APPENDIX 4E

Annual financial report

for the financial year ended 30 June 2021

Name of entity	Aventus Group

Aventus Group

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

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

This Appendix 4E should be read in conjunction with the consolidated financial report for the year ended 30 June 2021.

Explanation of reporting periods

The annual financial report of the Aventus Group is for the period 1 July 2020 to 30 June 2021. The previous corresponding period was 1 July 2019 to 30 June 2020.

Results for announcement to the market

		Change $m	Change %		2021 $m
Revenue from ordinary activities	Up	4.1	2.4%	to	174.0
Net profit after tax attributable to securityholders [1]	Up	353.0	622.6%	to	409.7
Funds from operations attributable to securityholders	Up	9.6	9.6%	to	109.8

1 – Includes fair value movements in relation to investment properties and derivative financial instruments.

Refer to the directors' report in the attached consolidated financial report for an overview of the financial performance for the year ended 30 June 2021.

Distributions

Quarter ended	Distribution per security (cents)	Total distribution $m	Ex-distribution date	Record date	Payment date
September 2020	4.00	22.3	29/09/2020	30/09/2020	30/10/2020
December 2020	4.20	23.8	30/12/2020	31/12/2020	24/02/2021
March 2021	4.90	27.9	30/03/2021	31/03/2021	20/05/2021
June 2021	4.37	24.9	29/06/2021	30/06/2021	26/08/2021 [1]
Total	17.47	98.9			
September 2019	4.22	23.1	27/09/2019	30/09/2019	31/10/2019
December 2019	4.26	23.7	30/12/2019	31/12/2019	20/02/2020
March 2020	1.07	5.9	30/03/2020	31/03/2020	20/05/2020
June 2020	2.35	13.1	26/06/2020	30/06/2020	28/08/2020
Total	11.90	65.8			

1 – Estimated payment date

Distribution reinvestment plan (DRP)

During the financial year the Aventus Group operated a 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 nominated ten-day trading period prior to the payment date for the distribution or dividend, less a discount (if any). The DRP price for the quarters ended 30 September 2020, 31 December 2020 and 31 March 2021 included a discount of 2%.

DRP underwriting agreement

For the quarter ended 30 September 2020, the Aventus Group entered into an agreement with Macquarie Capital (Australia) Limited to act as sole underwriter of an offer of stapled securities under its DRP. A total of $22.3 million was raised via the DRP for the quarter ended 30 September 2020.

Net tangible assets

	30 June 2021	30 June 2020
Net tangible assets ($m)	1,535.0	1,193.4
Net tangible assets per security ($)	2.69	2.14

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

Not applicable.

Details of associates and joint venture entities

Refer to note 17 “Investments in associates” in the attached consolidated financial report.

Accounting standards used by foreign entities

Not applicable.

Audit

This report is based on the attached consolidated financial report which has been audited by Ernst & Young.

AVENTUS RETAIL PROPERTY FUND & CONTROLLED ENTITIES (AVENTUS GROUP)

ARSN 608 000 764

Annual financial report

for the year ended 30 June 2021

CONTENTS

DIRECTORS' REPORT

The directors of Aventus Capital Limited (ACL) (ACN 606 555 480), the Responsible Entity of the Aventus Retail Property Fund (ARPF or Fund) (ARSN 608 000 764), and the directors of Aventus Holdings Limited (AHL) (ACN 627 640 180) present their report together with the consolidated financial statements of the Aventus Group and AHL Group for the year ended 30 June 2021.

The Aventus Group is a stapled entity comprising ARPF and its controlled entities (the ARPF Group) and AHL and its controlled entities (the AHL Group). For financial reporting purposes ARPF has been deemed the parent entity of the Aventus Group. The consolidated financial statements of the Aventus Group comprise ARPF and its controlled entities which includes AHL.

Directors and company secretaries

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

- Bruce Carter — Independent Non-Executive Chairman
- Darren Holland — Executive Director
- Kieran Pryke — Independent Non-Executive Director
- Robyn Stubbs — Independent Non-Executive Director
- Ray Itaoui — Independent Non-Executive Director

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

Principal activity

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

Review of operations and results

Summary of financial performance

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

	2021 $m	2020 $m
Funds from operations	109.8	100.2
FFO per security (cents)	19.4	18.2
Net profit	409.7	56.7
Basic and diluted earnings per security (cents)	72.5	10.3
Distributions to securityholders	98.9	65.8
Distributions to securityholders (cents)	17.5	11.9

Funds from Operations (FFO)

FFO represents the Aventus Group's underlying and recurring earnings from operations. FFO is calculated by adjusting statutory net profit after tax for certain non-cash items, unrealised revenue and expenses and non-recurring amounts outside core operating activities. FFO has been determined in accordance with best practice guidelines published by the Property Council of Australia.

The Aventus Group delivered FFO of $109.8m for the year ended 30 June 2021 representing an increase of $9.6 million or 9.6% on the prior financial year. This translates to FFO of 19.4 cents per security representing an increase of 1.2 cents per security or 7.1%.

Review of operations and results (continued)

Summary of financial performance (continued)

Funds from Operations (FFO) (continued)

This FFO result represents a record for the Aventus Group since listing in 2015 and was achieved despite the challenges of the COVID-19 pandemic.

The $9.6m increase in FFO was mainly attributable to:

a) $8.1 million increase in net property income (excluding rent straight-lining adjustments). $5.0 million of this represented lower bad and doubtful debts expenses following tapering of COVID-19 rental relief provided to tenants and a true up of rental relief from tenants who traded more favourably than originally expected.
b) $3.7 million in lower interest expenses resulting from lower interest rates, lower drawn debt and reduced hedging.
c) $1.9 million in higher employee benefits expense. Prior year expenses were lower due to voluntary reductions in remuneration for the period April to June 2020 to address the initial impact of COVID-19.

Due to the strong financial performance during the year ended 30 June 2021 the board announced earnings upgrades in both February 2021 and June 2021.

Net profit

The Aventus Group's net profit for the year ended 30 June 2021 was $409.7 million representing an increase of $353.0 million or 622.6% on the prior financial year. The increase was mainly attributable to:

a) $334.6 million increase in net fair value adjustments on investment properties;
b) $12.9 million decrease in finance costs including a $9.8 million increase in fair value gains on interest rate swaps and a $3.7 million decrease in interest costs; and
c) $6.8 million increase in net property income.

A reconciliation of statutory net profit for the financial year and FFO is as follows:

	2021 $m	2020 $m
Net profit for the year	409.7	56.7
Straight-lining of rental income	3.5	2.2
Amortisation of rental guarantees	1.2	0.4
Amortisation of debt establishment costs	2.3	1.6
Net (gain)/loss on movement in fair value of investment properties	(297.3)	37.3
Net (gain)/loss on movement in fair value of derivative financial instruments	(8.5)	1.3
Share of net profits from associates	(2.4)	-
Distributions from associates	0.5	0.3
Software development costs	0.8	-
Other	-	0.4
FFO	109.8	100.2

DIRECTORS' REPORT

COVID-19 rental relief

At the date of this report all Aventus centres are open for trading and our portfolio remains underpinned by a strong tenant profile which comprises approximately 88% national retailers with the majority listed companies.

Since the outbreak of the COVID-19 pandemic Aventus has supported its tenants by:

- providing rental relief in the form of rental abatements and/or deferred rental payments; and
- passing on cost savings in the form of lower outgoings.

Aventus has finalised negotiations with the majority of tenants who sought rental relief after the initial outbreak of the pandemic. Requests were assessed on a case-by-case basis taking into account specific tenant circumstances including whether they qualified for the National Cabinet's Code of Conduct.

Rental abatements granted to tenants are recognised as bad and doubtful debts expense which is classified as property expenses in the consolidated statement of comprehensive income. Total bad and doubtful debts expense for the year ended 30 June 2021 amounted to $1.3 million. This compares to $6.3 million for the year ended 30 June 2020.

In November 2020, a reconciliation of rental relief provided to tenants against verified sales data was undertaken for the period April 2020 to September 2020. This process resulted in the reversal of $0.9 million (excluding GST) of abatements previously provided to tenants plus the accelerated repayment of $0.9 million (excluding GST) in deferred rental payments.

Leasing and occupancy

119 leasing deals were successfully negotiated during the twelve months to 30 June 2021 demonstrating the resilience of our tenant base and the quality of the centres in the portfolio.

Occupancy at 30 June 2021 was 98.8% increasing from 98.0% at June 2020. The weighted average lease expiry of the portfolio at 30 June 2021 was 3.7 years (30 June 2020: 3.9 years).

Distributions

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

Quarter ended	Distribution per security (cents)	Total distribution $m	Ex-distribution date	Record date	Payment date
September 2020	4.00	22.3	29/09/2020	30/09/2020	30/10/2020
December 2020	4.20	23.8	30/12/2020	31/12/2020	24/02/2021
March 2021	4.90	27.9	30/03/2021	31/03/2021	20/05/2021
June 2021	4.37	24.9	29/06/2021	30/06/2021	26/08/2021 [1]
Total	17.47	98.9			
September 2019	4.22	23.1	27/09/2019	30/09/2019	31/10/2019
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March 2020	1.07	5.9	30/03/2020	31/03/2020	20/05/2020
June 2020	2.35	13.1	26/06/2020	30/06/2020	28/08/2020
Total	11.90	65.8			

1 – Estimated payment date

DIRECTORS' REPORT

Review of operations and results (continued)

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

Due to the initial uncertainty created by COVID-19 in the prior financial year the directors declared conservative distributions for the quarters ended 31 March 2020 and 30 June 2020 in order to preserve liquidity and strengthen the financial position of the group.

For the quarter ended 31 March 2021 the directors declared an elevated distribution of 4.90 cents per security which was 0.70 cents per security or 17% higher than the distribution declared for the quarter ended 31 December 2020. The increase was comprised of the contribution of the one-off benefit from additional amounts billed following a true-up of sales figures from retailers who were provided COVID-19 support, and an elevated payout ratio in the quarter to account for the lower payout ratio in the first half of the financial year.

Summary of financial position

The Aventus Group is in a strong financial position as at 30 June 2021 with higher investment property values, higher net tangible assets, higher liquidity, higher debt serviceability and lower gearing compared to 30 June 2020.

	June 2021 $m	June 2020 $m
Assets		
Investment property portfolio (including rental guarantees)	2,269.7	1,933.4
Total assets	2,437.4	2,136.4
Net tangible assets	1,535.0	1,193.4
Net tangible assets ($ per security)	2.69	2.14
Net asset value	1,681.1	1,340.5
Net asset value ($ per security)	2.95	2.41
Capital management		
Drawn debt	694.9	738.4
Debt facility limit	820.0	820.0
Cash and undrawn debt	132.4	120.8
Look-through gearing ratio (%)	30.3%	36.0%
Loan to value ratio (LVR) (%)	30.8%	38.5%
Interest cover ratio (ICR) (x)	6.6x	5.2x
Interest rate hedging (notional amount)	360.0	460.0
Hedged debt to drawn debt ratio (%)	51.8%	62.3%

Investment property portfolio

The Aventus Group owns 19 large format retail investment properties across Australia with a combined value of $2.3 billion (30 June 2020: $1.9 billion).

With the exception of MacGregor Home, all properties were independently valued at 30 June 2021. Valuation gains for the year ended 30 June 2021 amounted to $297.3 million (30 June 2020: loss of $37.3 million).

The weighted average capitalisation rate of the portfolio decreased 72 basis points to 6.01% at 30 June 2021 (30 June 2020: 6.73%). The compression of capitalisation rates was mainly due to recent market transactions which reflect strong investor demand for large format retail assets given their performance during the COVID-19 pandemic.

Review of operations and results (continued)

Summary of financial position (continued)

Investment property portfolio (continued)

Acquisitions and disposals

In July 2020 the Aventus Group settled the acquisition of development land adjoining Epping Hub for $12.2 million including stamp duty costs. The land is zoned for mixed use, retail, residential, office, medical and large format retail.

In May 2021 the Aventus Group entered into an agreement to sell MacGregor Home for $42.2 million reflecting an implied capitalisation rate of 6.00%. The transaction settled on 16 August 2021.

Development

The key development highlight during the year was the completion of development works at Caringbah Super Centre. The centre is 100% leased and anchored by national retailers Harvey Norman, Freedom and JB Hi-Fi. The development was delivered on time during the midst of the COVID-19 pandemic and generated an internal rate of return of 13%.

The property was independently valued at $152.2 million at 30 June 2021 representing a $40.1 million or 35.8% increase on its carrying value at 30 June 2020.

Investments in associates

The Aventus Group also holds a 25.3% interest in Aventus Property Syndicate 1 Fund (APS 1) which owns McGraths Hill Home. The carrying amount of the investment at 30 June 2021 was $7.6 million (30 June 2020: $5.8 million). The increase in the carrying value of the investment during the financial year was mainly due to an increase in the fair value of the McGraths Hill Home property from $42.5m to $50.0m.

Debt portfolio

Gearing

Gearing decreased 5.7% to 30.3% at 30 June 2021 (30 June 2020: 36.0%) mainly due to $297.3 million of net valuation gains on investment properties and debt repayments following a $22.3 million DRP equity raise for the quarter ended 30 September 2020.

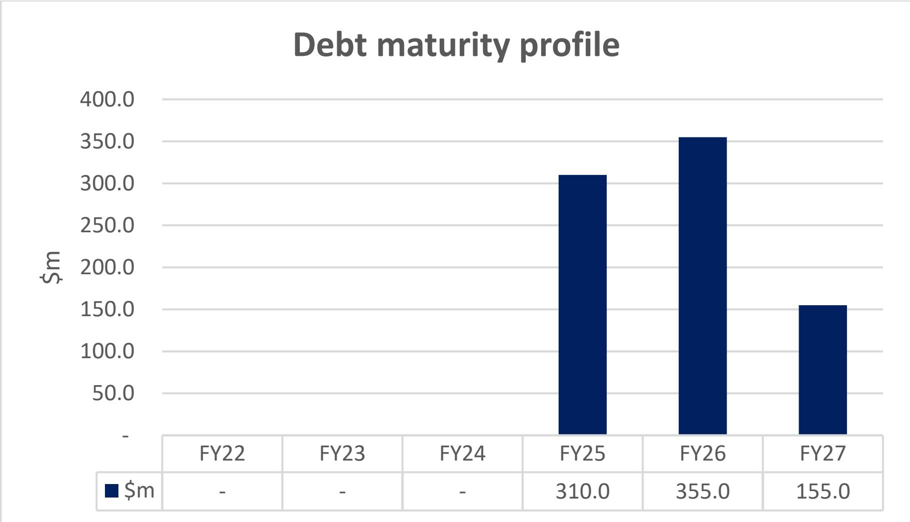
Refinancing

On 29 April 2021 the Aventus Group refinanced $660.0 million of bank debt comprising 80% of the $820.0 million debt portfolio. As a result of the refinancing the weighted average debt expiry increased to 4.4 years at 30 June 2021 (30 June 2020: 3.1 years) which has significantly reduced refinancing risk with no debt expiring before January 2025.

