

APPENDIX 4D

Interim Report

For the period ended 31 December 2018

Name of entity	Aventus Group – Aventus Holdings Limited
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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 4D relates to AHL and its controlled entities (“AHL Group”) and should be read in conjunction with the interim consolidated financial report of AHL for the half year ended 31 December 2018.

Explanation of reporting periods

AHL was incorporated on 20 July 2018. Accordingly, the interim report of AHL is for the period 20 July 2018 to 31 December 2018.

There is no previous corresponding reporting period.

Results for announcement to the market

	31 Dec 2018 \$'000
Revenue from ordinary activities	4,785
Net loss from ordinary activities after tax attributable to security holders	(560)
Net loss after tax attributable to security holders	(560)

The net loss after tax for the period was mainly attributable to \$680,000 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 security holders during the period 20 July 2018 to 31 December 2018.

During the period the Aventus Group operated a dividend reinvestment plan (“DRP”) under which security holders may elect to reinvest all or part of their dividends/distributions in new 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 dividend/distribution.

The DRP price is determined as the average of the daily volume weighted average price of the securities sold on the Australian Securities Exchange during a ten day trading period prior to the payment date for the dividend/distribution, less a discount (if any).

Net tangible assets

	31 Dec 2018
Net tangible assets (\$'000)	(128,164)
Net tangible assets per security (\$)	(0.24)

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

Refer to note 3 “Business combinations” in the attached interim 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 interim consolidated financial statements which have been reviewed by Ernst & Young.

AVENTUS HOLDINGS LIMITED

ACN 627 640 180

Interim consolidated financial report
for the period ended 31 December 2018



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DIRECTORS' REPORT

The directors of Aventus Holdings Limited (“AHL”) present their report together with the interim consolidated financial statements of AHL and its consolidated entities (“the Group”) for the period ended 31 December 2018.

Directors

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

- > Bruce Carter Independent Non-Executive Chairman (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)

Review of operations and results

AHL 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 principal activity of the APG Group is the provision of property investment, management, leasing and development service for large format retail property assets.

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.

Further details of the acquisition are disclosed in note 3 to the consolidated financial statements.

DIRECTORS' REPORT

Summary of financial performance

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

	20 July 2018 to 31 Dec 2018 \$'000
Net loss after tax for the financial period	(560)
Basic and diluted earnings per security for the financial period (cents per security)	(0.2)
Dividends declared to security holders	-

Dividends

No dividends were declared and/or paid to security holders during the period 20 July 2018 to 31 December 2018.

Events occurring after the reporting period

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

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 5.

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.

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



Darren Holland
Executive Director

Sydney
14 February 2019



Bruce Carter
Chairman

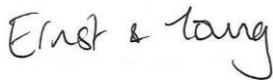
Sydney
14 February 2019

Auditor's Independence Declaration to the Directors of Aventus Holdings Limited

As lead auditor for the review of Aventus Holdings Limited for the period ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aventus Holdings Limited and the entities it controlled during the financial period.



Ernst & Young



Mark Conroy
Partner
14 February 2019

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	Notes	20 July 2018 to 31 Dec 2018 \$'000
Revenue		
Revenue from services	5	4,540
Other revenue		245
Total revenue		4,785
Expenses		
Finance costs		(1,126)
Employee benefits expense		(2,333)
Payroll tax expense		(131)
Rent expense		(245)
Transaction costs		(680)
Insurance expenses		(80)
Depreciation expenses		(16)
Other expenses		(734)
Total expenses		(5,345)
Loss before income tax		(560)
Income tax expense		-
Loss for the period		(560)
Other comprehensive income for the period net of tax		-
Total comprehensive loss for the period		(560)
Earnings per security		
Basic (cents per security)	6	(0.2)
Diluted (cents per security)	6	(0.2)

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	31 Dec 2018 \$'000
Assets		
Current assets		
Cash and cash equivalents		5,758
Trade and other receivables		2,024
Other assets		355
Total current assets		8,137
Non-current assets		
Plant and equipment		97
Intangible assets	7	186,002
Total non-current assets		186,099
Total assets		194,236
Liabilities		
Current liabilities		
Trade and other payables		(3,329)
Current tax liabilities		(697)
Provision for employee benefits		(571)
Total current liabilities		(4,597)
Non-current liabilities		
Trade and other payables		(127)
Borrowings	8	(89,511)
Deferred tax liabilities	9	(41,991)
Provision for employee benefits		(172)
Total non-current liabilities		(131,801)
Total liabilities		(136,398)
Net assets		57,838
Equity		
Contributed equity	10	58,398
Accumulated losses		(560)
Total equity		57,838

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	Notes	Contributed equity \$'000	Accumulated losses \$'000	Total Equity \$'000
Balance at 20 July 2018		-	-	-
Loss for the period		-	(560)	(560)
Other comprehensive income		-	-	-
Total comprehensive loss for the period		-	(560)	(560)
Issue of securities net of transaction costs	10	58,398	-	58,398
Dividends paid or provided for		-	-	-
Balance at 31 December 2018		58,398	(560)	57,838

