

a) Summary financial information

The individual financial statements of AHL show the following aggregate amounts:

	20 July 2018 to 30 June 2019 $'000
Statement of comprehensive income	
Loss for the period	(2,814)
Total comprehensive loss for the period	(2,814)

	30 June 2019 $'000
Balance sheet	
Current assets	1,976
Non-current assets	148,282
Total assets	150,258
Current liabilities	(4,499)
Non-current liabilities	(89,511)
Total liabilities	(94,010)
Net assets	56,248
Share capital	59,062
Retained earnings	(2,814)
Total equity	56,248

35. Parent entity information (continued)

b) Guarantees entered into by the parent entity

AHL did not have any guarantees as at 30 June 2019.

c) Contingent liabilities of the parent entity

AHL did not have any contingent liabilities as at 30 June 2019.

d) Contractual commitments

AHL did not have any contractual commitments as at 30 June 2019.

e) Determining the parent entity financial information

The financial information for AHL 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 AHL. Dividends received from subsidiaries are recognised in AHL's profit or loss when its right to receive the dividend 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 period ended on that date, and

b) there are reasonable grounds to believe that Aventus Holdings Limited 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 made pursuant to s295(5) of the Corporations Act 2001.

Darren Holland
Executive Director

Sydney
21 August 2019

Bruce Carter
Chair

Sydney
21 August 2019

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Independent Auditor's Report to the Members of Aventus Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aventus Holdings Limited (the Company) 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.

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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.

Impairment assessment for 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 $143.1 million in intangible assets relating to indefinite life external management contracts. The directors have assessed 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 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, the allocation of goodwill and separately identifiable intangible assets and recognition of deferred tax liabilities. 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 of assets and liabilities acquired and the methods used to value underlying assets and liabilities with the requirements of relevant accounting standards; 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 are responsible for the other information. The other information comprises the information included in the Company'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.

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Responsibilities of the Directors for the Financial Report

The directors of the Company 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 included in pages 8 to 23 of the directors report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Aventus Holdings Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company 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