The debt maturity profile as at 30 June 2021 was as follows:

Review of operations and results (continued)

Debt portfolio (continued)



Covenants

The Aventus Group complied with, and increased headroom for, all key debt covenants during the financial year.

Hedging

At 30 June 2021 the Aventus Group had $360.0 million in interest rate swaps (30 June 2020: $460.0 million). Hedging coverage as a percentage of drawn debt decreased from 62.3% at 30 June 2020 to 51.8% at 30 June 2021.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Aventus Group or the AHL Group during the financial year.

Business strategies and prospects for future financial years

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

The key business strategies of the Aventus Group include:

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

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 was formerly managing partner at Ferrier Hodgson Adelaide for 19 years and prior to that 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, a director of Bank of Queensland Limited and a director of AIG Australia Ltd. 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 directorships	Bank of Queensland Limited Crown Resorts Limited
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 directorships	Boom Logistics Limited
Special responsibilities	Chair of the Audit, Risk and Compliance Committee
Interest in stapled securities	70,873

Information on directors (continued)

Robyn Stubbs	Independent non-executive director
Experience and expertise	Robyn is a board director working across several ASX 200-300 companies including Brickworks Limited. She also provides executive coaching services to a diverse range of corporate clients via the Stephenson Mansell Group. Prior to joining the Aventus board in 2015, Robyn enjoyed a successful 25+ year career as a senior executive in large, complex organisations. She 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 directorships	Brickworks Limited
Special responsibilities	Chair of the People, Culture and Remuneration Committee Member of the Audit, Risk and Compliance Committee
Interest in stapled securities	41,364

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 21 centres at the date of this report, valued at $2.5 billion. Prior to co-founding the Aventus Property Group, Darren played a leading role in the development and management of the only pure play listed Australian LFR owner and operator to date, Homemaker Retail Group (ASX: HRP). He holds a Bachelor of Business (Land Economics) from the University of Western Sydney and is a Licensed Real Estate Agent.
Other current listed directorships	None
Special responsibilities	None
Interest in stapled securities	7,809,695

Information on directors (continued)

Ray Itaoui	Independent non-executive director
Experience and expertise	Ray is a substantial securityholder in the Aventus Group. Ray has over 30 years of retail and property experience and was an original investor in Aventus. He is also the owner of Greenway Wetherill Park a large format retail centre in Western Sydney. His current retail investments include Sanity, Honey Birdette, Mr Vitamins and The Universal Store. Ray also serves as Chair of Sanity, Honey Birdette and Mr Vitamins.
Other current listed directorships	None
Special responsibilities	Member of the People, Culture & Remuneration Committee
Interest in stapled securities	31,071,484

Remuneration report

The People, Culture and Remuneration Committee (the Committee) presents the remuneration report of the Aventus Group for the year ended 30 June 2021. The report has been audited in accordance with section 300A of the Corporations Act 2001.

Contents

The remuneration report is structured as follows:

A. Introduction from the Committee chair

To our valued securityholders,

As chair of the People, Culture & Remuneration Committee (the Committee) I am pleased to present the remuneration report of the Aventus Group for the year ended 30 June 2021.

Our remuneration philosophy aims to fairly reward and retain our team while promoting sustainable, long-term performance with remuneration outcomes linked to the performance of the Aventus Group.

Aventus has recorded the best financial performance since listing in 2015 and this significantly is attributable to our people and culture.

The Committee was focused on supporting our people during the year to ensure they were well prepared to adapt and respond to the challenges of COVID-19. Our team of circa 70 people remained highly productive managing a $2.3 billion portfolio and adapted to working flexibly as required. The Employee Assistance Program was made available to our team, their immediate families, and our retailers to support their mental health and wellbeing.

KMP had 100% of variable remuneration from the Executive Incentive Scheme (EIS) at risk during FY21 based on financial and non-financial key performance indicators (KPIs). In FY21 board discretion was removed from the EIS KPIs and replaced with a customer feedback measure.

Remuneration report (continued)

A. Introduction from the Committee chair (continued)

FY21 performance and outcomes
KMP financial KPIs were met, with Funds From Operations (FFO) achieving stretch performance. However, non-financial KPIs (team engagement and customer feedback), were not achieved which resulted in a 15% forfeiture of EIS for KMP.

The EIS aims to align short and long-term performance by setting annual KPIs and delivering a proportion of variable remuneration in equity. Executive KMP performance against FY21 KPIs is outlined in section E below.

The strong recovery in FY21 resulted in an earnings upgrade in February 2021 and June 2021. As outlined above the Aventus Group achieved a FFO for the year ended 30 June 2021 of 19.4 cents per security representing an increase of 7.1% on the prior year. This outstanding performance on FFO growth resulted in a stretch payment for the first time in 5 years.

In terms of Total Shareholder Return (TSR) the Aventus security price increased 53.4% during FY21 compared to the increase in the ASX 200 A-REIT Index of 33.2%. For the quarter ended 31 March 2021 the directors declared an elevated distribution of 4.90 cents per security which was 0.70 cents per security or 17% higher than the distribution declared for the quarter ended 31 December 2020. This elevated payout in the quarter accounted for the lower payout ratio in the first half of the financial year.

Consequently, the FY21 KPIs achieved resulted in 85% being granted, with an additional 46% being achieved for the FFO growth outperformance. With the stretch achievement, the final EIS outcome was 131% of the FY21 award.

Given the extraordinary performance of the company the CEO elected to forgo $100,000 of his FY21 EIS to allocate to an employee bonus pool.

COVID-19 and remuneration
With the strong recovery across the business in FY21 the voluntary COVID-19 related reductions to remuneration (including Directors) implemented for the period 1 April 2020 to 30 June 2020 were no longer applied in FY21.

Going forward
For FY22, KMP had the first remuneration review in 2 years and will be entitled to a 5% increase on contracted remuneration amounts, plus 0.5% for superannuation contribution guarantee, taking into consideration the growth of the business and individual performance. Further details of these increases will be provided in the FY22 Remuneration Report.

The Committee will continue to regularly review our remuneration policies with input from securityholders and proxy advisors. This allows for full consultation in line with our desire to align shareholder interests and incentivising our KMPs and the broader Aventus team to maintain our strong culture.

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:

- Robyn Stubbs (Chair)
- Bruce Carter
- Ray Itaoui

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

Remuneration governance framework

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

Board of directors	• Ensuring the remuneration framework is aligned with the Aventus Group's purpose, core values and securityholders. • Setting and overseeing the implementation of remuneration policy.
Committee	• Review and recommend to the board of directors: a) remuneration packages for the Chief Executive Officer (CEO) and senior management including participation in the EIS; b) fees for non-executive directors including committee fees; and c) policies and procedures relating to people and remuneration to create a high-performance culture. • Determine performance targets, executive achievement and outcomes. • Oversee succession planning and nomination processes for the CEO and senior management. • Engage with external remuneration consultants where necessary. A copy of the Committee's charter is available on the Aventus Group website.

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 mutually agreed annual KPI targets and delivering a material proportion of variable remuneration in equity which will be subject to vesting conditions over 2, 3, and 4 years.

Remuneration report (continued)

B. Governance and remuneration strategy (continued)

Remuneration strategy (continued)

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

C. Key management personnel (KMP)

KMP for the year ended 30 June 2021 were as follows:

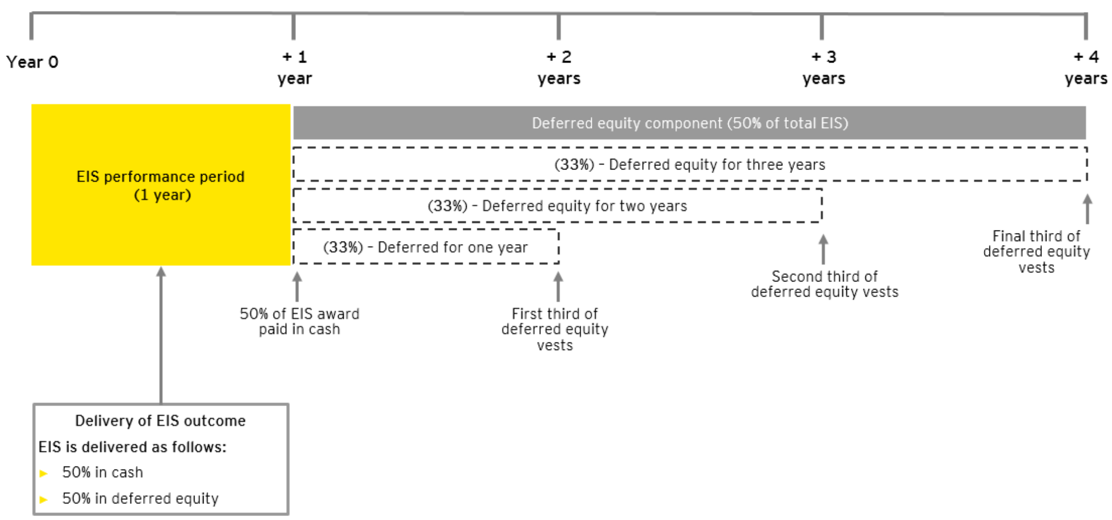
Name	Position
Independent non-executive directors	
Bruce Carter	Chair
Kieran Pryke	Director
Robyn Stubbs	Director
Ray Itaoui	Director
Executive director	
Darren Holland	Chief Executive Officer (CEO)
Senior Executive	
Lawrence Wong	Chief Financial Officer (CFO)

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 subsequent to balance date.

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

Remuneration report (continued)

D. Overview of executive remuneration (continued)

What are the key performance indicators of the EIS and why were they chosen?	KPIs were designed to create alignment to the Aventus Group's financial performance, both short term and long term, and drive a strong culture. KPIs have both financial and non-financial measures, take into account the relative size and nature of the business and are designed to be simple and transparent. KPIs are documented for each EIS participant in relation to each performance period, including: • the percentage weighting for each KPI; • threshold and stretch performance hurdles; and • the maximum opportunity that may be delivered in cash and equity, expressed as a percentage of TFR. EIS awards for the year ended 30 June 2021 were subject to the following financial and non-financial KPIs tested over the performance period 1 July 2020 to 30 June 2021.

KPI	
Funds From Operations (FFO)	FFO is a calculation of the Aventus Group's underlying and recurring earnings from its operations. FFO is calculated by adjusting statutory net profit after tax for certain non-cash items, unrealised revenue and expenses and non-recurring amounts outside core operating activities. FFO has been determined in accordance with best practice guidelines published by the Property Council of Australia. FFO KPI hurdles for the year ended 30 June 2021 are as follows: a) FFO growth of 2.7% (18.65 cents per security) - EIS participants are entitled to receive 100% of their allocated FFO KPI. The FFO growth target of 2.7% was lower than the 3% to 4% target for the year ended 30 June 2020 due to the uncertainty created by the COVID-19 pandemic. b) FFO growth of 2.7% to 3.3% (18.65 to 18.75 cents per security) - EIS participants are entitled to receive an additional 20% of their allocated FFO KPI. c) FFO growth above 3.3% (18.75 cents per security) - EIS participants are entitled to receive an additional 15% of their allocated FFO KPI for every 0.5% FFO growth achieved above 3.3%. Items b) and c) above are FFO stretch targets. FFO aligns executives with investor expectations for earnings growth.

Remuneration report (continued)

D. Overview of executive remuneration (continued)

KPI	
Relative Total Shareholder Return (RTSR)	The RTSR KPI requires the Total Shareholder Return (TSR) of Aventus over the performance period to outperform the ASX 200 A-REIT accumulation index (Index) over the same period. TSR measures the change in the price of Aventus securities with distributions and dividends reinvested on the ex-dividend date with any franking credits ignored. Following the end of the financial year the Aventus TSR over the performance period will be calculated and compared against the change in the Index. The Aventus security price and the value of the Index at the start and end of the relevant financial year will be determined using a 10-day volume weighted average price. For the year ended 30 June 2021 EIS participants will be awarded 100% of their KPI if the Aventus TSR exceeds the change in the Index. If the Aventus TSR does not exceed the change in the Index no KPI will be awarded. RTSR measures performance against industry peers and aligns executives with returns delivered to investors for the respective performance period.
Cost management	The cost management KPI is an estimate of the cost of doing business. It is calculated as a ratio of property and corporate overhead and team costs over rental cashflows received from investment properties plus fees received from externally managed properties. For the year ended 30 June 2021 EIS participants are entitled to 100% their cost management KPI where the cost management ratio was equal to or below 26.5%. No cost management KPI will be awarded where the cost management ratio is above 26.5%. The cost management KPI aligns executives with running a cost-efficient platform.
People and culture	The people and culture KPI measures employee attrition and engagement. For the year ended 30 June 2021 EIS participants are entitled to • 100% of their attrition KPI where attrition for the year was less than 30%. • 100% of their engagement KPI where the engagement index was above 75%. No attrition or engagement KPIs are awarded if the above targets were not met. 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.

Remuneration report (continued)

D. Overview of executive remuneration (continued)

KPI	
Customer feedback	The customer feedback KPI is based on retailer and shopper metrics. For the year ended 30 June 2021 the KPI is only awarded where there was an improvement in retailer and shopper Net Promoter Scores (NPS) for the period 1 January 2021 to 30 June 2021. The customer feedback KPI aims to align executives with retailers and shoppers.