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 31 DECEMBER 2018**

	20 July 2018 to 31 Dec 2018 \$'000
Cash flows from operating activities	
Receipts from services	3,111
Other revenue received	210
Payments to suppliers and employees	(4,424)
Net cash outflows from operating activities	(1,103)
Cash flows from investing activities	
Net cash acquired from business combination	6,875
Payment for plant and equipment	(14)
Net cash inflows from investing activities	6,861
Net increase in cash and cash equivalents	5,758
Cash at the beginning of the financial period	-
Cash at the end of the financial period	5,758

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

1. Basis of preparation

a) Statement of compliance

This condensed consolidated interim financial report for the period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with AHL's prospectus and public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

b) 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 31 December 2018.

c) Historical cost convention

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

d) 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.

e) 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.

f) 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 directors anticipate the application of AASB 16 will have a material impact on amounts reported and disclosed in the consolidated financial statements relating to non-cancellable operating leases. At 31 December 2018 the Group has non-cancellable operating lease commitments of \$3,590,000 including GST. At 30 June 2019 it is expected non-cancellable operating lease commitments will be \$3,150,000.

The new standard will be effective for annual reporting periods commencing 1 January 2019 but is available for early adoption. The Group does not intend to adopt the standard before its effective date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

2. Significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of the consolidated financial statements.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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 lessors 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (continued)

g) Income tax (continued)

Tax consolidation legislation

AHL and its wholly-owned controlled entities have implemented 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 have also entered 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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 executive incentive scheme whereby, subject to achieving certain KPIs, they will be eligible for annual cash awards and grants of deferred stapled securities vesting over 2, 3 and 4 years.

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

Deferred stapled securities are held in trust by the Aventus Group Employee Security Trust on behalf of participants until the relevant vesting date. The fair value of the stapled securities are measured at the grant date and expensed on a straight-line basis over the relevant vesting period with a corresponding increase in equity via a reserve. The reserve is reversed against contributed equity when the stapled securities vest to executives.

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 security holders 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 security holders, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

3. 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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

3. Business combinations (continued)

Under the provisions of AASB 3 *Business Combinations* the amounts recognised in the consolidated financial statements for the business combination have been determined on a provisional basis.

Revenue and profit contributions

From the date of acquisition to 31 December 2018 the acquired businesses contributed revenues of \$4,750,000 and a net profit of \$845,000 to the AHL Group.

4. Segment information

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

The directors 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.

5. Revenue from contracts with customers

	20 July 2018 to 31 Dec 2018 \$'000
Revenue from services	
Investment management fees	227
Property management and development fees	4,313
Total	4,540

6. Earnings per security

	20 July 2018 to 31 Dec 2018
Net loss for the period (\$'000)	(560)
Weighted average number of securities used in calculating basic and diluted earnings per security ('000)	295,918
Basic and diluted earnings per security (cents)	(0.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

7. Intangible assets

	31 Dec 2018 \$'000
Goodwill	42,923
Management rights	143,079
	186,002

Goodwill and management rights were recognised during the period as part of the acquisition of the APG Group disclosed in note 3 to the consolidated financial statements.

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.

8. Borrowings

	31 Dec 2018 \$'000
Non-current	
<i>Unsecured</i>	
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

9. Deferred taxes

Deferred taxes comprise temporary differences attributable to:

	31 Dec 2018 \$'000
Deferred tax assets	
Accrued expenses	388
Employee benefits	243
Other	301
Total	932
Deferred tax liabilities	
Management rights	(42,923)
Net deferred tax liabilities	(41,991)

10. Contributed equity

	31 Dec 2018 \$'000
531,041,408 fully paid stapled securities	58,398

A reconciliation of the movement in issued securities during the 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 executive incentive scheme	285,581	33
Securities issued under dividend reinvestment plan	549,321	55
Security issue costs	-	(257)
Balance at the end of the period	531,041,408	58,398

Each share in AHL is stapled to a corresponding unit in ARPF. Stapled securities cannot be traded or dealt with separately.

Dividend reinvestment plan ("DRP")

During the period the Aventus Group operated a dividend reinvestment plan ("DRP") under which security holders may elect to reinvest all or part of their 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 dividend.

The DRP price is determined as the average of the daily volume weighted average price of the securities sold on the Australian Securities Exchange during a ten day trading period prior to the payment date for the dividend, less a discount (if any).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

11. Dividends

No dividends were declared and/or paid to security holders during the period 20 July 2018 to 31 December 2018.

12. Contingencies

Bank guarantees

As at 31 December 2018 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 31 December 2018 and expires in April 2023.

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

13. 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:

	31 Dec 2018 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	
Within one year	886
Later than one year but not later than five years	2,704
Total	3,590

14. Events occurring after the reporting period

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

DIRECTORS' DECLARATION

In the directors' opinion:

- a) the consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the 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.

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



Darren Holland
Executive Director

Sydney
14 February 2019



Bruce Carter
Chairman

Sydney
14 February 2019

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

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Aventus Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of the Group is not 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 31 December 2018 and of its consolidated financial performance for the period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Mark Conroy
Partner
Sydney

14 February 2019