The following KPIs and weightings applied to the CEO and CFO for the year ended 30 June 2021:

Role		Financial KPIs		Non-financial KPIs		Total
	FFO [1]	RTSR	Cost control	People & culture	Customer feedback	
CEO	35%	30%	10%	20%	5%	100%
CFO	35%	30%	10%	20%	5%	100%

1- FFO weightings exclude FFO stretch targets.

No EIS award is granted unless either FFO of the Aventus Group or the RTSR KPIs are met.

Performance of executive KMP against mutually agreed KPI targets for the year ended 30 June 2021 are disclosed in section E below.

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.

Remuneration report (continued)

D. Overview of executive remuneration (continued)

What happens on change of control?	Unless the board determines otherwise, restricted stapled securities will vest in full upon a change of control.
Were there any changes to the EIS for the year ended 30 June 2021?	1. The board discretion KPI for KMP was replaced with a customer feedback KPI. The change was designed to place greater focus on enhancing relationships with retailers and shoppers. 2. The following KPI weightings for KMP were amended: • FFO - KPI weighting was increased from 30% to 35%. • Cost control - KPI weighting was decreased from 15% to 10%. The changes were designed to place greater emphasis on earnings growth. 3. The cost control KPI for the year ended 30 June 2021 was amended to include property expenses. The change was to ensure the KPI covered both corporate and property costs. As a result of the change the KPI hurdle increased to 26.5% for the year ended 30 June 2021 (30 June 2020: 10.0%). 4. The regretted attrition KPI, which measured voluntary attrition during the year ended 30 June 2020, was replaced with a KPI which measured all attrition for the year ending 30 June 2021. The change was designed to place greater emphasis on building and retaining a high-performance team. 5. Changes implemented in the prior year in response to the COVID-19 pandemic were discontinued. These included executive KMP undertaking the following voluntary reductions in remuneration for the period 1 April 2020 to 30 June 2020: • Darren Holland agreed to a 50% reduction of fixed remuneration; • Lawrence Wong agreed to a 30% reduction of fixed remuneration; • Other executives agreed to similar arrangements. The 50% cash component of the EIS was also reinstated.

Remuneration report (continued)

E. Remuneration outcomes

Performance of executive KMP against mutually agreed KPI targets for the year ended 30 June 2021 are summarised as follows:

			Darren Holland		Lawrence Wong	
Metric	**Target**	**Actual**	**KPI met**	**KPI weighting**	**KPI met**	**KPI weighting**
Financial KPIs						
FFO	FFO growth of 2.7%	7.1% growth [2]	✓	35%	✓	35%
RTSR	33.2%	53.4%	✓	30%	✓	30%
Cost control	At or below 26.5%	26.1%	✓	10%	✓	10%
Non-financial KPIs						
People and culture	Total attrition < 30%	29.8%	✓	10%	✓	10%
	Engagement index > 75%	72.5%	X	-	X	-
Customer feedback	Improvement of retailer and shopper metrics for 2H21	Not achieved	X	-	X	-
Sub-total achieved				85%		85%
Financial stretch KPIs						
FFO stretch achieved	FFO growth > 2.7% [1]	7.1% growth [2]	✓	46%	✓	46%
Total outcome				131%		131%

1 – Executive KMP are entitled to receive an additional 20% of their allocated FFO KPI for FFO growth of between 2.7% to 3.3%. Additionally, executive KMP are entitled to receive an additional 15% of their allocated FFO KPI for every 0.5% FFO growth achieved above 3.3%.

2 – Calculated on a base of 18.15 cents per security.

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

Remuneration report (continued)

F. Performance based remuneration granted and forfeited during the year

The table below shows for each KMP how much of their variable remuneration was awarded and how much were forfeited.

KMP	Year	Variable remuneration $ [1]	Awarded $	Awarded %	Forfeited $	Forfeited %	FFO stretch awarded $	FFO stretch awarded %
Darren Holland	2021	746,750	634,738	85%	112,013	15%	346,489 [2]	46%
	2020	746,750	485,388	65%	261,363	35%	-	-
Lawrence Wong	2021	450,883	383,251	85%	67,632	15%	209,208	46%
	2020	450,883	293,074	65%	157,809	35%	-	-

1 – Balances exclude additional variable remuneration which may be derived from FFO stretch targets.

2 – Darren Holland has chosen to forgo $100,000 of the total $346,489 awarded from achieving the FFO stretch component of his variable remuneration and allocate this money to a bonus pool for employees. Accordingly, he will receive a reduced amount $246,489 for the year ended 30 June 2021.

G. Contractual arrangements with executive KMP

The table below outlines the annual contracted remuneration of executive KMP (including statutory superannuation). Amounts disclosed for the year ended 30 June 2020 exclude voluntary reductions in fixed remuneration for the period 1 April 2020 to 30 June 2020 which are disclosed in section H.

Role	Year	Total annual fixed remuneration	Total variable Remuneration [1]	Remuneration amount paid in cash (fixed + variable) [1]	Remuneration amount in restricted stapled securities (fixed + variable) [1]	Total remuneration (fixed + variable) [1]
CEO	2021	746,750	746,750	1,120,125	373,375	1,493,500
	2020	746,750	746,750	746,750	746,750	1,493,500
CFO	2021	450,883	450,883	676,324	225,441	901,765
	2020	450,883	450,883	450,883	450,883	901,765

1- Balances exclude additional variable remuneration which may be derived from FFO stretch targets.

For the year ending 30 June 2022 executive KMP will be entitled to a 5.0% increase on contracted remuneration amounts for the year ended 30 June 2021 plus a 0.5% increase in superannuation.

DIRECTORS' REPORT

Remuneration report (continued)

G. Contractual arrangements with executive KMP (continued)

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 $746,750, and an EIS opportunity of $746,750.
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); • 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.

Remuneration report (continued)

G. Contractual arrangements with executive KMP (continued)

Lawrence Wong	CFO
Remuneration	Mr Wong is entitled to receive annual fixed remuneration (including superannuation) of $450,883 and have an EIS opportunity of $450,883.
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.

Remuneration report (continued)

H. Remuneration expenses for executive KMP

The following table outlines the remuneration expenses recognised for executive KMP for the year ended 30 June 2021 and 2020 measured in accordance with accounting standards disclosed in note 2 to the financial statements.

In response to the COVID-19 pandemic executive KMP undertook the following voluntary reductions in remuneration for the period 1 April 2020 to 30 June 2020:

- Darren Holland agreed to a 50% reduction of fixed remuneration.
- Lawrence Wong agreed to a 30% reduction of fixed remuneration.

		Fixed remuneration				Variable remuneration				
Name	Year	Cash salary -1 $	Voluntary salary reduction-1 $	Annual leave & long service leave -2 $	Super $	EIS Cash component -1 $	EIS restricted stapled securities -3 $	Other restricted stapled securities $	Total remuneration $	Performance related %
Darren Holland	2021	638,765	-	63,651	25,000	490,613	255,430	-	1,473,459	50.6%
	2020	635,327	(90,219)	67,548	25,000	-	275,014	--	912,670	30.1%
Lawrence Wong	2021	400,274	-	39,858	25,000	296,229	154,227	-	915,588	49.2%
	2020	400,075	(31,941)	39,858	25,000	-	166,052	133,609	732,653	40.9%

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.

Remuneration report (continued)

I. Actual remuneration received by executive KMP

The following table outlines the actual benefits received by each KMP during the year ended 30 June 2021 and 2020.

Executive KMP	Year	Fixed remuneration $	EIS cash component $	Vested stapled securities $	Total $
Darren Holland	2021	719,284	-	306,124	1,025,408
	2020	693,018	190,312	-	883,330
Lawrence Wong	2021	451,483	-	451,864	903,347
	2020	451,283	114,910	267,219	833,412

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

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

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

Remuneration report (continued)

J. Restricted stapled securities

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

KMP	Year	Balance at the beginning of the financial year	Issued	Vested	Balance at the end of the financial year	Value yet to vest $
Darren Holland	2021	72,088	207,430 [1]	(127,742)	151,776	369,574
	2020	-	72,088 [2]	-	72,088	190,312
Lawrence Wong	2021	155,803	125,080 [1]	(189,325)	91,558	222,951
	2020	224,554	43,526 [2]	(112,277)	155,803	382,128

1 – Securities were issued at a price of $2.34 per security.
2 – Securities were issued at a price of $2.64 per security.

K. Overview of non-executive director remuneration

Non-executive directors are entitled to the following annual fees for chairing or participating on the board or committees of AHL and ACL. Fees are inclusive of statutory superannuation.

	Year	Board $	Audit, risk and compliance committee $	People, culture & remuneration committee $
Chair	2021	$185,400	$10,300	$10,300
	2020	$185,400	$10,300	$10,300
Member	2021	$92,700	$5,150	$5,150
	2020	$92,700	$5,150	$5,150

The chair of the board is not entitled to receive an additional fee for participation on committees.

Fees are reviewed annually by the board taking into account comparable roles and market data provided by independent remuneration advisors.

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

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.

For the year ending 30 June 2022 board and committee fees for non-executive directors will increase by 4% plus 0.5% for the statutory increase in superannuation.

Remuneration report (continued)

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

Actual remuneration derived by non-executive directors for the year ended 30 June 2021 is summarised below.

Name	Board [1] $	Audit, risk and compliance committee [1] $	People, culture & remuneration committee [1] $	Super $	Total $
Bruce Carter	185,400	-	-	-	185,400
Kieran Pryke	84,658	9,406	-	8,936	103,000
Robyn Stubbs	84,658	4,703	9,406	9,383	108,150
Ray Itaoui [2]	92,700	-	5,150	-	97,850
Total	447,416	14,109	14,556	18,319	494,400

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

2 – Board and committee fees are paid to a controlled entity of Ray Itaoui.

Actual remuneration derived by non-executive directors for the year ended 30 June 2020 is summarised below. In response to the COVID-19 pandemic non-executive directors undertook the following voluntary reductions in remuneration for the period 1 April 2020 to 30 June 2020:

- Bruce Carter, Robyn Stubbs, Kieran Pryke – 60% of director fees;
- Brett Blundy– 100% of director fees (from 1 April 2020 to his resignation on 12 May 2020); and
- Ray Itaoui – 100% of director fees (from his appointment on 29 May 2020 to 30 June 2020).

Name	Board [1] $	Audit, risk and compliance committee [1] $	People, culture & remuneration committee [1] $	Super $	Voluntary reduction $	Total $
Bruce Carter	177,358	-	-	8,042	(27,810)	157,590
Kieran Pryke	84,658	9,406	-	8,936	(15,450)	87,550
Robyn Stubbs	84,658	4,703	9,406	9,383	(16,222)	91,928
Brett Blundy	80,240	-	4,458	-	(11,311)	73,387
Ray Itaoui	8,472	-	471	-	(8,943)	-
Total	435,386	14,109	14,335	26,361	(79,736)	410,455

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

Remuneration report (continued)

L. Additional information

Stapled security holdings of KMP

	Balance at 1 July 2020	Received on vesting of restricted securities	Other changes	Balance at 30 June 2021
Bruce Carter	1,189,312	-	-	1,189,312
Kieran Pryke	70,873	-	-	70,873
Robyn Stubbs	41,364	-	-	41,364
Ray Itaoui	31,071,484	-	-	31,071,484
Darren Holland (CEO)	7,530,177	127,742	151,776	7,809,695
Lawrence Wong (CFO)	482,045	189,325	-	671,370

	Balance at 1 July 2019	Received on vesting of restricted securities	Other changes	Balance at 30 June 2020
Bruce Carter	1,189,312	-	-	1,189,312
Kieran Pryke	70,873	-	-	70,873
Robyn Stubbs	41,364	-	-	41,364
Ray Itaoui	30,636,484	-	435,000	31,071,484
Darren Holland (CEO)	12,330,177	-	(4,800,000)	7,530,177
Lawrence Wong (CFO)	369,768	112,277	-	482,045

Option holdings of KMP

There were no options over stapled securities held by KMP during the financial year or at 30 June 2021 or 2020.

Loans to KMP and their related parties

There were no loans to KMP or their related parties during the financial year or at 30 June 2021 or 2020.

Reliance on external remuneration consultants

No remuneration was paid to any external remuneration consultants during the current financial or prior financial year.

Meetings of directors

The number of meetings of the board of directors and each board committee held during the year ended 30 June 2021 and the numbers of meetings attended by each director are as follows:

	Board meeting		Audit, risk & compliance committee		People, culture & remuneration committee	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Bruce Carter	10	10	3	3	3	3
Kieran Pryke	10	10	3	3	N/A	N/A
Robyn Stubbs	10	10	3	3	3	3
Darren Holland	10	10	N/A	N/A	N/A	N/A
Ray Itaoui	10	10	N/A	N/A	3	3

ACL's interests in ARPF

ACL did not hold any securities in the ARPF at 30 June 2021 or 30 June 2020.

Fees paid to ACL and associates

Fees paid to ACL and associates during the financial year are disclosed in note 35(d) to the financial statements.

Interests in ARPF

The number of securities in ARPF issued during the financial year and the total number of securities on issue at 30 June 2021 and 2020 are disclosed in note 29 to the financial statements.

Securities under option

No options over unissued securities were granted during the financial year. There were no securities under option at the date of this report, 30 June 2021 or 30 June 2020.

Environmental regulations

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

DIRECTORS' REPORT

Events occurring after the reporting period

Disposal of MacGregor Home

On 16 August 2021 the Aventus Group settled the sale of its MacGregor Home property. Refer to note 18 to the financial statements for further information.

COVID-19 Pandemic

Despite the Aventus Group performing strongly during the financial year ended 30 June 2021 uncertainty exists subsequent to balance date due to the ongoing COVID-19 pandemic. Directors and management are monitoring key developments including government restrictions and relief packages and will continue to mitigate the impacts of the pandemic on the business and our people where possible. At the date of the financial report the future impact of the pandemic on the Aventus Group is unknown. In the event the impacts of the pandemic are more severe or prolonged than anticipated this may have an adverse impact on the financial position and performance of the Aventus Group and AHL Group in future financial periods.

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

Insurance of officers and indemnities

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

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

The Aventus Group and AHL Group have 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.

Audit and non-audit services

Details of amounts paid or payable to Ernst & Young for audit and non-audit services during the financial year are disclosed in note 41 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.

The audit was put out to tender in 2019 with Ernst & Young being reappointed as auditor.

DIRECTORS' REPORT

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 35.

Rounding of amounts

In accordance with ASIC Legislative Instrument 2016/191 amounts disclosed in the directors' report and the financial report for the Aventus Group have been rounded off to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars or nearest dollar. AHL Group balances have been rounded 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 ACL and AHL made pursuant to s298(2) of the Corporations Act 2001.

Darren Holland Executive Director	Bruce Carter Chair
Sydney 18 August 2021	Sydney 18 August 2021

Building a better
working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

As lead auditor for the audit of the financial report of Aventus Group and Aventus Holdings Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Ernst & Young

SE Wilken

St Elmo Wilken
Partner
18 August 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
Revenue					
Property revenue		171.5	167.5	-	-
Revenue from services	5	1.7	1.8	18,765	18,059
Other revenue		0.8	0.6	653	689
		174.0	169.9	19,418	18,748
Other income					
Net gain/(loss) on movement in fair value of investment properties		297.3	(37.3)	-	-
Share of net profits from associates		2.4	-	-	-
Total revenue and other income		473.7	132.6	19,418	18,748
Expenses					
Property expenses		(32.2)	(35.0)	-	-
Finance costs	6	(13.4)	(26.3)	(2,642)	(3,426)
Employee benefits expense	7	(10.8)	(8.9)	(11,703)	(10,159)
Depreciation		(1.1)	(1.1)	(921)	(920)
Other expenses		(6.8)	(4.4)	(5,982)	(3,286)
Total expenses		(64.3)	(75.7)	(21,248)	(17,791)
Profit/(loss) before income tax		409.4	56.9	(1,830)	957
Income tax (expense)/benefit	8(a)	0.3	(0.2)	289	(190)
Profit/(loss) for the year		409.7	56.7	(1,541)	767
Other comprehensive income for the year net of tax		-	-	-	-
Total comprehensive income/(loss) for the year		409.7	56.7	(1,541)	767

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
Profit/(loss) for the year and total comprehensive income/(loss) for the year attributable to:					
ARPF		424.4	67.4	-	-
AHL		(14.7)	(10.7)	(1,541)	767
Total		409.7	56.7	(1,541)	767
Earnings per security					
Basic and diluted earnings per security attributable to the securityholders (cents per security)	9	72.5	10.3	(0.3)	0.1

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

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2021

	Notes	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Assets					
Current assets					
Cash and cash equivalents	10	7.3	39.2	6,410	3,929
Trade and other receivables	11	2.8	6.2	1,663	2,113
Rental guarantees	12	1.9	2.1	-	-
Current tax assets	13	-	0.2	-	202
Other assets	14	3.4	4.4	274	143
Investment properties classified as held for sale	18	42.2	-	-	-
Total current assets		57.6	52.1	8,347	6,387
Non-current assets					
Plant and equipment	15	0.3	0.1	208	145
Right-of-use asset	16	1.9	2.9	1,146	2,005
Investments in associates	17	7.6	5.8	-	-
Rental guarantees	12	-	1.0	-	-
Investment properties	18	2,225.6	1,930.3	-	-
Intangible assets	19	144.2	144.2	186,002	186,002
Deferred tax assets	28	0.2	-	-	-
Total non-current assets		2,379.8	2,084.3	187,356	188,152
Total assets		2,437.4	2,136.4	195,703	194,539
Liabilities					
Current liabilities					
Trade and other payables	20	(25.3)	(23.1)	(5,658)	(3,249)
Distributions payable	21	(24.9)	(13.1)	-	-
Lease liabilities	22	(1.1)	(1.0)	(888)	(834)
Derivative financial instruments	23	(1.1)	(1.8)	-	-
Current tax liabilities	24	(0.2)	-	(191)	-
Provision for employee benefits	25	(0.5)	(0.4)	(532)	(379)
Deferred revenue	26	(3.1)	(4.0)	-	-
Total current liabilities		(56.2)	(43.4)	(7,269)	(4,462)
Non-current liabilities					
Borrowings	27	(691.8)	(735.0)	(84,941)	(84,941)
Lease liabilities	22	(0.9)	(2.0)	(300)	(1,209)
Derivative financial instruments	23	(7.2)	(15.0)	-	-
Deferred tax liabilities	28	-	(0.3)	(41,560)	(42,075)
Provision for employee benefits	25	(0.2)	(0.2)	(180)	(222)
Total non-current liabilities		(700.1)	(752.5)	(126,981)	(128,447)
Total liabilities		(756.3)	(795.9)	(134,250)	(132,909)
Net assets		1,681.1	1,340.5	61,453	61,630

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2021

	Notes	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Equity					
Contributed equity	29	1,147.7	1,118.2	-	-
Reserves	30	(0.1)	0.9	-	-
Retained earnings	31	559.9	234.4	-	-
Total equity attributable to ARPF		1,707.5	1,353.5	-	-
Contributed equity	29	8.3	6.9	62,693	61,283
Reserves	30	-	0.1	(4)	42
(Accumulated losses)/retained earnings	31	(34.7)	(20.0)	(1,236)	305
Total equity attributable to AHL		(26.4)	(13.0)	61,453	61,630
Total equity		1,681.1	1,340.5	61,453	61,630

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Aventus Group	Notes	ARPF Contributed equity $m	ARPF Reserves $m	ARPF Retained earnings $m	ARPF Total equity $m	AHL Contributed equity $m	AHL Reserves $m	AHL Accumulated losses $m	AHL Total equity $m	Aventus Group Total equity $m
Balance at 1 July 2019		1,071.2	0.1	232.8	1,304.1	4.7	-	(9.3)	(4.6)	1,299.5
Profit/(loss) for the year		-	-	67.4	67.4	-	-	(10.7)	(10.7)	56.7
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year		-	-	67.4	67.4	-	-	(10.7)	(10.7)	56.7
Issue of securities net of transaction costs	29	47.0	(0.4)	-	46.6	2.2	-	-	2.2	48.8
Security based payments	30	-	1.2	-	1.2	-	0.1	-	0.1	1.3
Distributions declared	32	-	-	(65.8)	(65.8)	-	-	-	-	(65.8)
Balance at 30 June 2020		1,118.2	0.9	234.4	1,353.5	6.9	0.1	(20.0)	(13.0)	1,340.5
Balance at 1 July 2020		1,118.2	0.9	234.4	1,353.5	6.9	0.1	(20.0)	(13.0)	1,340.5
Profit/(loss) for the year		-	-	424.4	424.4	-	-	(14.7)	(14.7)	409.7
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year		-	-	424.4	424.4	-	-	(14.7)	(14.7)	409.7
Issue of securities net of transaction costs	29	29.5	(1.5)	-	28.0	1.4	-	-	1.4	29.4
Security based payments	30	-	0.5	-	0.5	-	(0.1)	-	(0.1)	0.4
Distributions declared	32	-		(98.9)	(98.9)	-	-	-	-	(98.9)
Balance at 30 June 2021		1,147.7	(0.1)	559.9	1,707.5	8.3	-	(34.7)	(26.4)	1,681.1

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

AHL Group	Notes	Contributed equity $'000	Reserves $'000	Retained earnings/ (accumulated losses) $'000	Total equity $'000
Balance at 1 July 2019		59,062	8	(462)	58,608
Profit for the year		-	-	767	767
Other comprehensive income		-	-	-	-
Total comprehensive profit for the year		-	-	767	767
Issue of securities net of transaction costs	29	2,221	(20)	-	2,201
Security based payments	30	-	54	-	54
Dividends paid or provided for		-	-	-	-
Balance at 30 June 2020		61,283	42	305	61,630
Balance at 1 July 2020		61,283	42	305	61,630
Loss for the year		-	-	(1,541)	(1,541)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(1,541)	(1,541)
Issue of securities net of transaction costs	29	1,410	(70)	-	1,340
Security based payments	30	-	24	-	24
Dividends paid or provided for		-	-	-	-
Balance at 30 June 2021		62,693	(4)	(1,236)	61,453

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
Cash flows from operating activities					
Property revenue received		194.7	178.1	-	-
Receipts from services		1.6	1.8	21,092	18,639
Other revenue received		0.8	0.6	53	758
Payments to suppliers and employees		(63.7)	(56.0)	(15,528)	(15,136)
Finance costs paid		(19.7)	(24.2)	(1,969)	(2,710)
Income tax received/(paid)		0.2	(0.8)	167	(778)
Net cash inflows/(outflows) from operating activities	33(a)	113.9	99.5	3,815	773
Cash flows from investing activities					
Payments for capital expenditure		(30.3)	(40.1)	-	-
Payment for plant and equipment		(0.4)	(0.1)	(125)	(104)
Payments for acquisition of development land		(11.6)	-	-	-
Proceeds on disposal of subsidiary		-	36.4	-	-
Distributions from associates		0.6	0.2	-	-
Advances to related parties		-	-	-	(7,050)
Repayment of advances to related parties		-	-	-	5,647
Net cash inflows/(outflows) from investing activities		(41.7)	(3.6)	(125)	(1,507)
Cash flows from financing activities					
Proceeds from issue of securities		20.6	39.2	-	-
Security issue transaction costs		(0.1)	(0.3)	-	-
Proceeds from borrowings		321.9	84.5	7,490	-
Repayment of borrowings		(365.4)	(121.5)	(7,844)	-
Payment of debt establishment costs		(2.0)	(0.4)	-	-
Distributions paid		(78.3)	(65.3)	-	-
Principal elements of lease payments		(0.8)	(1.0)	(855)	(821)
Net cash inflows/(outflows) from financing activities		(104.1)	(64.8)	(1,209)	(821)
Net increase/(decrease) in cash and cash equivalents		(31.9)	31.1	2,481	(1,555)
Cash at the beginning of the financial year		39.2	8.1	3,929	5,484
Cash at the end of the financial year	10	7.3	39.2	6,410	3,929

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

a) The Aventus Group

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

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

ARPF and AHL are incorporated and domiciled in Australia. The register office of both entities is Level 33, Governor Macquarie Tower, 1 Farrer Place, Sydney, NSW, 2000.

b) Statement of compliance

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

The consolidated financial statements of the Aventus Group and AHL 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 18 August 2021.

c) Comparative information

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

d) Historical cost convention

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

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

e) Rounding of amounts

In accordance with ASIC Legislative Instrument 2016/191 amounts disclosed in the directors' report and the financial report for the Aventus Group have been rounded off to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars or nearest dollar.

AHL Group balances have been rounded 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 functional and presentation currency of the Aventus Group and AHL Group.

1. Basis of preparation (continued)

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

The Aventus Group and AHL Group have adopted all of the new and revised accounting standards issued by the Australian Accounting Standards Board that are relevant to its operation and effective for the financial reporting period beginning 1 July 2020. These new and amended accounting standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2021 and have not been early adopted by the Aventus Group or AHL Group. These standards are not expected to have a material impact in the current or future reporting periods and on foreseeable future transactions.

2. Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. References to "Group" apply to the Aventus Group and the AHL Group unless otherwise stated in the relevant accounting policy. The accounting policies adopted are consistent with those of the previous financial year.

a) Principles of consolidation

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

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

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

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

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

2. Summary of significant accounting policies (continued)

b) Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

c) Segment reporting

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

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

2. Summary of significant accounting policies (continued)

d) Revenue recognition

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

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

Rental income
Rental income derived from investment properties is recognised on a straight- line basis over the term of the lease. Initial direct costs incurred in obtaining the lease are added to the carrying amount of the investment property and recognised as expense over the lease term on the same basis as lease income.

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

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

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

e) Expenses

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

Finance costs
Finance costs include interest, fair value movements in derivative financial instruments, payments in respect of derivative financial instruments and the amortisation of other costs incurred in respect of obtaining finance. Finance costs associated with the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset during the period that is required to complete and prepare the asset for its intended use. Borrowing costs not associated with qualifying assets are recognised as an expense when incurred. Other costs incurred in respect of obtaining finance, including loan establishment fees, are deferred and expensed over the term of the respective loan facility.

Management fees
Management fees are recognised on an accruals basis.

Computer software
Costs incurred to configure or customise computer software, not controlled by the Group and do not result in the recognition of an intangible software asset, are recognised as expenses when the supplier provides the services.

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

2. Summary of significant accounting policies (continued)

f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants relating to costs are recognised in profit or loss over the period necessary to match them with costs they are intended to compensate.

g) Income tax

ARPF Group

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

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

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

AHL Group

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

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

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

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

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

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

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 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 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 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) Rental guarantees

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

l) Plant and equipment

Plant and equipment are 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.

2. Summary of significant accounting policies (continued)

m) Investment in associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Distributions received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2(q).

n) Investment properties

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

n) Investment properties (continued)

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

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

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

Investment properties are classified as held for sale if their carrying amount will be recoverable principally through a sale transaction rather than through continued use and a sale is considered highly probable.

o) Lease incentives and leasing fees

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

p) Intangible assets

i. Goodwill

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

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

ii. Management rights

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

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

2. Summary of significant accounting policies (continued)

q) Impairment of assets

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

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

r) 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.

s) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2. Summary of significant accounting policies (continued)

t) Employee benefits

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

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

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

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

Superannuation contributions

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

Executive incentive scheme (EIS)

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

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

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

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

u) 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.

2. Summary of significant accounting policies (continued)

v) Derivative financial instruments

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

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

Fair value is determined using valuation techniques with reference to observable market inputs for similar instruments.

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

w) Distributions/dividends payable

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

x) Contributed equity

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

y) Earnings per security

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

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

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

3. Critical accounting estimates and judgements

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

Account balance or transaction	Notes
Investment properties	18 and 36
Derivative financial instruments	23 and 36
Goodwill and management rights with an indefinite useful life	19

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

The resulting accounting estimates may differ from actual results.

4. Segment information

The Aventus Group

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

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

The AHL Group

The AHL 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 AHL Group.

5. Revenue from services

	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
Fees derived from management agreements	1.7	1.8	18,765	18,059

6. Finance costs

	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
Interest expenses	20.0	24.0	2,642	3,426
Amortisation of debt establishment costs	2.3	1.6	-	-
Less: amounts capitalised relating to redevelopment of investment properties	(0.4)	(0.6)	-	-
	21.9	25.0	2,642	3,426
Fair value (gains)/losses on interest rate swaps	(8.5)	1.3	-	-
Finance costs expensed	13.4	26.3	2,642	3,426

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

7. Employee benefits expense

	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
Superannuation expenses	0.8	0.8	829	774
Security based payments expenses	0.5	1.2	517	1,215
Other employee benefits	10.1	7.4	10,942	8,707
JobKeeper payments scheme	(0.6)	(0.5)	(585)	(537)
Total	10.8	8.9	11,703	10,159

8. Income tax expense/(benefit)

	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
a) Income tax expense/(benefit)				
Current tax				
Current tax on profits for the year	0.1	-	84	22
Adjustment for current tax of prior periods	0.1	(0.1)	142	(100)
Total current tax expense/(benefit)	0.2	(0.1)	226	(78)
Deferred income tax				
(Increase)/decrease in deferred tax assets	(0.4)	(0.3)	(462)	(333)
Increase/(decrease) in deferred tax liabilities	(0.1)	0.6	(53)	601
Total deferred tax expense/(benefit)	(0.5)	0.3	(515)	268
Income tax expense/(benefit)	(0.3)	0.2	(289)	190
b) Numerical reconciliation of prima facie tax payable to income tax expense/(benefit)				
Profit/(loss) before income tax expense	409.7	56.9	(1,830)	957
Less: ARPF profit not subject to tax	(424.4)	(67.4)	-	-
Profit/(loss) subject to taxation	(14.7)	(10.5)	(1,830)	957
Prima facie tax at 30%	(4.4)	(3.2)	(549)	287
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income				
Intra-staple transactions	3.8	3.5	-	-
Other	0.3	(0.1)	260	(97)
Income tax expense/(benefit)	(0.3)	0.2	(289)	190

9. Earnings per security

	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
Net profit/(loss) for the year	409.7	56.7	(1,541)	767
Weighted average number of securities used in calculating basic and diluted earnings per security (m)	565.0	551.9	565.0	551.9
Basic and diluted earnings per security (cents)	72.5	10.3	(0.3)	0.1

10. Cash and cash equivalents

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Cash at bank and in hand	7.3	9.2	6,410	3,929
Term deposits	-	30.0	-	-
Total	7.3	39.2	6,410	3,929

11. Trade and other receivables

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current				
Trade receivables	2.8	12.2	1,038	1,669
Loss allowance	(1.6)	(6.7)	-	-
	1.2	5.5	1,038	1,669
Other receivables	1.6	0.7	625	444
Total	2.8	6.2	1,663	2,113

Trade receivables consist primarily of rental debtors and fees derived from management agreements.

Additional information about the loss allowance and exposure to credit risk is disclosed in note 38(c).

12. Rental guarantees

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current				
Rental guarantees	1.9	2.1	-	-
Non-current				
Rental guarantees	-	1.0	-	-

13. Current tax assets

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current				
Income tax refund	-	0.2	-	202

14. Other assets

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current				
Prepayments	3.4	4.4	274	143

15. Plant and equipment

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Non-current				
Plant and equipment – at cost	0.5	0.3	428	303
Accumulated depreciation	(0.2)	(0.2)	(220)	(158)
Total	0.3	0.1	208	145

16. Right-of-use assets

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Non-current				
Land	0.8	0.9	-	-
Office building	1.1	2.0	1,146	2,005
	1.9	2.9	1,146	2,005

Depreciation recognised by the Aventus Group and AHL Group for right-of-use assets for the year ended 30 June 2021 amounted to $1.0 million and $859,000 respectively (30 June 2020: $1.0 million and $0.8 million respectively).

17. Investment in associates

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Non-current				
Investment in Aventus Property Syndicate 1 Fund (APS 1)	7.6	5.8	-	-

APS 1

The principal activity of APS 1 is the ownership of McGraths Hill Home.

ARPF's ownership interest in APS 1 at 30 June 2021 was 25.3% (30 June 2020: 25.3%). A reconciliation of the movement in the carrying amount of the investment in APS 1 during the financial year is as follows:

Aventus Group	1 July 2020 to 30 June 2021 $m	15 Nov 2019 to 30 June 2020 $m
Balance at the beginning of the period	5.8	6.1
Equity accounted profit for the period	2.4	-
Distributions	(0.6)	(0.3)
Balance at the end of the period	7.6	5.8

Refer to note 35(d) for a summary of transactions with APS 1 during the financial year.

17. Investment in associates (continued)

Summarised financial information for APS 1

The tables below provide summarised financial information for APS 1. The information disclosed reflects the amounts presented in the unaudited financial statements of APS 1 and not the Aventus Group's share of those amounts.

	1 July 2020 to 30 June 2021 $m	15 Nov 2019 to 30 June 2020 $m
Statement of comprehensive income		
Revenue	3.7	2.3
Profit for the year	9.5	1.2
Other comprehensive income	-	-
Total comprehensive income for the year	9.5	1.2

	June 2021 $m	June 2020 $m
Balance sheet		
Current assets	0.9	0.9
Non-current assets	50.0	42.5
Total assets	50.9	43.4
Current liabilities	(0.9)	(0.9)
Non-current liabilities	(19.9)	(19.8)
Total liabilities	(20.8)	(20.7)
Net assets	30.1	22.7

18. Investment properties

Property	Last independent valuation date	Independent valuation $m	Aventus Group June 2021 $m	Aventus Group June 2020 $m
Ballarat Home	30 June 2021	46.5	46.5	42.9
Bankstown Home	30 June 2021	78.0	78.0	66.0
Belrose Super Centre	30 June 2021	202.0	202.0	183.0
Caringbah Home	30 June 2021	152.2	152.2	112.1
Hills Super Centre	30 June 2021	354.0	354.0	340.0
Cranbourne Home	30 June 2021	175.5	175.5	141.6
Epping Hub	30 June 2021	64.0	64.0	44.7
Highlands Hub	30 June 2021	44.0	44.0	33.6
Jindalee Home	30 June 2021	163.3	163.3	134.5
Kotara Home (South)	30 June 2021	137.0	137.0	122.8
Logan Super Centre	30 June 2021	107.0	107.0	92.0
MacGregor Home	31 Dec 2020	26.6	42.2	26.3
Marsden Park Home	30 June 2021	108.2	108.2	100.0
Midland Home	30 June 2021	67.0	67.0	63.8
Mile End Home	30 June 2021	127.5	127.5	103.4
Peninsula Home	30 June 2021	115.0	115.0	89.8
Sunshine Coast Home	30 June 2021	121.0	121.0	101.0
Tuggerah Super Centre	30 June 2021	110.8	110.8	94.2
Warners Bay Home	30 June 2021	54.5	54.5	41.7
		2,254.1	2,269.7	1,933.4
Less MacGregor Home classified as investment properties held for sale			(42.2)	-
Less amounts classified as rental guarantees			(1.9)	(3.1)
Total			2,225.6	1,930.3

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

	Aventus Group 2021 $m	Aventus Group 2020 $m
Balance at the beginning of the financial year	1,930.3	1,973.8
Acquisitions – Epping Hub development land	12.2	-
Disposals – McGraths Hill Home	-	(42.5)
MacGregor Home reclassified as investment properties held for sale	(42.2)	-
Capitalised expenditure	31.5	38.5
Straight-lining of rental income	(3.5)	(2.2)
Net gain/(loss) on movement in fair value of investment properties	297.3	(37.3)
Balance at the end of the financial year	2,225.6	1,930.3

Information on how fair value of investment properties is determined is outlined in note 36.

18. Investment properties (continued)

Acquisitions and disposals

In July 2020 the Aventus Group settled the acquisition of development land adjoining Epping Hub for $12.2 million including stamp duty costs. The land is zoned for mixed use, retail, residential, office, medical and large format retail.

In May 2021 the Aventus Group entered into an agreement to sell MacGregor Home for $42.2 million reflecting an implied capitalisation rate of 6.00%. The transaction settled on 16 August 2021.

Leasing arrangements

Investment properties are leased to tenants under non-cancellable operating leases with rentals payable on a monthly basis. Future minimum rentals receivable under the leases as at 30 June 2021 and 30 June 2020 are as follows:

	Aventus Group June 2021 $m	Aventus Group June 2020 $m
Within 1 year	122.4	111.0
Later than 1 year but not later than 5 years	322.5	282.9
Later than 5 years	53.7	65.8
Total	498.6	459.7

19. Intangible assets

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Goodwill	140.4	140.4	42,923	42,923
Management rights	3.8	3.8	143,079	143,079
Total	144.2	144.2	186,002	186,002

Aventus Group

Goodwill

Goodwill represents the incremental value created from the internalisation of management and by replacing external management fees with an internalised cost structure.

Management rights

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

19. Intangible assets (continued)

Impairment testing

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

No impairment expense was recognised for the year ended 30 June 2021.

The recoverable amount of goodwill and management rights was determined using the value in use approach and valued using discounted cash flow projections. Key assumptions adopted in the discounted cash flow valuation are as follows:

Assumption	2021	2020
Cash flows	5 years	5 years
Terminal growth rate	2.0%	2.0%
Discount rate applied to cash flow projections	6.9%	7.5%

Cash flow projections were based on financial budgets for the year ending 30 June 2021. Cash flows beyond the projected period are extrapolated using estimated growth rates.

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

The recoverable amount of goodwill would equal its carrying amount if the terminal growth rate decreased from 2.0% to 1.5% or the discount rate increased from 6.9% to 7.3%.

AHL Group

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.

19. Intangible assets (continued)

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. Goodwill is excluded from annual impairment testing.

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 year ended 30 June 2021.

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. Key assumptions adopted in the discounted cash flow valuation are as follows:

Assumption	2021	2020
Cash flows	5 years	5 years
Terminal growth rate	2.0%	2.0%
Discount rate applied to cash flow projections	8.1%	8.7%

Cash flow projections were based on management contracts. Cash flows beyond the projected period are extrapolated using estimated growth rates.

Terminal growth rates are estimated based on the expected long-term earnings growth of the AHL 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 (0.5%) or the discount rate increased from 8.1% to 10.1%.

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

20. Trade and other payables

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current				
Trade creditors and accruals	20.9	17.3	4,242	831
Other payables	4.4	5.8	1,416	2,418
Total	25.3	23.1	5,658	3,249

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

21. Distributions payable

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current				
Distributions payable	24.9	13.1	-	-

22. Lease liabilities

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current				
Lease liabilities	1.1	1.0	888	834
Non-current				
Lease liabilities	0.9	2.0	300	1,209

23. Derivative financial instruments

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current liabilities				
Interest rate swaps - at fair value	1.1	1.8	-	-
Non-current liabilities				
Interest rate swaps - at fair value	7.2	15.0	-	-

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

At 30 June 2021 the Aventus Group had entered into interest rate swap agreements totalling $360.0 million (30 June 2020: $460.0 million) representing 51.8% (30 June 2020: 62.3%) of drawn debt. Key features of the interest rate swaps are summarised as follows:

Maturity date	Notional amount June 2021 $m	Notional amount June 2020 $m	Fair value June 2021 $m	Fair value June 2020 $m
FY21	-	125.0	-	(1.8)
FY22	120.0	120.0	(1.1)	(3.3)
FY23	125.0	125.0	(3.0)	(5.5)
FY24	115.0	90.0	(4.2)	(6.2)
Total	360.0	460.0	(8.3)	(16.8)

As at 30 June 2021 the fixed rate on the interest rate swaps ranged from 0.57% to 2.43% per annum (30 June 2020: 1.89% to 2.43%).

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

24. Current tax liabilities

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current				
Provision for income tax	0.2	-	191	-

25. Provision for employee benefits

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current				
Provision for employee benefits	0.5	0.4	532	379
Non-current				
Provision for employee benefits	0.2	0.2	180	222

Employee benefits represent liabilities 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 AHL Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience it is not expected all employees will take the full amount of accrued leave or require payment within the next 12 months.

26. Deferred revenue

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Current				
Deferred revenue	3.1	4.0	-	-

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

27. Borrowings

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Non-current				
Secured				
Syndicated bank debt facility	-	318.4	-	-
Syndicated loan note facility	160.0	160.0	-	-
Bi-lateral bank debt facilities	534.9	260.0	-	-
Less: unamortised transaction costs	(3.1)	(3.4)	-	-
	691.8	735.0	-	-
Unsecured				
Interest bearing loan – ARPF	-	-	84,941	84,941
Total	691.8	735.0	84,941	84,941

27. Borrowings (continued)

a) Financing arrangements

The Aventus Group had access to the following undrawn borrowing facilities at balance date:

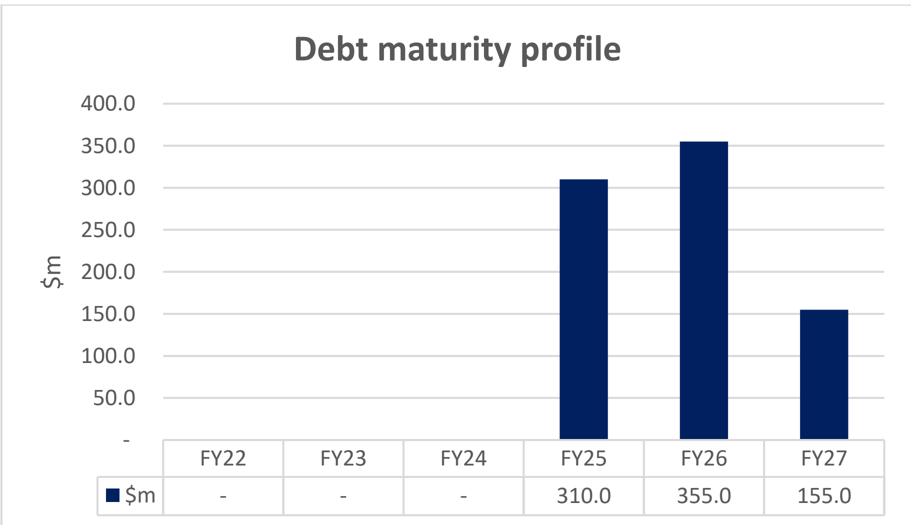
	Aventus Group June 2021			Aventus Group June 2020		
	Limit $m	Drawn $m	Undrawn $m	Limit $m	Drawn $m	Undrawn $m
Bi-lateral bank debt facilities	660.0	534.9	125.1	260.0	260.0	-
Syndicated loan note facility	160.0	160.0	-	160.0	160.0	-
Syndicated bank debt facility	-	-	-	400.0	318.4	81.6
Total	820.0	694.9	125.1	820.0	738.4	81.6

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

b) Debt maturity profile

On 29 April 2021 the Aventus Group refinanced $660.0 million of bank debt comprising 80% of the total $820.0 million debt portfolio. As a result of the refinancing the weighted average debt expiry increased to 4.4 years at 30 June 2021 (30 June 2020: 3.1 years).

The Aventus Group has no debt expiring until January 2025. The debt maturity profile as at 30 June 2021 is as follows:



27. Borrowings (continued)

c) Bi-lateral bank debt facilities

The Aventus Group had an aggregate of $660.0 million in bi-lateral bank debt facilities at 30 June 2021 (30 June 2020: $260.0m). The facilities are revolving cash advance facilities with maturity dates of ranging from April 2025 to July 2026.

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

d) Syndicated loan note facility

Key terms of the syndicated loan note facility at 30 June 2021 are summarised as follows:

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

e) Syndicated bank debt facility

The syndicated bank debt facility was terminated on 30 April 2021. All debt tranches were repaid in full.

f) Compliance with debt covenants

The Aventus Group complied with the financial covenants of its borrowing facilities during the financial year. Key financial covenants are summarised as follows:

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

Covenants are assessed semi-annually.

g) Security

The Aventus Group's debt facilities are secured by:

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

27. Borrowings (continued)

h) Intra-staple loan

Intra-staple loan

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.

28. Deferred taxes

Deferred taxes comprise temporary differences attributable to:

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Non-current				
Deferred tax assets				
Accrued expenses	0.4	0.6	393	552
Employee benefits	0.2	0.2	213	180
Lease liabilities	0.4	0.6	357	613
Other	0.8	-	948	104
Total	1.8	1.4	1,911	1,449
Deferred tax liabilities				
Right-of-use assets	(0.3)	(0.6)	(344)	(601)
Management rights	(1.1)	(1.1)	(42,923)	(42,923)
Other	(0.2)	-	(204)	-
Total	(1.6)	(1.7)	(43,471)	(43,524)
Net deferred tax assets/(liabilities)	0.2	(0.3)	(41,560)	(42,075)

29. Contributed equity

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
569,986,504 fully paid stapled securities (30 June 2020: 557,117,635)				
ARPF	1,147.7	1,118.2	-	-
AHL	8.3	6.9	62,693	61,283
Total	1,156.0	1,125.1	62,693	61,283

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

ARPF units

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

Each unit ranks equally and has the same rights attached to it as with all other units on issue. Each unit confers the right to vote at meetings of unitholders, subject to any voting restrictions imposed on a unitholder under the Corporations Act and the ASX Listing Rules.

AHL shares

Shares in AHL entitle the holder to participate in dividends and to share in the proceeds of winding up AHL in proportion to the number of and amounts paid on the shares held. On a show of hands every shareholder present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Shares have no par value and AHL does not have a limited amount of authorised capital.

29. Contributed equity (continued)

A reconciliation of the movement in contributed equity of the Aventus Group during the financial year is as follows:

	Number of stapled securities	ARPF $m	AHL $m	Aventus Group $m
Balance at 1 July 2019	537,474,903	1,071.2	4.7	1,075.9
Securities issued in accordance with underwriting of distribution reinvestment plan	15,711,530	37.4	1.8	39.2
Securities issued in accordance with the distribution reinvestment plan	3,759,538	9.4	0.4	9.8
Securities issued in accordance with the executive incentive plan	171,664	0.4	-	0.4
Security issue costs	-	(0.2)	-	(0.2)
Balance at 30 June 2020	557,117,635	1,118.2	6.9	1,125.1
Balance at 1 July 2020	557,117,635	1,118.2	6.9	1,125.1
Securities issued in accordance with underwriting of distribution reinvestment plan	8,804,226	19.7	0.9	20.6
Securities issued in accordance with the distribution reinvestment plan	3,419,509	8.5	0.4	8.9
Securities issued in accordance with the executive incentive plan	645,134	1.4	0.1	1.5
Security issue costs	-	(0.1)	-	(0.1)
Balance at 30 June 2021	569,986,504	1,147.7	8.3	1,156.0

A reconciliation of the movement in contributed equity of the AHL Group during the financial year is as follows:

	AHL Group 2021 Securities	AHL Group 2020 Securities	AHL Group 2021 $'000	AHL Group 2020 $'000
Balance at the beginning of the year	557,117,635	537,474,903	61,283	59,062
Securities issued in accordance with underwriting of distribution reinvestment plan	8,804,226	15,711,530	948	1,769
Securities issued in accordance with the distribution reinvestment plan	3,419,509	3,759,538	397	442
Securities issued in accordance with the executive incentive plan	645,134	171,664	70	20
Security issue costs	-	-	(5)	(10)
Balance at the end of the year	569,986,504	557,117,635	62,693	61,283

30. Reserves

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
ARPF				
Security based payments reserve	0.8	1.3	-	-
Restricted stapled securities reserve	(0.9)	(0.4)	-	-
Total	(0.1)	0.9	-	-
AHL				
Security based payments reserve	-	0.1	35	62
Restricted stapled securities reserve	-	-	(39)	(20)
Total	-	0.1	(4)	42
Total	(0.1)	1.0	(4)	42

Nature and purpose of reserves

Security based payments reserve

The security-based payments reserve is used to recognise the fair value of equity settled security-based payments provided to executives, including key management personnel, and employees as part of their remuneration.

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 participants of the Executive Incentive Scheme and Employee Security Scheme 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 security-based payments reserve.

A reconciliation of the movement in the security-based payments reserves during the financial year is as follows:

	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
ARPF				
Balance at the beginning of the year	1.3	0.1	-	-
Security based payments	0.5	1.2	-	-
Transfers from restricted stapled securities reserve	(1.0)	-	-	-
Balance at the end of the year	0.8	1.3	-	-
AHL				
Balance at the beginning of the year	0.1	-	62	8
Security based payments	-	0.1	24	54
Transfers from restricted stapled securities reserve	(0.1)	-	(51)	-
Balance at the end of the year	-	0.1	35	62

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Reserves (continued)

A reconciliation of the movement in the restricted stapled securities reserve during the financial year is as follows:

	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
ARPF				
Balance at the beginning of the year	(0.4)	-	-	-
Issue of restricted stapled securities	(1.5)	(0.4)	-	-
Transfers to restricted stapled securities reserve	1.0	-	-	-
Balance at the end of the year	(0.9)	(0.4)	-	-
AHL				
Balance at the beginning of the year	-	-	(20)	-
Issue of restricted stapled securities	(0.1)	-	(70)	(20)
Transfers to restricted stapled securities reserve	0.1	-	51	-
Balance at the end of the year	-	-	(39)	(20)

31. Retained earnings/(accumulated losses)

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
ARPF	559.9	234.4	-	-
AHL	(34.7)	(20.0)	(1,236)	305
Total	525.2	214.4	(1,236)	305

A reconciliation of the movement in retained earnings of the Aventus Group during the financial year is as follows:

	ARPF $m	AHL $m	Aventus Group $m
Balance at 1 July 2019	232.8	(9.3)	223.5
Net profit for the year	67.4	(10.7)	56.7
Distributions/dividends paid or payable	(65.8)	-	(65.8)
Balance at 30 June 2020	234.4	(20.0)	214.4
Balance at 1 July 2020	234.4	(20.0)	214.4
Net profit for the year	424.4	(14.7)	409.7
Distributions/dividends paid or payable	(98.9)	-	(98.9)
Balance at 30 June 2021	559.9	(34.7)	525.2

31. Retained earnings/(accumulated losses) (continued)

A reconciliation of the movement in retained earnings of the AHL Group during the financial year is as follows:

	AHL Group 2021 $'000	AHL Group 2020 $'000
Balance at the beginning of the year	305	(462)
Net profit/(loss) for the year	(1,541)	767
Dividends paid or payable	-	-
Balance at the end of the year	(1,236)	305

32. Distributions

	Aventus Group 2021 Distribution cents	Aventus Group 2021 Distribution $m	Aventus Group 2020 Distribution cents	Aventus Group 2020 Distribution $m
Fully paid ordinary securities				
September quarter	4.00	22.3	4.22	23.1
December quarter	4.20	23.8	4.26	23.7
March quarter	4.90	27.9	1.07	5.9
June quarter	4.37	24.9	2.35	13.1
Total	17.47	98.9	11.90	65.8

Distribution reinvestment plan ("DRP")

During the financial year the Aventus Group operated a 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 nominated ten-day trading period prior to the payment date for the distribution or dividend, less a discount (if any). The DRP price for the quarters ended 30 September 2020, 31 December 2020 and 31 March 2021 included a discount of 2%.

DRP underwriting agreement

For the quarter ended 30 September 2020, the Aventus Group entered into an agreement with Macquarie Capital (Australia) Limited to act as sole underwriter of an offer of stapled securities under its DRP. A total of $22.3 million was raised via the DRP for the quarter ended 30 September 2020.

33. Statement of cash flow information

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

	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
Profit/(loss) for the year	409.7	56.7	(1,541)	767
Adjustments for				
Finance costs capitalised	(0.3)	(0.6)	-	-
Share of net profits of associates	(2.4)	-	-	-
Straight-lining of rental income	3.5	2.2	-	-
Amortisation of rental guarantees	1.2	0.4	-	-
Amortisation of debt establishment costs	2.3	1.6	-	-
Net (gain)/loss on movement in fair value of investment properties	(297.3)	37.3	-	-
Net (gain)/loss on movement in fair value of interest rate swaps	(8.5)	1.3	-	-
Depreciation	1.1	1.1	921	920
Expenses not paid in cash	0.5	1.2	1,136	1,215
Other	-	0.4	-	8
Change in operating assets and liabilities, net of effects from purchase of controlled entities:				
(Increase)/decrease in trade and other receivables	3.3	(4.2)	450	(1,226)
(Increase)/decrease in other assets	0.4	(1.7)	(129)	23
Increase/(decrease) in trade and other payables	1.3	2.9	2,990	(224)
Increase/(decrease) in current tax	0.4	(0.9)	393	(855)
Increase/(decrease) in deferred tax	(0.5)	0.3	(515)	268
Increase/(decrease) in provision for employee benefits	0.1	(0.1)	110	(123)
Increase/(decrease) in deferred revenue	(0.9)	1.6	-	-
Net cash inflow/(outflow) from operating activities	113.9	99.5	3,815	773

b) Non-cash investing and financing activities

	Aventus Group 2021 $m	Aventus Group 2020 $m	AHL Group 2021 $'000	AHL Group 2020 $'000
Securities issued in accordance with the distribution reinvestment plan	29.5	9.8	1,345	2,211
Securities issued in accordance with executive incentive scheme	1.5	0.4	70	20
Repayment of borrowings	-	-	-	(4,570)

34. Security based payments

Executive incentive scheme (EIS)

EIS participants, subject to achieving certain Key Performance Indicators (KPIs), are entitled to receive variable remuneration consisting of annual cash awards and grants of restricted stapled securities vesting over 2, 3 and 4 years.

KPIs must be satisfied over the relevant performance period. To the extent the KPIs are satisfied, EIS awards will be delivered 50% in cash and 50% in restricted stapled securities.

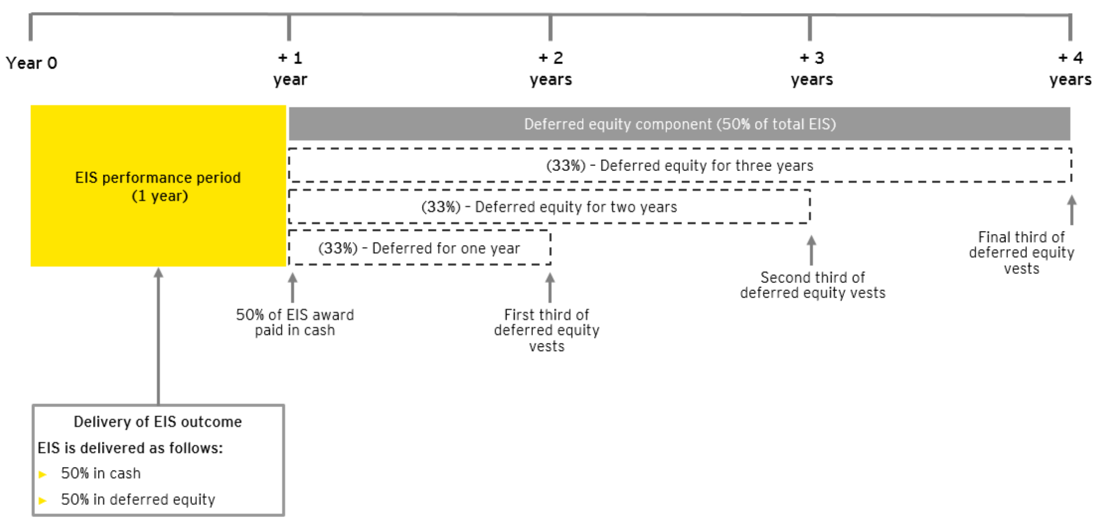
The cash award will be paid following the end of the performance period.

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.



34. 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.

Employee security scheme (ESS)

ESS participants are entitled to receive grants of restricted stapled securities subject to achieving certain KPIs. The stapled securities vest over approximately a 2-year period from the start of the performance period subject to forfeiture of unvested amounts on resignation or termination prior to vesting.

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 a security-based payments reserve. When restricted stapled securities are issued they are held in trust, on behalf of EIS or ESS 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 security-based payments reserve on vesting date.

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

Number of restricted stapled securities	2021	2020
Opening balance	315,453	287,581
Issued	645,134	171,664
Vested	(608,677)	(143,792)
Closing balance	351,910	315,453

35. Related party transactions

a) Subsidiaries

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

Subsidiaries of ARPF are set out below. All subsidiaries are incorporated in Australia.

Name of entity	ARPF ownership interest		Principal activities
Parent entity	**2021 %**	**2020 %**	
Aventus Retail Property Fund			
Subsidiaries			
Aventus Bankstown Holding Trust	100%	100%	Investment holding trust
Aventus Bankstown Unit Trust – 1	100%	100%	Property investment
Aventus Belrose Unit Trust	100%	100%	Property investment
Aventus Caringbah Unit Trust	100%	100%	Property investment
Aventus Castle Hill Unit Trust	100%	100%	Property investment
Aventus Cranbourne Unit Trust	100%	100%	Property investment
Aventus Cranbourne Thompsons Road Unit Trust	100%	100%	Property investment
Aventus Diversified Unit Trust	100%	100%	Investment holding trust
Aventus Ballarat Unit Trust - 2	100%	100%	Property investment
Aventus Highlands Unit Trust – 2	100%	100%	Property investment
Aventus Tweed Unit Trust – 2	100%	100%	Dormant
Aventus Warners Bay Unit Trust – 2	100%	100%	Property investment
Aventus Epping Unit Trust	100%	100%	Property investment
Aventus Jindalee Unit Trust	100%	100%	Property investment
Aventus Kotara South Unit Trust	100%	100%	Property investment
Aventus Logan Holding Trust	100%	100%	Investment holding trust
Aventus Logan Unit Trust – 3	100%	100%	Property investment
Aventus MacGregor Holding Trust	100%	100%	Investment holding trust
Aventus MacGregor Unit Trust – 4	100%	100%	Property investment
Aventus Marsden Park Unit Trust	100%	100%	Property investment
Aventus Midland Unit Trust	100%	100%	Property investment
Aventus Mile End Unit Trust	100%	100%	Property investment
Aventus Mile End Stage 3 Unit Trust	100%	100%	Property investment
Aventus Peninsula Unit Trust	100%	100%	Property investment
Aventus Property Administration Pty Ltd	100%	100%	Administration
Aventus Shepparton Unit Trust	100%	100%	Dormant
Aventus Sunshine Coast Unit Trust	100%	100%	Property investment
Aventus Tuggerah Unit Trust	100%	100%	Property investment

1 - Entity is a 100% owned subsidiary of Aventus Bankstown Holding Trust.
2 - Entity is a 100% owned subsidiary of Aventus Diversified Unit Trust.
3 - Entity is a 100% owned subsidiary of Aventus Logan Holding Trust.
4 - Entity is a 100% owned subsidiary of Aventus MacGregor Holding Trust.

35. Related party transactions (continued)

a) Subsidiaries (continued)

Name of entity	AHL ownership interest		Principal activities
Parent entity	**2021 %**	**2020 %**	
Aventus Holdings Limited			
Subsidiaries			
Aventus Property Group Pty Ltd [-1]	100%	100%	Investment holding company
Aventus Capital Limited [-2]	100%	100%	Responsible entity for ARPF
Aventus Custodian Pty Ltd [-3]	100%	100%	Trustee company
Aventus Kotara South Pty Ltd [-3]	100%	100%	Trustee company
Aventus Cranbourne Thompsons Road Pty Ltd [-3]	100%	100%	Trustee company
Aventus Cranbourne Pty Ltd [-3]	100%	100%	Trustee company
Aventus Epping Pty Ltd [-3]	100%	100%	Trustee company
Aventus Peninsula Pty Ltd [-3]	100%	100%	Trustee company
Aventus Caringbah Pty Ltd [-3]	100%	100%	Trustee company
Aventus Jindalee Pty Ltd [-3]	100%	100%	Trustee company
Aventus Mild End Pty Ltd [-3]	100%	100%	Trustee company
Aventus Mild End Stage 3 Pty Ltd [-3]	100%	100%	Trustee company
Aventus Midland Pty Ltd [-3]	100%	100%	Trustee company
Aventus Belrose Pty Ltd [-3]	100%	100%	Trustee company
Aventus Sunshine Coast Pty Ltd [-3]	100%	100%	Trustee company
Aventus Tuggerah Pty Ltd [-3]	100%	100%	Trustee company
Aventus Diversified Pty Ltd [-3]	100%	100%	Trustee company
Aventus Properties Pty Ltd [-3]	100%	100%	Trustee company
Aventus Landowner Pty Ltd [-3]	100%	100%	Trustee company
Aventus Funds Management Pty Ltd [-2]	100%	100%	Funds management
Aventus Property Management Pty Ltd [-2]	100%	100%	Property management
Aventus Services Pty Ltd [-2]	100%	100%	Administration
Aventus Investment Management Holdings Pty Ltd [-1]	100%	100%	Investment holding company
Aventus Investment Management Pty Ltd [-4]	100%	100%	Trustee company
Aventus National Operations Pty Ltd [-2]	100%	N/A	Administration

1 – Company is a 100% owned subsidiary of Aventus Holdings Limited.
2 – Company is a 100% owned subsidiary of Aventus Property Group Pty Ltd.
3 – Company is a 100% owned subsidiary of Aventus Capital Limited.
4 – Company is a 100% owned subsidiary of Aventus Investment Management Holdings Pty Ltd.

b) Responsible entity

The responsible entity of ARPF is Aventus Capital Limited (ACL).

ACL is not entitled to a fee for services provided in its capacity as responsible entity.

35. Related party transactions (continued)

c) Key management personnel

	Aventus Group 2021 $'000	Aventus Group 2020 $'000	AHL Group 2021 $	AHL Group 2020 $
Short term employee benefits	2,384	1,481	2,383,691	1,481,142
Security based payments expense	410	441	409,656	441,065
Post-employment benefits	68	74	68,319	73,613
Total	2,862	1,996	2,861,666	1,995,820

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

d) Transactions with other related parties

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

	Aventus Group 2021 $'000	Aventus Group 2020 $'000	AHL Group 2021 $	AHL Group 2020 $
Transactions with:				
APS 1				
Establishment fee revenue	-	638	-	637,500
Management fee revenue	332	205	331,560	204,652
Property management and leasing fee revenue	352	142	351,871	142,150
Other related parties				
Property management and leasing fee revenue	997	849	997,276	849,302
Rental revenue	106	106	106,162	105,951
Consulting fees	75	-	75,000	-
ARPF				
Management fee revenue	N/A	N/A	715,336	936,268
Property management, leasing and development fee revenue	N/A	N/A	16,369,441	15,289,009
Other revenue	N/A	N/A	-	149,499
Finance costs	N/A	N/A	(2,641,726)	(3,426,375)

Transactions with related parties are in accordance with relevant management or other agreements.

On 25 March 2021 Aventus Funds Management Pty Ltd (AFMPL) and ARPF amended their Management Services Agreement. Aventus Property Management Pty Ltd (APMPL) and ARPF also amended their Property and Development Management Agreement. Changes to management fees are summarised below:

- Investment management fees and performance fees will no longer be charged to ARPF;
- Leasing fees will no longer be charged to ARPF but will be replaced by a 1% increase in asset management and property management fees; and
- Development fees will no longer be charged to ARPF however actual costs directly associated with managing developments for ARPF will be recovered.

35. Related party transactions (continued)

e) Outstanding balances with related parties

	Aventus Group June 2021 $'000	Aventus Group June 2020 $'000	AHL Group June 2021 $	AHL Group June 2020 $
Receivables due from:				
APS 1	50	42	49,679	41,628
Other related parties	94	57	93,770	56,918
ARPF	N/A	N/A	894,570	1,675,456
Payables to:				
ARPF	N/A	N/A	1,376,066	1,958,143
Borrowings				
ARPF	N/A	N/A	84,940,615	84,940,615

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.

f) Key related party contracts

Kotara Home call option and pre-emptive deed

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

- The owner of Kotara South grants to the owner of Kotara North a call option to acquire Kotara South ("Call Option"); and
- The owner of Kotara North and the owner of Kotara South have each granted the other reciprocal pre-emptive rights in the event that either of them wishes to sell their respective Kotara properties ("Pre-emptive Right").

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

Call option

Whereas a result of a vote of the unitholders in ARPF, there is a change of the responsible entity of ARPF to an entity who is not a member of the APG Group ("Call Option Event") the following process will apply:

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

Pre-emptive right

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

36. Fair value measurement

Aventus Group

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

Assets and liabilities measured at fair value on a recurring basis

Investment properties and derivative financial instruments are measured at fair value on a recurring basis.

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

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

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

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

The following table summarises assets and liabilities measured and recognised at fair value on a recurring basis:

		Level 2		Level 3		Total	
	Note	June 2021 $m	June 2020 $m	June 2021 $m	June 2020 $m	June 2021 $m	June 2020 $m
Non-financial assets							
Investment properties	18		-	2,267.8	1,930.3	2,267.8	1,930.3
Financial liabilities							
Derivative financial instruments	23	8.3	16.8	-	-	8.3	16.8

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

No financial assets or liabilities were measured at fair value on a non-recurring basis as at 30 June 2021 or 30 June 2020.

Valuation techniques used to derive level 2 fair values

The only level 2 assets or liabilities measured at fair value are interest rate swaps. The fair value of interest rate swaps is estimated using the discounted cash flow technique. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Critical estimates and judgement

The fair value of derivative assets and liabilities are based on assumptions of future events and involves significant estimates. The fair value of the derivatives at the reporting date may differ if there is volatility in market rates.

36. Fair value measurement (continued)

Valuation techniques used to derive level 3 fair values

The only level 3 assets or liabilities measured at fair value are investment properties. Independent valuations are obtained for investment properties at least every two years. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The fair value of investment properties is determined using recognised valuation techniques including the capitalisation of net income method and discounted cash flow method. Key inputs used in determining property values as at 30 June 2021 and 30 June 2020 are outlined below. Terminal yields and discount rates relate solely to independent valuations at balance date.

	Range 30 June 2021	Weighted average 30 June 2021	Range 30 June 2020	Weighted average 30 June 2020
Net passing rent ($ per square metre)	$146 to $427	$297	$153 to $396	$283
Net market rent ($ per square metre)	$157 to $427	$296	$155 to $398	$287
Adopted capitalisation rate (%)	5.75% to 6.75%	6.01%	5.75% to 7.50%	6.73%
Adopted terminal yield (%)	6.00% to 7.00%	6.15%	6.00% to 7.25%	6.53%
Adopted discount rate (%)	6.75% to 7.75%	7.00%	6.75% to 8.00%	7.25%

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

36. Fair value measurement (continued)

Sensitivity analysis

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

The sensitivity analysis below shows the impact a 0.25% and 0.50% increase in the weighted average capitalisation rate of the portfolio would have on the fair value of the portfolio. The analysis assesses the movement in capitalisation rates in isolation and assumes all other inputs are held constant.

	Capitalisation rate +0.25%	Capitalisation rate +0.50%
30 June 2021		
Decrease in fair value ($m)	(90.6)	(174.3)
Decrease in fair value (%)	(4.0%)	(7.7%)
30 June 2020		
Decrease in fair value ($m)	(69.2)	(133.7)
Decrease in fair value (%)	(3.6%)	(6.9%)

AHL Group

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

Assets and liabilities not measured at fair value

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

37. Capital management

The Aventus Group and AHL Group have a capital management framework which is approved and monitored by the board of directors. The framework aims to safeguard the Aventus Group's and AHL Group'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 Aventus Group's and AHL Group's capital structure consists of cash, borrowings and equity. In determining the optimal capital structure, the directors take into account a number of factors including the capital needs of its business, the relative cost of debt versus equity, the execution and market risk of raising equity or debt, the financial risks of debt including increased volatility of earnings due to exposure to interest rate movements, the liquidity risk of maturing debt facilities and the market in general.

The capital mix maybe adjusted by issuing new stapled securities, adjusting the amount of distributions and dividends paid to securityholders, increase borrowings or sell assets to reduce debt.

The Aventus Group's capital position is monitored via its gearing ratio. Gearing at 30 June 2021 was 30.3% (30 June 2020: 36.0%). The Aventus Group's strategy is to maintain a gearing ratio of between 30% and 40%.

38. Financial risk management

Aventus Group

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

a) Interest rate risk

Interest rate risk is the risk that the fair value of cash flows of a financial instrument will fluctuate due to changes in market interest rates. The main interest rate risk arises from borrowings with variable interest rates. The Aventus Group manages interest rate risk by using floating to fixed interest rate swaps which have the effect of converting a portion of borrowings from variable to fixed interest rates. The policy for maintaining minimum levels of borrowings at fixed rates using interest rate swaps varies depending upon the maturity profile of the debt.

Exposure to interest rate risk from borrowings is summarised in the table below:

	Aventus Group June 2021 $m	Aventus Group June 2020 $m
Floating rate borrowings		
Syndicated bank debt facility	-	318.4
Syndicated loan note facility	160.0	160.0
Bilateral bank debt facilities	534.9	260.0
Derivative financial instruments		
Interest rate swaps (notional principal amount)	(360.0)	(460.0)
Net interest rate exposure	334.9	278.4

Further details of borrowings and interest rate swaps held at 30 June 2021 and 30 June 2020 are disclosed in notes 27 and 23 respectively.

Interest rate risk sensitivity

The impact of a 0.5% increase/decrease in market interest rates at balance date would result in a $1.7 million (2020: $1.4 million) decrease/increase in profit or loss and equity per annum.

b) Liquidity risk

Liquidity risk is the risk that the Aventus Group will not be able to meet its financial obligations as they fall due. Management manages liquidity by ensuring there is sufficient cash and/or committed undrawn borrowings available. Management prepares and monitors rolling forecasts of liquidity reserves, comprising cash and undrawn borrowing facilities, on the basis of expected future cash flows. Financing arrangements, debt maturity profiles and access to undrawn borrowing facilities at 30 June 2021 and 30 June 2020 are disclosed in note 27.

Maturities of financial liabilities

The tables below analyse financial liabilities into relevant maturity groupings based on their contractual maturities for:

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

The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

38. Financial risk management (continued)

Aventus Group (continued)

b) Liquidity risk (continued)

30 June 2021

Contractual maturities of financial liabilities	Less than 6 months $m	6-12 months $m	1 to 3 years $m	3-5 years $m	Greater than 5 years $m	Total contracted cash flows $m	Carrying amount of liabilities $m
Non-derivative							
Payables	25.3	-	-	-	-	25.3	25.3
Distributions payable	24.9	-	-	-	-	24.9	24.9
Lease liabilities	0.6	0.6	0.8	0.2	-	2.2	2.0
Borrowings	5.2	5.2	20.8	659.8	47.8	738.8	691.8
Total	56.0	5.8	21.6	660.0	47.8	791.2	744.0
Derivative							
Interest rate swaps	3.3	2.5	2.7	-	-	8.5	8.3

30 June 2020

Contractual maturities of financial liabilities	Less than 6 months $m	6-12 months $m	1 to 3 years $m	3-5 years $m	Greater than 5 years $m	Total contracted cash flows $m	Carrying amount of liabilities $m
Non-derivative							
Payables	23.1	-	-	-	-	23.1	23.1
Distributions payable	13.1	-	-	-	-	13.1	13.1
Lease liabilities	0.6	0.6	1.7	0.4	-	3.3	3.0
Borrowings	5.8	5.7	220.2	544.1	-	775.8	735.0
Total	42.6	6.3	221.9	544.5	-	815.3	774.2
Derivative							
Interest rate swaps	4.6	4.2	7.3	0.4	-	16.5	16.8

38. Financial risk management (continued)

Aventus Group (continued)

c) Credit risk

Risk management and security

Credit risk is the risk that a customer or counterparty to a financial instrument will default on their contractual obligations resulting in a financial loss to the Aventus Group. The Aventus Group's credit risk arises from cash and cash equivalents and receivables. The carrying amount of these financial assets disclosed in the consolidated balance sheet represents the maximum credit exposure at 30 June 2021 and 30 June 2020.

To manage credit risk in relation to cash and cash equivalents, deposits are held with financial institutions with AA- Standards and Poor's credit ratings. To manage credit risk in relation to receivables, tenants are billed monthly in advance. For some tenants collateral may also be obtained in the form of security deposits, bank guarantees or rental guarantees. Management also monitors tenancy exposure across its portfolio on a monthly basis.

Trade receivables and loss allowance

Trade receivables are comprised mainly of rental payments due from tenants. The Aventus 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.

A reconciliation of the movement in the loss allowance during the financial year is as follows:

	2021 $m	2020 $m
Balance at the beginning of the financial year	6.7	0.6
Increase in loss allowance recognised in profit or loss during the year	1.3	6.3
Receivables written off during the year as uncollectable	(6.4)	(0.2)
Balance at the end of the financial year	1.6	6.7

Impaired receivables

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

- agreed abatement terms with debtors;
- significant financial difficulties of the debtor;
- failure to comply with repayment plans;
- probability the debtor will enter bankruptcy or financial reorganisation, and
- default or failure to make contractual payments for a period of 120 days past due.

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

38. Financial risk management (continued)

AHL Group

The AHL 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 main interest rate risk arises from borrowings from ARPF which are disclosed in note 27 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 $425,000 (2020: $425,000) decrease/increase in profit or loss and equity per annum.

b) Liquidity risk

Liquidity risk is the risk that the AHL 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.

Financing arrangements, debt maturity profiles and access to undrawn borrowing facilities at 30 June 2021 and 30 June 2020 are disclosed in note 27.

Maturities of financial liabilities

The tables below analyse 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.

30 June 2021

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	5,658	-	-	-	-	5,658	5,658
Lease liabilities	482	495	330	-	-	1,307	1,188
Borrowings	1,321	1,300	5,250	5,243	90,636	103,750	84,941
Total	7,461	1,795	5,580	5,243	90,636	110,715	91,787

30 June 2020

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	3,249	-	-	-	-	3,249	3,249
Lease liabilities	464	476	1,307	-	-	2,247	2,042
Borrowings	1,448	1,424	5,744	5,752	94,053	108,421	84,941
Total	5,161	1,900	7,051	5,752	94,053	113,917	90,232

38. Financial risk management (continued)

AHL Group (continued)

c) Credit risk

Risk management and security

Credit risk is the risk that a customer or counterparty to a financial instrument will default on their contractual obligations resulting in a financial loss to the AHL Group.

The AHL Group's credit risk arises from cash and cash equivalents and receivables. The carrying amount of these financial assets disclosed in the consolidated balance sheet represents the maximum credit exposure at 30 June 2021 and 30 June 2020.

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 AHL Group has a significant concentration of receivables due from the ARPF. Management has no concerns regarding the recoverability of these receivables taking into account the underlying financial position of ARPF and past payment history.

Impaired receivables

There were no impaired receivables at 30 June 2021 or 30 June 2020.

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.

39. Commitments

Capital commitments

Significant capital expenditure contracted for at balance date but not recognised as liabilities is as follows:

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Property development	2.9	8.0	-	-
Acquisition of development land	-	13.0	-	-
	2.9	21.0	-	-

Acquisition of development land

On 17 June 2020 the Aventus Group exchanged contracts to acquire development land adjoining Epping Hub. The land is zoned for mixed use, retail, residential, office, medical and large format retail.

Total outstanding commitments under the contract at 30 June 2020, including GST, stamp duty and settlement adjustments, amounted to $13.0 million. The acquisition was settled on 20 July 2020.

40. Contingencies

	Aventus Group June 2021 $m	Aventus Group June 2020 $m	AHL Group June 2021 $'000	AHL Group June 2020 $'000
Bank guarantees	4.1	4.1	-	-

Bank guarantees

ARPF has a $5.0 million bank guarantee facility which expires in July 2023. At 30 June 2021 and 2020 $4.1m of bank guarantees had been issued including a:

- $1.1 million guarantee relating to the redevelopment of investment properties.
- $2.5 million guarantee provided to ACL in relation to its Australian Financial Services Licence. The guarantee has been eliminated on consolidation of the Aventus Group and represents a contingent asset of ACL.
- $0.5 million relating to the lease of office premises.

41. Remuneration of auditors

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

	Aventus Group 2021 $'000	Aventus Group 2020 $'000	AHL Group 2021 $	AHL Group 2020 $
Fees for auditing the statutory financial report				
Audit and review of financial reports of the group and controlled entities	298	298	41,000	41,000
Fees for assurance services required by legislation to be provided by the auditor				
Australian Financial Services Licence audit	5	5	6,000	6,000
Fees for other assurance services				
Compliance plan audit	20	20	-	-
Other assurance services	72	92	-	-
Total fees to Ernst & Young	395	415	47,000	47,000

42. Offsetting financial assets and liabilities

At 30 June 2021 and 2020 there were no financial assets and liabilities that were offset in the Aventus Group or AHL Group consolidated balance sheets.

ISDA Master Agreements

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position payable/ receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Aventus Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet.

43. Events occurring after the reporting period

Disposal of MacGregor Home

On 16 August 2021 the Aventus Group settled the sale of its MacGregor Home property. Refer to note 18 for further information.

COVID-19 Pandemic

Despite the Aventus Group performing strongly during the financial year ended 30 June 2021 uncertainty exists subsequent to balance date due to the ongoing COVID-19 pandemic. Directors and management are monitoring key developments including government restrictions and relief packages and will continue to mitigate the impacts of the pandemic on the business and our people where possible. At the date of the financial report the future impact of the pandemic on the Aventus Group is unknown. In the event the impacts of the pandemic are more severe or prolonged than anticipated this may have an adverse impact on the financial position and performance of the Aventus Group and AHL Group in future financial periods.

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

44. Parent entity information

a) Summary financial information

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

	ARPF 2021 $m	ARPF 2020 $m	AHL 2021 $'000	AHL 2020 $'000
Statement of comprehensive income				
Profit/(loss) for the year	76.9	32.4	(1,849)	(2,398)
Total comprehensive income/(loss) for the year	76.9	32.4	(1,849)	(2,398)

	ARPF June 2021 $m	ARPF June 2020 $m	AHL June 2021 $'000	AHL June 2020 $'000
Balance sheet				
Current assets	2.4	36.7	4,742	1,131
Non-current assets	1,631.7	1,605.9	148,078	148,181
Total assets	1,634.1	1,642.6	152,820	149,312
Current liabilities	(32.3)	(22.2)	(2,024)	(641)
Non-current liabilities	(699.1)	(750.0)	(95,169)	(92,558)
Total liabilities	(731.4)	(772.2)	(97,193)	(93,199)
Net assets	902.7	870.4	55,627	56,113
Contributed equity	1,183.5	1,154.0	62,693	61,283
Reserves	(0.1)	0.9	(4)	42
Accumulated losses	(280.7)	(284.5)	(7,062)	(5,212)
Total equity	902.7	870.4	55,627	56,113

b) Guarantees entered into by the parent entity

With the exception of guarantees provided in relation to the Aventus Group's debt facilities ARPF and AHL had not provided any guarantees as at 30 June 2021 or 30 June 2020.

c) Contingent liabilities of the parent entity

With the exception of items disclosed in note 40 to the financial statements ARPF and AHL did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

d) Contractual commitments

ARPF and AHL did not have any contractual commitments as at 30 June 2021 or 30 June 2020.

e) Determining the parent entity financial information

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

> Investments in subsidiaries and associates are recorded at cost. Distributions or dividends received from subsidiaries and associates are recognised in profit or loss when its right to receive the distribution or dividend is established.

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes of the Aventus Group and AHL Group 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 financial position of the Aventus Group and AHL Group as at 30 June 2021 and of their performance for the financial year ended on that date, and

b) there are reasonable grounds to believe that ARPF and AHL will be able to pay their debts as and when they become due and payable.

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

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

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

Darren Holland Executive Director	Bruce Carter Chair
Sydney 18 August 2021	Sydney 18 August 2021

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Stapled Security Holders of Aventus Group

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aventus Group (the Group) which comprises of Aventus Retail Property Fund (the Fund) and its subsidiaries, and Aventus Holdings Limited (AHL or the Company) and its subsidiaries, and which comprises:

- the Group consolidated and Company consolidated statements of financial position as at 30 June 2021;
- the Group consolidated and Company consolidated statements of comprehensive income, statements of changes in equity and statements 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 is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2021 and of their 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 (including Independence Standards)* (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.

Building a better working world

Key Audit Matters

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

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

Investment Property Portfolio – Determination of fair value

Why significant	How our audit addressed the key audit matter

The Group's total assets include investment properties either held directly or through an interest in an Associate. These assets are carried at fair value, which is assessed by the directors with reference to external independent property valuations and are based on market conditions existing at the reporting date. The carrying value of investment properties at 30 June 2021 amounted to $2,225.6 million and represents 91% of total assets.
 	
As disclosed in Note 3 and 18, the valuation of investment properties is inherently subjective. A small difference in any one of the key market input assumptions, when aggregated across all the properties, could result in a significant change to the valuation of investment properties.
	Our audit procedures included the following:
	• We discussed the following matters with management:
	  ◦ movements in the Group's investment property portfolio;
	  ◦ Changes in the condition of each property, including an understanding of key developments and changes to development activities;
	  ◦ controls in place relevant to the valuation process; and
	  ◦ the impact that COVID-19 has had, and may continue to have, on the Group's investment property portfolio including performance, rent abatements offered to tenants and tenant occupancy.
	• We assessed the effectiveness of relevant controls over the leasing process and associated tenancy reports which are used as source data in the property valuations by testing the relevant controls.

Investment Property Portfolio – Determination of fair value (continued)

Why significant	How our audit addressed the key audit matter

Two approaches are generally used: the Income Capitalisation approach and the Discounted Cash Flow approach to arrive at a range of valuation outcomes, from which the valuers derive their best estimate of the value at a point in time.
 	
We have considered this a key audit matter due to the number of judgments required in determining fair value.
	• On a sample basis, we performed the following procedures for selected properties:
	    • Evaluated the key assumptions and agreed passing rental income to tenancy schedules. These assumptions and inputs included market and contractual rent, occupancy rates including forecast occupancy levels, forecast rent, lease terms, re-leasing costs, operating expenditure and future capital expenditure.
	    • Tested the mathematical accuracy of valuations.
	• We involved our real estate valuation specialists to assist with:
	    • the review and assessment of the property valuations for a sample of properties based on size, geographical location and other property valuation specific risk factors,
	    • considering the impact of the continuing COVID-19 pandemic on the valuation methodology and assumptions adopted,
	    • the assessment of capitalisation rates adopted across the portfolio.
	• Where relevant we compared the valuation against comparable transactions utilised in the valuation process.
	• We evaluated the suitability of the valuation methodology used across the portfolio. We considered the reports of independent valuers and held discussions with them, where appropriate, to gain an understanding of the assumptions and estimates used and the valuation methodology applied.
	• Assessed the qualifications, competence and objectivity of the valuers.
	• We have considered whether there have been any indicators of material changes in property valuations from 30 June 2021 up to the date of our opinion or any matters emerging since 30 June 2021 which provide evidence of a material change in valuation at that date. We involved our real estate valuation specialists in making that assessment.
	• We have considered whether the financial report disclosures are appropriate.

Impairment assessment for goodwill and other intangible assets

Why significant	How our audit addressed the key audit matter
At 30 June 2021 the Group's and the Company's consolidated statements of financial position includes goodwill and other intangible assets amounting to \$144.2 million and \$186.0 million respectively. The directors have assessed goodwill and other intangible assets for impairment at 30 June 2021. As disclosed within Notes 3 and 19 of the financial report, the assessment of the impairment of the Group's goodwill and other intangible assets incorporated significant judgments and estimates, specifically concerning factors such as forecast cashflows, discounts rates and terminal growth rates. These estimates and assumptions incorporate future performance, market and economic conditions. Minor changes in certain assumptions can lead to significant changes in the recoverable amount of these assets. Accordingly, we considered this to be a key audit matter due to the judgements required in the impairment testing of goodwill.	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 and other internal data sources where possible; • Involved our valuation specialists to assess whether the methodology applied was in accordance with Australian Accounting Standards and to evaluate the key assumptions applied in the impairment models. These included the discount rates, growth rates, terminal value assumptions and considering the impact of the continuing COVID-19 pandemic on the valuation methodology and assumptions adopted; • Tested the mathematical accuracy of the impairment testing models including the consistency of relevant data with latest approved forecasts; • Performed sensitivity analysis on key assumptions including discount rates, terminal growth rates and EBIT forecasts; • Considered the relationship between the market capitalisation of the business and the net assets of the Group; and • Assessed the adequacy of the disclosure in the financial report.

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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 Group's 2021 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the 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 Company's and 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 Company or 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 Company's or 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 Company's or 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 Company or 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, actions taken to eliminate threats or safeguards applied.

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.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 32 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Aventus Group for the year ended 30 June 2021, 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

SE Wilken

St Elmo Wilken
Partner
Sydney
18 August 2021